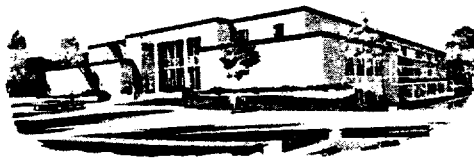


State of New Mexico



JIM BACA
COMMISSIONER

Commissioner of Public Lands

March 21, 1983

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

Bass Enterprises Production Company
First City Bank Tower, 201 Main St.
Fort Worth, Texas 76102

Re: Voluntary Termination of
Humble City Unit
Lea County, New Mexico

ATTENTION: Mr. Jens Hansen

Gentlemen:

Reference is made to our letter of December 29, 1982, and your telecopied letter of February 21, 1983, wherein you were granted a sixty-day extension from December 24, 1982, in which to establish commercial production in the Humble City Unit Well No. 1 or commence the drilling of a new well. Your letter of February 21, 1983 advises that the Well No. 1 is not a commercial well and as a result, the Humble City Unit is not capable of producing unitized substances in commercial quantities as required by the Unit Agreement and recommend that the Humble City Unit be terminated.

Please be advised that the Commissioner of Public Lands has this date terminated the Humble City Unit effective as of February 22, 1983.

Please notify all interested parties of this action.

Very truly yours,

JIM BACA
COMMISSIONER OF PUBLIC LANDS

BY: *Ray D. Graham*
RAY D. GRAHAM, Director
Oil and Gas Division
AC 505/827-5744

JB/RDG/pm

cc: OCD-Santa Fe, New Mexico
Administration

ps: Our approval is subject to like approval by the New Mexico Oil Conservation Division.

Unit Name Humble City Unit
Operator Bass Enterprises Production Company
County LEA

DATE	OCC CASE NO.	EFFECTIVE DATE	TOTAL ACREAGE	STATE	FEDERAL	INDIAN-FEE	SEGREGATION CLAUSE	TERM
APPROVED	7494 OCC ORDER NO. R-6920							
COMMISSIONER:								
April 23, 1982		April 23, 1982	800.00	320.00	-0-	480.00	STRICT	2 yrs.
OCD: March 9, 1982								& so long as

UNIT AREA

17 South, Range 37 East
SW/4 Sec. 25
SE/4 Sec. 26
NE/4 Sec. 35
W/2 Sec. 36

10 L UN TARI L Y
TERMINATED
APP: 3/21/83
EFF: 2/22/83

Unit Name Humble City Unit
Operator Bass Enterprises Production Company
County LEA

STATE TRACT NO.	LEASE NO.	INSTI-TUTION	SEC.	TWP.	RGE.	SUBSECTION	RATIFIED DATE	ACRES	ACREAGE NOT RATIFIED	LESSEE
1.	LG-711-2	C. S.	36	17S	37E	SW/4NW/4, SW/4	4/20/82	200.00		Conoco, Inc.
2.	LG-9824-1	C. S.	36	17S	37E	E/2NW/4, NW/4NW/4	11/15/81	120.00		Bass Enterprises Production Company

Voluntary
TERMINATED
APR: 3/21/83
EFF: 2/22/83

State of New Mexico



ALEX J. ARMIJO
COMMISSIONER

Commissioner of Public Lands

December 29, 1982

P. O. BOX 1148
SANTA FE, N. M. 87504-1148

Bass Enterprises Production Company
First City Bank Tower
201 Main Street
Fort Worth, Texas 76102

#7494

Re: Request for Extension
Humble City Unit
Lea County, New Mexico

ATTENTION: Mr. Jens Hansen

Gentlemen:

This office is in receipt of your letter dated December 21, 1982, wherein you have requested a sixty day extension in which to commence either the reworking of the Humble City Unit Well No. 1 or the drilling of a new well in an attempt to establish unitized substances in commercial quantities.

The Commissioner of Public Lands has this date granted you a six month extension from December 24, 1982. This extension is contingent upon Bass Enterprises reworking your initial test well or the drilling of a new well in an attempt to establish unitized substances in commercial quantities. In the event either the reworking of the above mentioned well or the drilling of a new well results in establishing production in commercial quantities, you will submit a plan of development within sixty days from the date production is established.

If we may be of further assistance please do not hesitate to call on us.

