

BASS ENTERPRISES PRODUCTION CO.

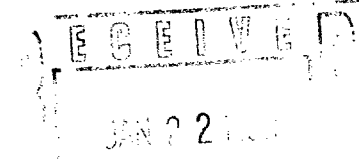
201 MAIN ST.

FORT WORTH, TEXAS 76102-3131

817/390-8400

January 21, 1998

FEDERAL EXPRESS/FAX (505) 827-8177



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

Attention: Mr. Michael Stogner

Re: Case No. 11912
Unorthodox Location
Maralo-Gold Rush "30" No. 8
2,310' FSL, 2,600' FEL, Section 30, T23S-R30E
Eddy County, New Mexico

Dear Mr. Stogner:

Please reference an application by Maralo, Inc. to drill the referenced well at the above unorthodox location to the base of the Delaware Formation. It is Bass' understanding that Texaco will oppose Maralo's application at the January 22, 1998, examiner hearing. Please be advised that Bass is the owner of an overriding royalty interest in the tract immediately offsetting the Maralo location to the east. If Maralo is allowed to drill the subject well at the requested location, Bass' interest will be adversely affected by drainage and Bass will suffer an undue loss of correlative rights.

Therefore, Bass supports Texaco's opposition to the Maralo application and requests that this letter be entered into the record at the January 22, 1998 hearing. Thank you very much and should you have any questions or comments in the above regard, please advise.

Very truly yours,

A handwritten signature in black ink, appearing to read "J. Wayne Bailey".

J. Wayne Bailey

JWB:ca

cc: William F. Carr
P. O. Box 2208
Santa Fe, New Mexico 87504-2208

James Bruce
P. O. Box 1056
Santa Fe, New Mexico 87504