

0187



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Roswell District Office

P. O. Box 1397

Roswell, New Mexico 88201

IN REPLY
REFER TO:

RECEIVED BY
FEB 24 1984
O. C. D.
ARTESIA, OFFICE

Belco Development Corporation
10,000 Old Katy Road, Suite 100
Houston, Texas 77055

Dear Sir:

Your application for Permit to Drill well No. 15 James Ranch Unit in the SW $\frac{1}{4}$ SW $\frac{1}{4}$ sec. 8, surface location, and SE $\frac{1}{4}$ sec. 7, bottom hole location, T. 23 S., R. 31 E., Eddy County, New Mexico, lease NM-02887-B, to a depth of 15,000 feet to test the Los Medanos Morrow-~~Atoka~~ formation in the oil-potash area, is hereby approved as amended by stipulations attached to the application.

One copy of the application is returned herewith. Please notify the Bureau of Land Management office checked on the attached special stipulation in sufficient time for a representative to witness all cementing operations.

Sincerely yours,

Richard Bastin

Earl R. Cunningham
Earl R. Cunningham
District Manager

Enclosure

cc:
NMOCD (2)
BLM-Carlsbad
Minerals
Roswell District Files
NMSO

UNITED STATES
DEPARTMENT OF THE INTERIOR

GEOLOGICAL SURVEY

187
30-015-24780
5. LEASE DESIGNATION AND SERIAL NO.
SM-02887-0

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK
DRILL DEEPEN PLUG BACK

b. TYPE OF WELL
OIL WELL GAS WELL OTHER

2. NAME OF OPERATOR
Belco Development Corporation

3. ADDRESS OF OPERATOR
10,000 Old Katy Road, Suite 100, Houston, Texas

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)
At surface: 660 FSL & 100 FWL Section 8

At proposed prod. zone: 660 FSL & 1980 FEL Section 7

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
16 miles NE of Loving, New Mexico

RECEIVED BY 7055
FEB 24 1984
O.C.D. wt. D
ARTESIA, OFFICE

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)
100' SL
660' BHL

16. NO. OF ACRES IN LEASE
322.71

17. NO. OF ACRES ASSIGNED TO THIS WELL
322.71

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.
4050'

19. PROPOSED DEPTH
15,000' TVD

20. ROTARY OR CABLE TOOLS
Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
3311' GR

22. APPROX. DATE WORK WILL START*
2-1-84

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
42"	30" New	1" thick	40'	Redi Mix
26"	20" New	94#	600'	750 sx CIRCULATE
17 1/2"	13-3/8" New	61 & 68#	4000'	2800 sx CIRCULATE
9-7/8"	7-5/8" New	33.70 & 39#	±12100'	1000 sx
6-1/2"	5" Liner	18#	15000'	400 sx

Post. Call
Drilling Book
3-2-84

- The formation @ surface is Quaternary Alluvium, mainly sand dunes.
- Est tops: Delaware 4069'; Wolfcamp 11149'; Strawn 12834; Atoka 13169'; Morrow 14074'
- Gas in Atoka, Strawn and Morrow.
- Casing Design: new casing as shown above.
- BOP Program: 3 BOP 5000#; 1 Hydrill, 1 pipe ram, 1 blind ram for shallow depths & deeper depths. Tested upon installation & periodically tested; operated daily. (see schematic)
- Mud Program: 0-600' fresh, 600'-4000' brine 10.0; 4000'-12100' cut brine 9.0, 12100-14500' non-dispersed to 13.0.
- Auxiliary: Rotating stripper head below intermediate; lower Kelly cock valve, 5000# choke and choke manifold, drillstring safety valve on floor.
- Drillstem testings as required; Logging: Guard Forxo; Acou-Neut-GR.
- Possible high pressure in Wolfcamp, Strawn, Atoka and Morrow.