Very truly yours,

ALEX J. ARMIJO
COMMISSIONER OF PUBLIC LANDS

BY: *Floyd O. Prando*
FLOYD O. PRANDO, Assistant Director
Oil and Gas Division
AC 505/827-5744

AJA/FOP/pm

cc: Administration
OCD-Santa Fe, New Mexico

BASS ENTERPRISES PRODUCTION CO.
FORT WORTH NATIONAL BANK BUILDING
FORT WORTH, TEXAS 76102

June 29, 1982

COMMISSIONER OF PUBLIC LANDS
State of New Mexico
P. O. Box 1148
Santa Fe, New Mexico 87501

NEW MEXICO OIL CONSERVATION DIVISION
P. O. Box 2088
Santa Fe, New Mexico

7499

RECEIVED
JUL 1 1982

Re: Humble City Unit Well #1
990' FNL and 660' FWL,
Section 36, T17S-R37E
Lea County, New Mexico

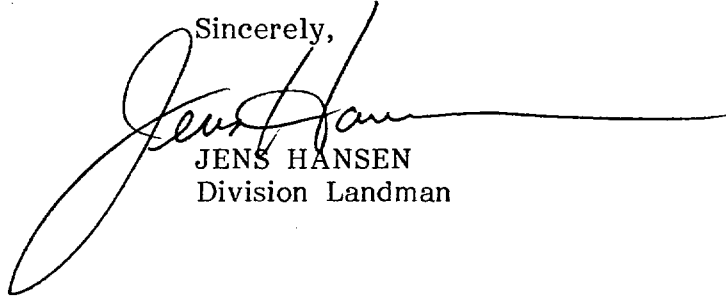
Gentlemen:

Pursuant to the terms and provisions of the Unit Agreement for the development and operation for the Humble City Unit Area, Lea County, New Mexico, dated November 15, 1981, the referenced test well was drilled to a total depth of 11,400' in accordance with Paragraph XIII of the Unit Agreement. The Strawn Formation was found to be unproductive and the well was subsequently plugged back to attempt a cased hole completion in the San Andres Formation.

We are still attempting to complete the Well in the San Andres Formation and at such time as we have completed the Well, we will submit a Plan of Development as prescribed by the Unit Agreement.

If you should have any questions or require additional information, please advise at your convenience.

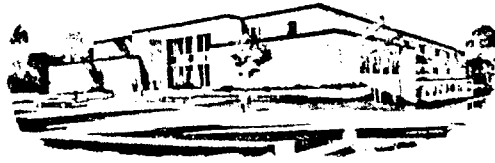
Sincerely,



JENS HANSEN
Division Landman

JH:ep

State of New Mexico



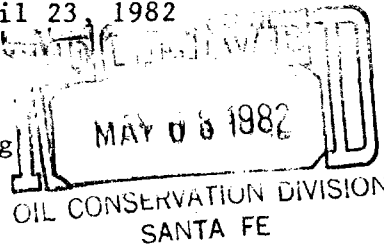
Commissioner of Public Lands

ALEX J. ARMIJO
COMMISSIONER

April 23, 1982

P. O. BOX 1148
SANTA FE, NEW MEXICO 87501
87504-1148

Bass Enterprises Production Co.
Fort Worth National Bank Building
Fort Worth, Texas 76102



Re: Humble City Unit Agreement
Lea County, New Mexico

ATTENTION: Mr. Michael Joseph

Gentlemen:

The Commissioner of Public Lands has this date given final approval to the Humble City Unit Agreement, Lea County, New Mexico. The effective date being the same date as approved.

Enclosed are Five (5) Certificates of Approval

The filing fee in the amount of (\$40.00) Dollars has been received.

Very truly yours,

ALEX J. ARMIJO
COMMISSIONER OF PUBLIC LANDS

BY:
RAY D. GRAHAM, Director
Oil and Gas Division
AC 505/827-2748

AJA/RDG/pm
encls.
cc:

OCD-Santa Fe, New Mexico

1494

10 copies

BASS ENTERPRISES PRODUCTION CO.
FORT WORTH NATIONAL BANK BUILDING
FORT WORTH, TEXAS 76102

January 11, 1982

TO: INTEREST OWNERS

Re: Proposed Humble City Unit
SW/4 Section 25
SE/4 Section 26
NE/4 Section 35
W/2 Section 36
T17S-R37E
Lea County, New Mexico

Gentlemen:

Under letter dated December 4, 1981, we proposed the formation of an 800 acre State Unit for the drilling of an 11,350' Strawn Test Well to be located 660' FNL and 660' FWL in Section 36, T17S-R37E, Lea County, New Mexico. We have received a substantial number of Working Interest Owners who are participating in this Unit.

