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TO: David R. Catanach (NMOCD)

FAX: 476-3462

RE: NMOCD Case 12571 Compulsory Pooling for BWB

Dear Mr. Catanach:

At the hearing of the referenced case on February 2, 2001, I advised you that I had examined the BTA Joint Operating Agreement covering BTA's Wolfcamp well in the E/2 of Section 23 and had concluded that the JOA also covered the mineral interests in the NE/4 from the surface to the base of Wolfcamp for any pools or formations spaced on 160-acre spacing. Thus, that portion of the pooling case seeking to pool 160-acre spacing in the NE/4 should be dismissed. Mr. Carr, on behalf of BTA, concurred.

To assist you in addressing that issue in the order, I propose the following finding:

"( ) At the hearing on February 2, 2001, counsel for the applicant advised that the mineral interests from the surface to the base of Wolfcamp formation in the NE/4 of Section 23 are subject to BTA Oil Producers' Joint Operating Agreement dated July 1, 1989 covering BTA's Wolfcamp well in the E/2 of Section 23. Therefore, counsel for the applicant, with the concurrence of BTA Oil Producers, requested that that portion of the application seeking to pool the NE/4 of Section 23 for any pools/formations spaced on 160-acre spacing should be dismissed."

In addition, we would request that the order reflect the desire of BWB that BWB Partners, I, or its designee, to designated as operator. The well will be located in Unit G of the Section.

Regards,

  
W. Thomas Kellahincfx: William F. Carr, Esq.  
Bill Bennett (BWB Partners I)