10. Anticipated startup Feb 10, 1984 and will take 100 days to drill to TD.
IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED P. E. Ilavia TITLE Division Drilling Engineer DATE 1/18/84

PERMIT NO. _____ APPROVAL DATE _____
Associate
APPROVED BY S/Richard Bastin TITLE District Manager DATE FEB 23 1984

CONDITIONS OF APPROVAL, IF ANY:
This Approval does not constitute authority to communitize.
*See Instructions On Reverse Side
APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

BOTTOM HOLE LOCATION

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-85

All distances must be from the outer boundaries of the Section.

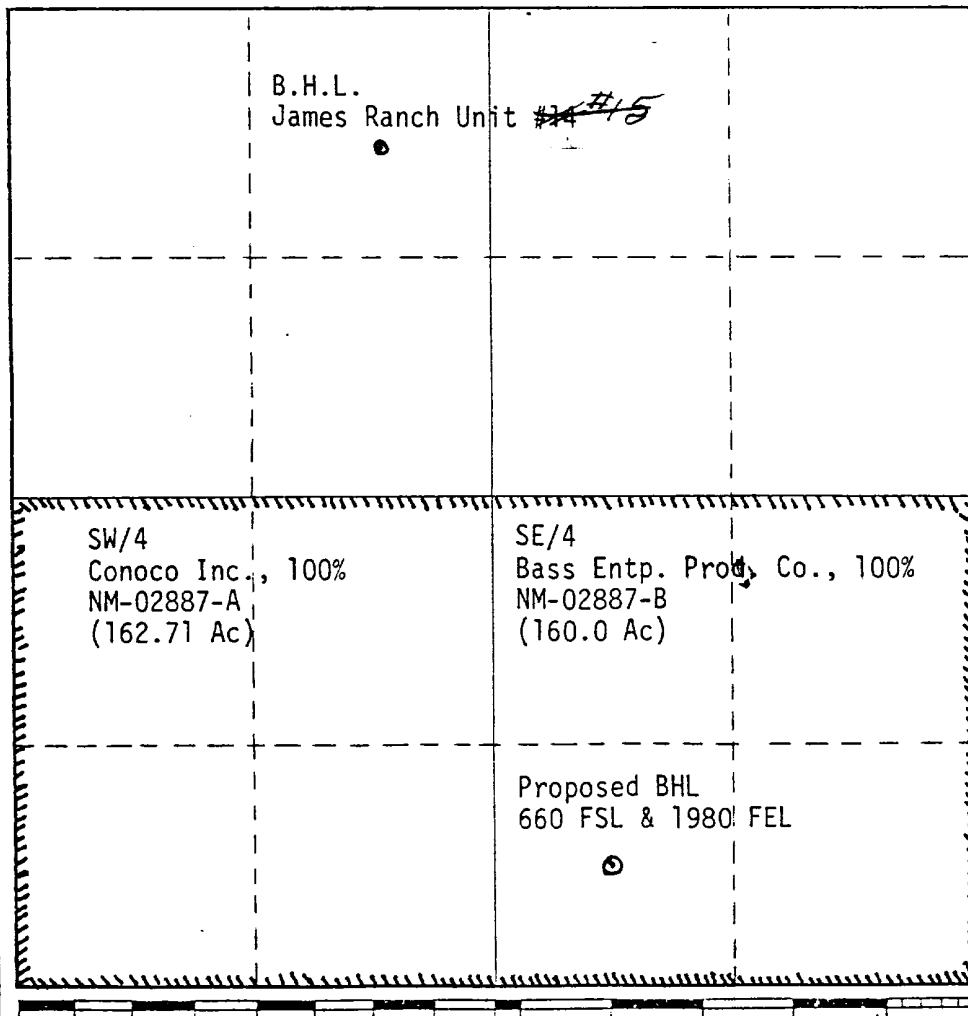
Operator BELCO DEVELOPMENT CORPORATION		Lease JAMES RANCH UNIT		Well No. 15
Unit Letter 0	Section 7	Township 23S	Range 31E	County Eddy
Actual Footage Location of Well: BHL				
660 feet from the South line and		1980 feet from the East line		
Ground Level Elev. 3311-6P	Producing Formation Atoka-Morrow	Pool Los Medanos - Morrow Los Medanos - Atoka	Dedicated Acreage 322.71 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes No If answer is "yes," type of consolidation Communitization Agreement

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

P. E. Ilavia

Name
P. E. Ilavia

Position
Division Drilling Engineer

Company
Belco Development Corp.