In contemplation of your participation, we enclose a Unit Agreement dated November 15, 1981, covering the 800 acre area and a Unit Operating Agreement dated December 2, 1981, which provides for the drilling of the test well at the above provided location. Estimated well costs for the test well are \$795,000 for a dry hole and \$1,021,000 for a completed well. An AFE reflecting these costs will be circulated to you in the very near future. If you plan to participate in this Unit, please sign both extra signature pages to the Unit Agreement as a Working Interest and Royalty Owner and the extra signature page to the Operating Agreement, and return the signed signature pages at your earliest opportunity. By virtue of Exhibit "B" to the Operating Agreement, each unleased mineral interest is subject to an Oil and Gas Lease with a 3/16 royalty. This does not reduce your interest inasmuch as you own the royalty under the Oil and Gas Lease. The interest credited you in Exhibit "A" of the Operating Agreement is your Unit interest. Since title has not been examined to all the 800 acres, minor adjustments may be necessary to reflect actual interests owned by the parties.

If you are not interested in participating, we request you consider leasing or sub-leasing your interest to Bass for \$200 per net acre, six (6) month primary term, and a 3/16 royalty, with a 1/16 of the royalty convertible to a 25% Working Interest in the test well Proration Unit at pay out of the test well. If you are not planning to participate in the Unit as a Working Interest Owner, please advise and we will send you an agreement providing for the aforementioned terms.

Although we have received tentative approval for our State Unit from the State of New Mexico, we are required to have a hearing for formal approval. We anticipate having the hearing in February and commencing the well in March or April, and as a result, we would appreciate your earliest consideration to this matter.

Sincerely,

JENS HANSEN
Division Landman

JH:ep
Enclosures

BASS ENTERPRISES PRODUCTION CO.
FORT WORTH NATIONAL BANK BUILDING
FORT WORTH, TEXAS 76102

January 8, 1982

TO: INTEREST OWNERS

Re: Proposed Humble City Unit
SW/4 Section 25,
SE/4 Section 26,
NE/4 Section 35,
W/2 Section 36, T17S-R37E
Lea County, New Mexico

Gentlemen:

Bass Enterprises Production Co. recently completed a leasing program in the Humble City Area and is now planning to drill a 11,350' Strawn Test Well, to be located 660' FNL-660' FWL, in Section 36, T17S-R37E, Lea County, New Mexico.

Bass recently drilled several wells in the S. E. Lovington (Penn) Field, which resulted in commercial oil production from the Strawn Formation. Additional subsurface studies and structural mapping have resulted in the development of the Humble City Strawn Prospect, which we anticipate to be comparable to the Lovington Prospect. Geographically, the Humble City Prospect is located approximately twelve (12) miles southeast of our S. E. Lovington (Penn) production.

In order to assure orderly development and to prevent economic waste, Bass has proposed and received tentative approval from the State of New Mexico to form the above referenced 800 acre Humble City State Unit. In order to form the proposed Unit, it will be necessary to obtain the participation of working interest owners and royalty owners within this 800 acre area.

Under the provisions of the Unit Agreement, the Working Interest Owners and Royalty Owners owning an interest within the 800 acre unit area will participate on an undivided unit basis on each well drilled within the unit. Therefore your interest in each well will be based on your net interest in the 800 acre Unit Area. In determining the mineral ownership of this area, we employed Jones & Lyons of San Angelo to furnish Bass with a Mineral Ownership Report, which we consider relatively accurate. However, inasmuch as we do not have a Title Opinion covering all of the 800 acres, minor adjustments to the interest of the parties may be necessary after a complete title examination.

The provisions of the Unit Agreement provide that a test well must be drilled in order to establish commercial production of unitized substances. After the exploratory well is completed, the Unit Operator is required to submit to the State of New Mexico, a Plan of Development for each year outlining the development which will be in the form of drilling in any one year period. In the event the Unit Operator ceases to develop the unit area, all acreage not within a producing Proration Unit, will terminate from the Unit Agreement.

TO: INTEREST OWNERS

January 11, 1982

Page 2

The benefits to the Working Interest Owners for participating in this type of unit is the opportunity to participate in all wells drilled within the unit area, of which some may be extremely good wells and others fair or poor wells. Therefore, if a well which is drilled on your particular acreage is of lesser quality than a well on another part of the unit area on other acreage, your revenue would be based on both wells, which would be to your benefit.

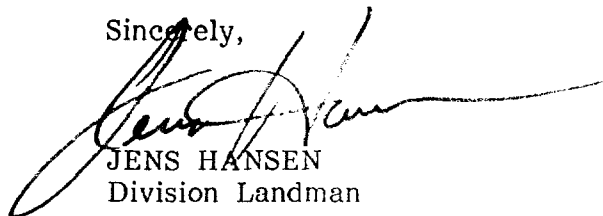
It is extremely important to obtain participation of all the Interest Owners owning an interest within the Proposed Unit Area. We have received a favorable response from the Royalty Owners and we anticipate 95% to 100% Royalty Owner participation. We encourage your participation in this endeavor and for your use we enclose one (1) plat outlining the 800 proposed Unit Area, one (1) Unit Agreement and extra signature page and one (1) Unit Operating Agreement and extra signature page. We estimate well costs to be approximately \$795,000 for a dry hole and \$1,021,000 for a completed well. An AFE reflecting these costs will be circulated in the near future. If you plan to participate in this Unit, please sign the extra signature pages to the Unit Agreement as a Working Interest and Royalty Owner and the extra signature page to the Operating Agreement, and return the signed signature pages at your earliest opportunity.

