

BASS ENTERPRISES PRODUCTION CO.

201 MAIN ST.

FORT WORTH, TEXAS 76102-3131

817/390-8400

November 7, 1995

New Mexico Oil Conservation Division
2040 S. Pacheco
Santa Fe, New Mexico 87504

Attention: Mr. William J. LeMay

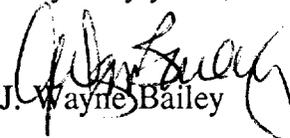
Re: Proposed Rule 104 Changes - Well Spacing
Case 11351

Dear Mr. LeMay:

Please reference your Memorandum to All Operators dated October 6, 1995, concerning proposed changes to Rule 104 (well spacing). In that regard, Bass has studied the attachment thereto and endorses all proposed changes as written with the exception of Rule 104.F(5). The aforementioned rules set forth the parties to whom notice of the proposed unorthodox location should be provided, and the same parties which will be given an opportunity to object to such a proposal. As written, the proposed rule provides that only those operators, lessees, etc. in "spacing units towards which the unorthodox well location is encroaching" would be notified and given an opportunity to object within twenty (20) days. However, as we have discussed, it is Bass' observation that many unorthodox locations (especially those based on geological conditions) affect additional parties contiguous to both sides of the proposed location. Therefore, it is imperative that the owners receiving notice of a proposed unorthodox location include the affected parties owning an interest on the two sides and the single corner closest to the proposed well. Bass has drafted the attached proposed changes to Rule F 104(5) for your review. The attached proposal also provides for certain parties to receive notice in the absence of spacing units around the proposed location.

Bass supports the attached language. However, as an alternative, Bass will agree to a change in Rule 104.F(5) which would provide for notice to the same offsetting owners as required by Rule 1207(5)(a). Please have this statement read into the record at the November 9, 1995 hearing. Thank you very much and if you should have any questions or comments in the above regard, please advise at (817) 390-8671.

Very truly yours,


J. Wayne Bailey

JWB:ca

cc: Michael Stogner
Rand Carroll
Tom Kellahin

RULE 104

- Rule F(5) The applicant shall submit a statement attesting that applicant, on or before the same date the application was submitted to the Division, has sent notification by submitting a copy of the application by certified or registered mail - return receipt to all operators, lessees and unleased mineral owners within the spacing units which adjoin the applicant's spacing unit on or more of the sides and single corner closest to the proposed location (in the absence of a spacing unit as provided above, the 160-acre tract on the two sides and single diagonal closest to the proposed location) which notice advises said parties that if they have an objection, it must be filed in writing within twenty (20) days of the date notice was sent to said parties. The Division Director may approve the unorthodox location upon receipt of waivers from all said parties, or if no said party has entered an objection to the unorthodox location within twenty (20) days after the Director has received the application.