Date
2-16-84

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed
3/1/85

Registered Professional Engineer and/or Land Surveyor

Certificate No.

S FACE LOCATION

**NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT**

Fbrn C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

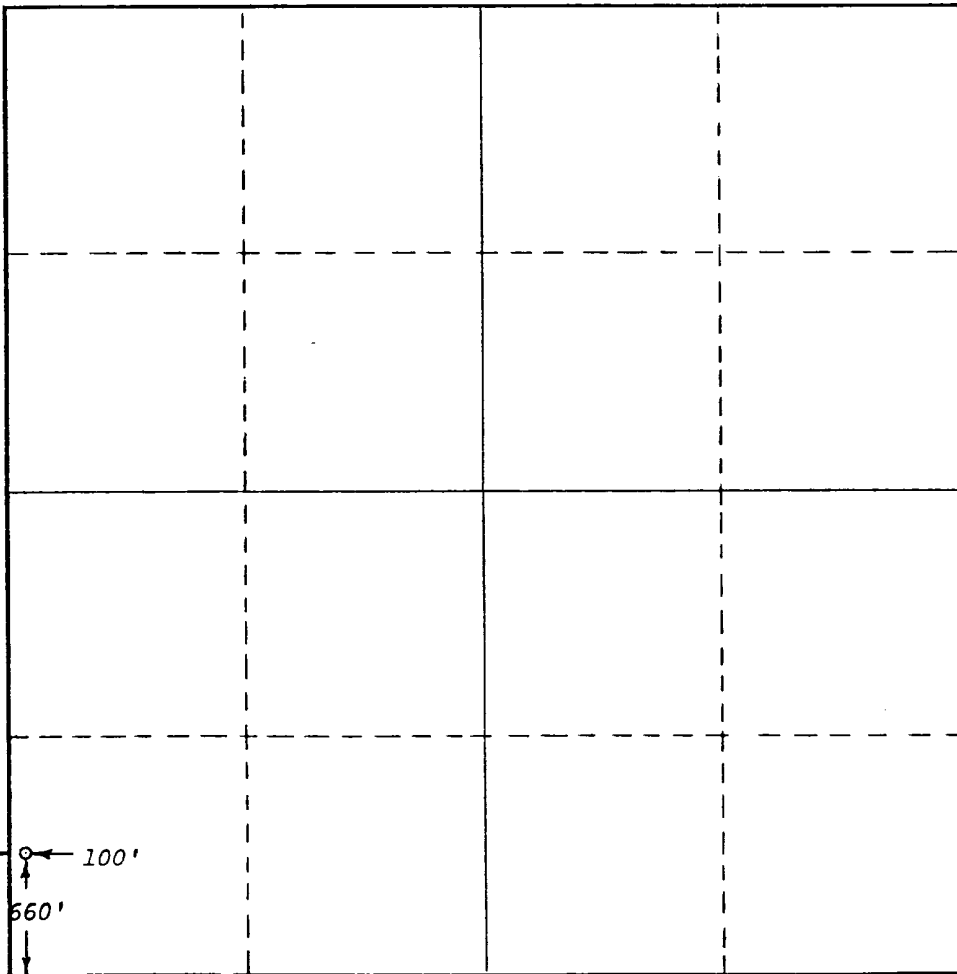
Operator BELCO DEVELOPMENT		Lease James Ranch Unit		Well No. 15
Unit Letter 0	Section 8	Township T-23-S	Range R-31-E	County Eddy
Actual Footage Location of Well: 660 feet from the South line and 100 feet from the West line				
Ground Level Elev. 3311'	Producing Formation	Pool	Dedicated Acreage: Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name