If you are not interested in participating, we request your consideration to leasing for \$200 per net acre, six (6) month primary term, and a 3/16 royalty, with a 1/16 of the royalty convertible to a 25% Working Interest in the test well Proration Unit at pay out of the test well. If you are not planning to participate in the Unit as a Working Interest Owner, please advise and we will send you an agreement providing for the aforementioned terms.

Although we have received tentative approval for our State Unit from the State of New Mexico, we are required to have a hearing for formal approval. We anticipate having the hearing in February and commencing the well in March.

Your earlier consideration to this proposal will be greatly appreciated.

Sincerely,



JENS HANSEN
Division Landman

JH:ep

TO: ROYALTY INTEREST OWNERS

Re: Proposed Humble City Unit
SW/4 Section 25,
SE/4 Section 26,
NE/4 Section 35,
W/2 Section 36, T17S-R37E
Lea County, New Mexico

Dear Sir:

Several months ago, acting as agent for Bass Enterprises Production Co., we leased your interest in certain lands within the Humble City Area, of which all or a portion lie within the proposed 800 acre referenced Unit. Bass Enterprises Production Co. has completed their leasing program in this area, and now plan to drill an 11,350' Strawn Test Well to be located 660' FNL and 660' FWL, in Section 36, T17S-R37E, Lea County, New Mexico.

In order to assure orderly development and to prevent economic waste, Bass has proposed and received tentative approval to form the referenced 800 acre Humble City State Unit. In order to form the Proposed Unit, it will be necessary to obtain the participation of Royalty Owners, Unleased Mineral Owners and Working Interest Owners within this 800 acre area. For this purpose, we enclose one (1) copy of the Proposed Unit Agreement for the development and operation of the Humble City Unit Area and one (1) extra signature page which we have enclosed for your execution and return.

Under the provisions of this Unit Agreement, the Royalty Owners owning an interest within the 800 acre Unit Area will participate on a unit basis on each well drilled within the Unit regardless of whether the well is actually located on your acreage. The exact amount of your interest is calculated by multiplying the base royalty under your Lease times your net interest times the total number of acres within the Unit Area in which you own an interest divided by the total number of acres in the Unit, which is 800. Based on our information of your ownership, we calculate your interest in the Unit Area to be _____. We anticipate that our information is accurate, however, we do not have the benefit of a Title Opinion at this time, which could cause a minor adjustment in the interest of any party in this Unit.

The provisions of this Unit Agreement also provide that the Unit Operator, Bass Enterprises Production Co., is required to continuously drill a test well, which is above described, in order to establish commercial production of unitized substances. After the exploratory well is completed, the Unit Operator is required to submit to the State of New Mexico, a Plan of Development for each year outlining the development which will be in the form of drilling in any one year period. In the event the Unit Operator ceases to develop the Unit Area, all acreage not within a producing Proration Unit, will terminate from the Unit Agreement and will then be subject to the terms and provisions under the Oil and Gas Lease exclusively.

TO: ROYALTY INTEREST OWNERS
Page 2

The benefits to the Royalty Owners for participating in this type Unit is the participation in all wells drilled within the Unit Area, of which some may be extremely good wells and others fair or poor wells. Therefore, if a well which is drilled on your particular acreage is of a lesser quality than a well on another part of the Unit Area on other acreage, your royalty would be based on both wells, which would be to your benefit. Another advantage of your participation is the assurance that the Unit Area will be either fully developed on a Proration Unit basis or the area that is not developed will expire from the Unit Agreement.

It is extremely important to obtain a 100% participation of all the Royalty Owners owning an interest within the Proposed Unit Area, and for this reason, we respectfully encourage your participation. After you have reviewed the enclosed Unit Agreement, it would be appreciated if you would sign the enclosed additional signature page and return same to us at your earliest opportunity inasmuch as Bass has scheduled the drilling of this Well for the First Quarter of 1982.

If you should have any questions regarding your participation in the Unit or any of the Unit provisions, please either call us or Bass Enterprises Production Co. at (817) 335-4591, attention Michael Joseph. Thank you for your cooperation.

Sincerely,

JONES & LYONS