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W. THOMAS KELLAHIN*

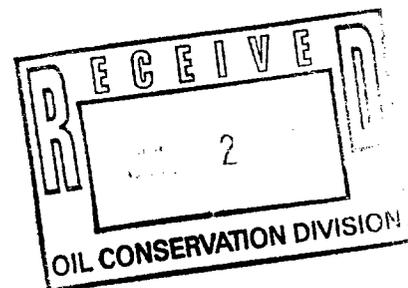
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NATURAL RESOURCES-OIL AND GAS LAW

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July 11, 1994

HAND DELIVERED



Mr. Michael E. Stogner
Chief Hearing Examiner
Oil Conservation Division
310 Old Santa Fe Trail, Room 219
P. O. Box 2088
Santa Fe, New Mexico 87501

110018

Re: *Remuda Basin 30 State Com Well No. 1*
S/2 Sec. 30, T23S, R30E, NMPM
Application of Bass Enterprises Production Co.
for Compulsory Pooling,
Eddy County, New Mexico

Dear Mr. Stogner:

On behalf of Bass Enterprises Production Co. please find enclosed our application for compulsory pooling which we request be set for hearing on the Examiner's docket now scheduled for August 4, 1994.

Also enclosed is our proposed notice of publication for this case.

By copy of this letter, including the application, to all affected parties, we are notifying them by certified mail-return receipt requested, that they have the right to appear at the hearing, to make a statement to the Division, to present evidence and cross-examine witnesses either in support of or in opposition to the application.

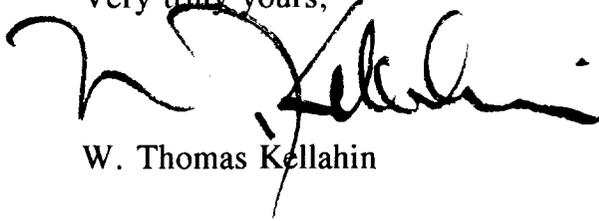
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Pursuant to the Division's Memorandum 2-90, all interested parties are hereby informed that if they appear in the case, then they are requested to file a Pre-Hearing Statement with the Division not later than 4:00 pm on Friday, July 29, 1994, with a copy delivered to the undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written over a horizontal line.

W. Thomas Kellahin

Enclosure

cc: Bass Enterprises Production Co.

cc: BY CERTIFIED MAIL-RETURN RECEIPT REQUESTED
All parties listed in Paragraph (5) of the Application

11048

CASE 11048: Application of Bass Enterprises Production Co. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the top of the Wolfcamp formation to the base of the Morrow formation underlying the S/2 of Section 30, T23S, R30E, NMPM, Eddy County, New Mexico, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre gas spacing within said vertical extent, which presently includes but is not necessarily limited to the Nash Draw-Morrow Gas Pool. Said unit is to be dedicated to a well to be drilled and completed at a standard gas well location in said Section 30. Also to be considered will be the costs of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 6.5 miles southwest from Harroun, New Mexico.

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

12 1994

IN THE MATTER OF THE APPLICATION
OF BASS ENTERPRISES PRODUCTION CO.
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.

CASE NO. 11048

APPLICATION

Comes now Bass Enterprises Production Co. ("Bass"), by its attorneys, Kellahin & Kellahin, and in accordance with Section 70-2-17(c) (1978) applies to the New Mexico Oil Conservation Division for an order pooling all mineral interests from the top of the Wolfcamp formation to the base of the Morrow formation underlying the S/2 Section 30, T23S, R30E, NMPM, Eddy County, New Mexico, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre gas spacing within said vertical extent, which presently includes but is not necessarily limited to the Nash Draw-Morrow Gas Pool. Said unit is to be dedicated to a well to be drilled and completed at a standard gas well location in said Section 30. Also to be considered will be the costs of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling said well.

In support of its application, Bass states:

1. Bass has a working interest in the oil and gas minerals underlying a portion of the S/2 of Section 30, T23S, R30E, NMPM, Lea County, New Mexico.

2. The subject tract is located south from and within one mile of the Nash Draw-Morrow Gas Pool which is spaced on 320-acre gas spacing and proration units.

3. If the well to be drilled on the subject tract is dedicated to the Nash Draw-Morrow Gas Pool or any other pool spaced on 320-acre gas spacing and proration units, then Bass proposes that a standard 320-acre gas spacing and proration unit consisting of the S/2 of said Section 30 be pooled and dedicated to its well to be drilled and located at a standard gas well location in said Section 30.

4. All of the working interest ownership of the oil & gas minerals from the top of the Wolfcamp to the base of the Morrow formation underlying the S/2 of Section 30 have voluntarily agreed to the formation of this spacing unit for this well with the exception of those parties identified on Exhibit "A" attached.

5. Bass has proposed the subject well to all parties but, as of the date of this application, Bass has not been able to obtain a written voluntary agreement from the parties listed on Exhibit "A" attached.

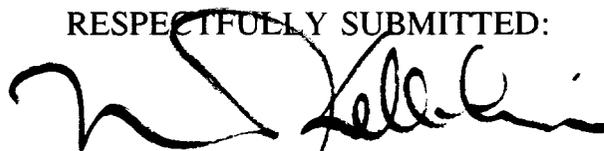
6. Pursuant to Section 70-2-17(c) NMSA (1978) and in order to obtain its just and equitable share of potential production underlying this spacing unit, Bass needs an order of the Division pooling the identified and described mineral interests involved in order to protect correlative rights and prevent waste.

7. In accordance with the Division's notice requirements, a copy of this application has been sent to the interest parties listed in paragraph (5) above notifying them of this case and of the applicant's request for a hearing of this matter before the Division on the next available Examiner's docket now scheduled for August 4, 1994.

WHEREFORE, Bass Enterprises Production Co., as applicant, requests that this application be set for hearing on August 4, 1994 before the Division's duly appointed examiner, and that after notice and hearing as required by law, the Division enter its order pooling the mineral interest described in this spacing unit for the drilling of the subject well at the proposed standard gas well location upon terms and conditions which include:

- (1) Bass Enterprises Production Inc. be named operator;
- (2) The order make provisions for applicant and all working interest owners to participate in the costs of drilling, completing, equipping and operating the well;
- (3) In the event a working interest owner fails to elect to participate, then provision be made to recover out of production, the costs of the drilling, completing, equipping and operating the well, including a risk factor penalty of 200%;
- (4) For such other and further relief as may be proper.

RESPECTFULLY SUBMITTED:



W. THOMAS KELLAHIN
KELLAHIN & KELLAHIN
P. O. Box 2265
Santa Fe, New Mexico 87501
(505) 982-4285

EXHIBIT "A"

Texaco Exploration and Production, Inc.
P. O. Box 2100
Denver, Colorado 80201
Attn: Mr. David Sleeper

Maralo, Inc.
900 Midland Tower Building
Midland, Texas 79702
Attn: Mr. Mark Wheeler

Santa Fe Energy Operating Partners, L.P.
500 W. Illinois
Midland, Texas 79701
Attn: Mr. Curtis Smith

Collins & Ware, Inc.
303 W. Wall
Suite 2200
Midland, Texas 79701
Attn: Mr. Ted Collins, Jr.