Position

Company

Date

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed

January 10, 1984

Registered Professional Engineer
and/or Land Surveyor

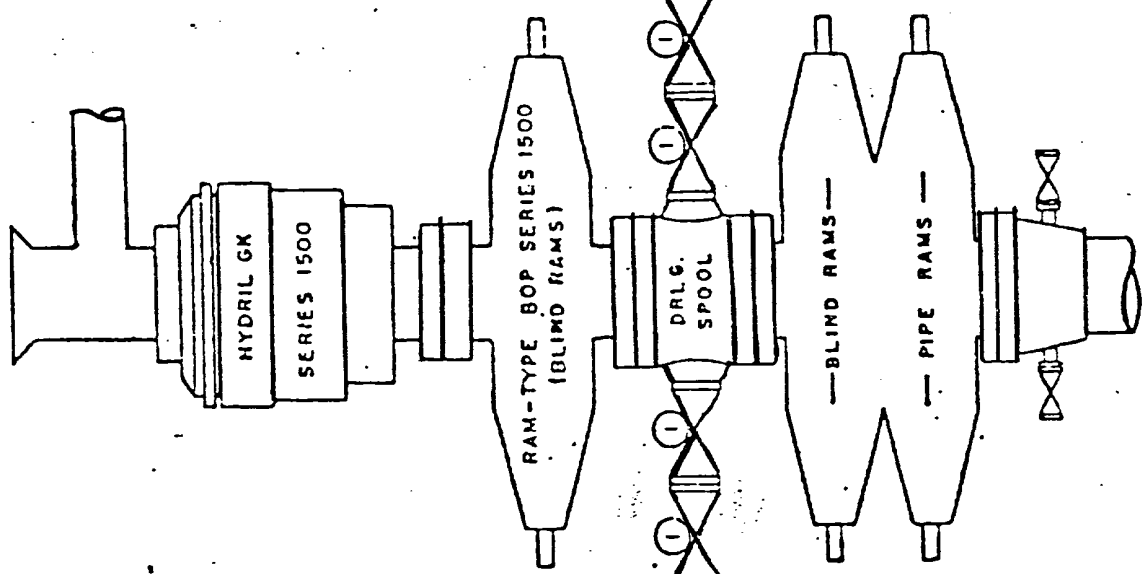
Gary D. Boswell

Certificate No.

6689

EXHIBIT "D"

Belco Development Corporation
 James Ranch #15
 660 FSL & 100 FWL
 Section 8
 T-23-S, R-31-E
 Eddy County, New Mexico



- ① 3" SERIES 1500 VALVE
- ② 2" SERIES 1500 VALVE
- ③ 2" MUD PRESSURE GAUGE ON 3" X 3" X 2" SERIES 1500 STEEL TEE
- ④ 3" SERIES 1500 X 2" SERIES 1500 STEEL CROSS
- ⑤ 2" SERIES 1500 POSITIVE CHOKE
- ⑥ 2" SERIES 1500 ADJUSTABLE CHOKE

5000 PSI WORKING PRESSURE
 BLOWOUT PREVENTER HOOK-UP
 (SERIES 1500 FLANGES OR BETTER)

APPLICATION FOR DRILLING

Belco Development Corporation
 James Ranch #15
 100' FWL & 660' FSL, Section 8 (SL)
 T-23-S, R-31-E
 Eddy County, New Mexico

In conjunction with Form 9-331C, Application for Permit to Drill subject well, Belco Development Corporation submits the following eleven items of pertinent information in accordance with USGS requirements:

1. The geologic surface formation is Alluvium, mainly sand dunes.
2. The estimated tops of geologic markers are as follows:

Delaware	4069'
Bone Springs	7944'
Wolfcamp	11149'
Strawn	12834'
Atoka	13169'
Morrow	14074'

3. The estimated depths at which anticipated water, oil or gas formations are expected to be encountered:

Water	-	Approximately 245 feet
Oil or gas	-	Strawn: 12800 to 12900' Atoka-Morrow: 12900 to 14500'

4. Proposed Casing Program: See Form 9-331C.
5. Pressure Control Equipment: See Form 9-331C.
6. Mud Program: See Form 9-331C.
7. Auxiliary Equipment: See Exhibit "D".
8. Testing, Logging and Coring Programs:

Drill stem tests (as needed) in Wolfcamp, Atoka & Morrow.

Logging: Mud logging unit from 4000' to TD.
 Electric Log Program at 12100' & at TD:

- a. Neutron Porosity Log
- b. Dual Induction Laterolog
- c. Proximity Log-Microlog

9. Abnormal pressures are anticipated below 12100'.
10. Anticipated starting date: As soon as possible.
11. The detailed casing program is as follows:

Casing Size	Depth (MD) (Ft.)	Length (Feet)	Weight (#/Ft.)	Grade	Conn.
20"	0-600	600'	94	H-40	BUTC
13-3/8"	0-2500	2500'	61	K-55	ST&C
	2500-4000	1500'	68	S-80	ST&C
7-5/8"	0-4000	2000'	33.70	N-80	BUTC
	4000-11950	7950'	39	N-80	LT&C
5"	11750-14500	2750'	23.08	N-80	FJ

- A. Both 20" and 13-3/8" casing will be cemented to surface.
- B. Bottom ±4000' of 7-5/8" casing will be cemented.
- C. 5" liner will be cemented from T.D. to liner hanger and liner top tested to 5000# after drilling out cement.

SURFACE USE PLAN

James Ranch Unit #15
660 FSL & 100 FWL
Sec 8, T-23-S, R-31-E
Eddy County, NM
Lease: New Mexico 02887

RECEIVED
JAN 19 2 42 PM '84
BUR. OF LAND MGMT
ROSWEAR DISTRICT

The proposed wellsite is approximately 26 miles southeast of Carlsbad, New Mexico, and can be reached by exiting from State Highway 128 approximately 11 miles east of the junction of State Highways 31 and 128. Travel then less than one mile due East. (This is shown on Exhibit "A" and Exhibit "B" and Exhibit "F").

1. EXISTING ROADS: Access and existing roads are shown on Exhibit "A". In addition, Exhibit "B" and "C" also illustrate proximity access. Exhibit "B" is the 1939 Nash Draw USGS topographic quadrangle to a scale of 1:62,500; Exhibit "C" is a field map.
2. PROPOSED ROAD: New Mexico Archeological Services, Inc. has flagged the approach road to the location. Please see Exhibits "F" and "C" for details.

Cut and Fill: Anticipating very little compacted caliche and no cuts are expected.

Culverts: One exiting Hwy 128.

Cattleguards, Gates, Etc.: One

3. EXISTING WELLS: This proposed gas well is located within the existing Los Medanos Atoka and Morrow Pools.
4. PRODUCTION, GATHERING, TREATING & STORAGE FACILITIES:

Tank Battery: Tank battery site, as shown on Exhibit "E", in the event of a successful well.

Flow Lines: Proposed flow lines are shown on Exhibit "E".

5. WATER SUPPLY: Belco plans to acquire water from commercial services available to the area or from the rancher near by.
6. SOURCE OF CONSTRUCTION MATERIALS: Caliche for construction of the new entry road and for surfacing the proposed wellsite pad will be obtained from existing open supplies located on Sec. 1 about 1½ miles west of the proposed location.
7. METHODS OF HANDLING WASTE DISPOSAL:

Drill cuttings will be disposed of in the drilling pits.

Drilling fluids will be allowed to evaporate in the drilling pits until pits are dry.

Any produced water will be collected in tanks & hauled away. Any oil produced during tests will be stored in test tanks until sold.

Trash containers will be provided around the drilling rig during drilling and completion procedures. Trash, waste paper, garbage, and junk will be buried in a separate trash pit, as shown on Exhibit "E", and covered with a minimum of 27 inches of dirt.

8. ANCILLARY FACILITIES: No camps, airstrips, etc. will be constructed.

9. WELLSITE LAYOUT: Exhibit "E" shows the dimensions and the relative locations of the well pad, mud pits, reserve pit, and trash pit with respect to the well.

Mat Size: 350' X 250'; approximately 1000' X 700' flagged out for archaeological survey.

Cut & Fill: The proposed drillsite pad will be leveled and filled as needed.

Surfaced: The base will be surfaced with six inches of compact caliche.

Reserve Pit: 155' X 200' pit lined with plastic.

Cleared Buffer Area: No buffer area is to be cleared; however, area around well mat may be used for turn-around and/or storage.

10. PLANS FOR RESTORATION OF THE SURFACE: After completion of drilling and/or completion operations, all equipment and other material not needed for operations will be removed. Pits will be filled and location cleaned of all trash and junk as soon as practical or buried with at least 27" of cover. Any unguarded pits containing fluids will be fenced until they are filled. After abandonment of the well, the well pad and all un-needed access roads will be ripped to promote re-vegetation and the well site returned to a condition close to original.

11. OTHER INFORMATION:

Topography: Land surface consists of very low relief, flat topography, consisting mainly of sand dunes (Los Medanos).

Soil: Sand

Vegetation: Few grasses, some sage, and yucca

Wildlife: None observed

Ponds & Streams: No fresh water in vicinity of the location.

Residents & Other Structures: The James Ranch buildings are located approximately 1 mile NW.

Water Wells: A few water wells are located in the general area.

Land Use: Miscellaneous grazing.

Well Sign: Sign identifying and locating well will be maintained at drillsight commencing with the spudding of the well.

12. OPERATOR'S REPRESENTATIVE: Field personnel who can be contacted concerning compliance of this Surface Use Plan consists of:

George Scott, 411 Petroleum Building, Midland, TX 79701 - (915) 683-6366.

13. CERTIFICATION:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite and access route; that I am familiar with the conditions which presently exist; that the statements made in this plat are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by BELCO DEVELOPMENT CORPORATION and its contractors and sub-contractors in conformity with this Plan and the terms and conditions under which it is approved. A copy of this Plan will be posted at the wellsite during the drilling of the well for reference by all contractors and sub-contractors.

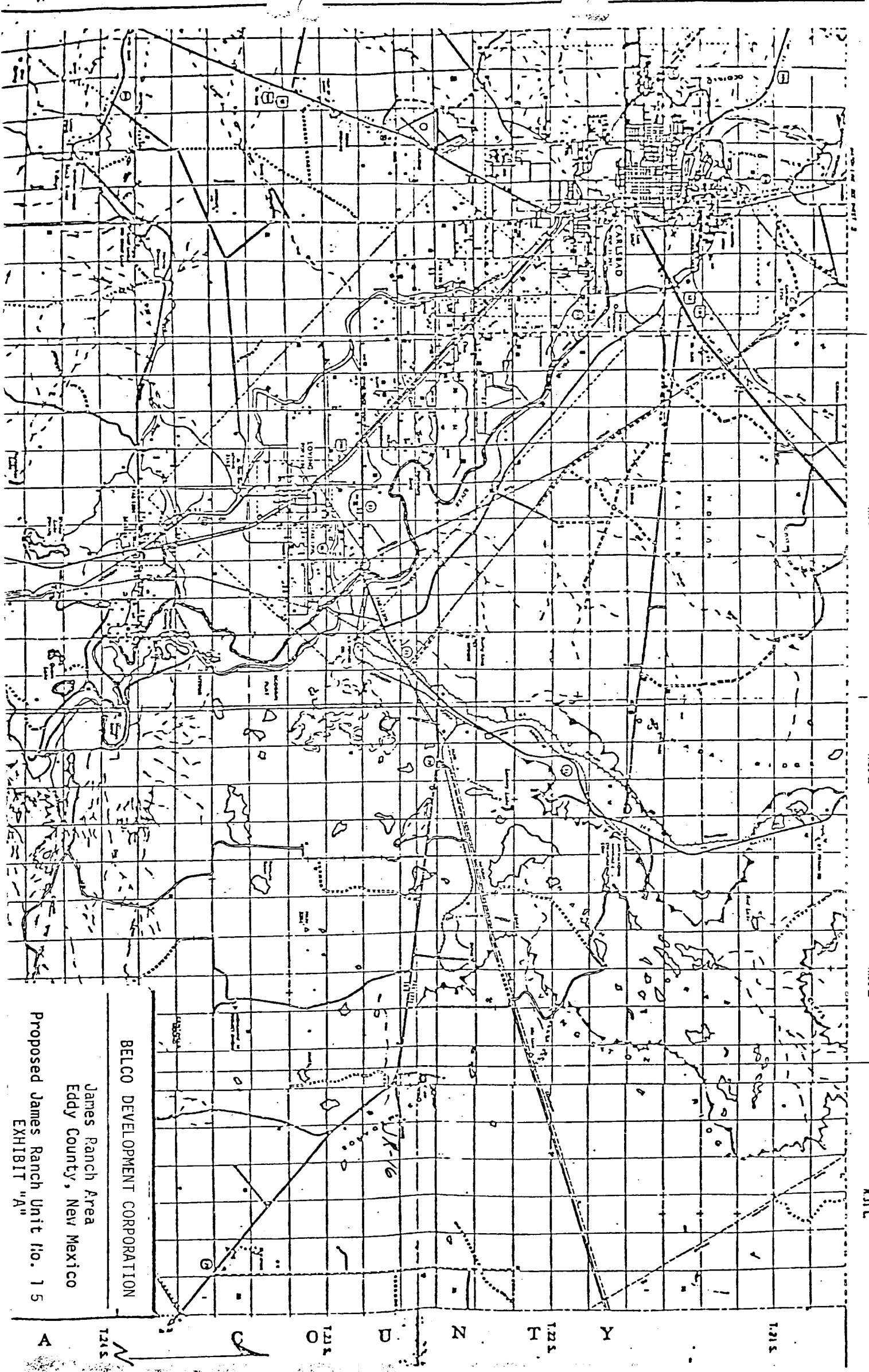
P E Ilavia
P. E. Ilavia
Division Drilling Engineer
BELCO DEVELOPMENT CORPORATION
Houston, Texas

BELCO DEVELOPMENT CORPORATION

James Ranch 15
Eddy Co., NM

DRILLING PROGRAM SUMMARY

1. 30" conductor is to be set prior to moving in the drilling rig.
2. Drill 26" hole to 600'±. Run 20" casing and cement to surface with 750 sxs light weight cement. Nipple up casing head and BOP's. Test casing to 600#.
3. Drill 17½" hole to 4000'±. (100' below last salt stringer). Cement 13-3/8", 61 & 68# casing with 2400 sxs Class C "Thickset", and tail in with 400 sxs Class C + ¼ #/sx Flocele. Run Texas Pattern Guide Shoe and a float collar. WOC 12 hrs.
4. NU casing spool and BOP's. Drill cement inside casing to float collar. Test casing to 1000#. Drill cement and 5' of formation. A 9-7/8" hole is to be drilled to next casing point.
5. Drill 9-7/8" hole to 8430'. Pull out of hole running multishot survey. Run gyro survey inside 13-3/8" casing & tie the two surveys together.
6. Kick off the well due West using a 2° bent sub and a mud motor. Build angle at the rate of 1½°/100' to achieve a maximum angle of 19° 49'. Run a stiff BHA to maintain the angle from 9,660' to TD.
7. Drill to 12100'± or 50-100' into top of Lower Wolfcamp.
8. Run electric logs as recommended prior to running casing. Run a multishot survey & tie into the last survey.
9. Run 7-5/8", 33.7&39# N-80 casing equipped with float shoe and float collar. Space out 20 centralizers on bottom 18 joints. Cement with 1000 sx Pozmix and tail in with 200 sxs Class C. Add retarder and other additives as per cement company recommendations.
10. Drill cement to float collar. Test casing to 3000#. Drill shoe and 10' of formation. Test formation to 12.5 #/gal equivalent mud weight.
11. Drill 6½" hole to 15000'±. Run logs as recommended. Prior to running casing run multishot survey from TD to last casing shoe depth.
12. If log evaluations indicate commercial quantities of Hydrocarbon, run 5" liner and hang the liner inside 7-5/8" using a mechanical liner hanger, 15' BPR and tie-back extension.
13. Cement liner using 400 sxs of Class C with additives as recommended. Pull 5 stands and reverse out excess cement.



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BELCO DEVELOPMENT CORPORATION

James Ranch Area
Eddy County, New Mexico

Proposed James Ranch Unit No. 15
EXHIBIT "A"

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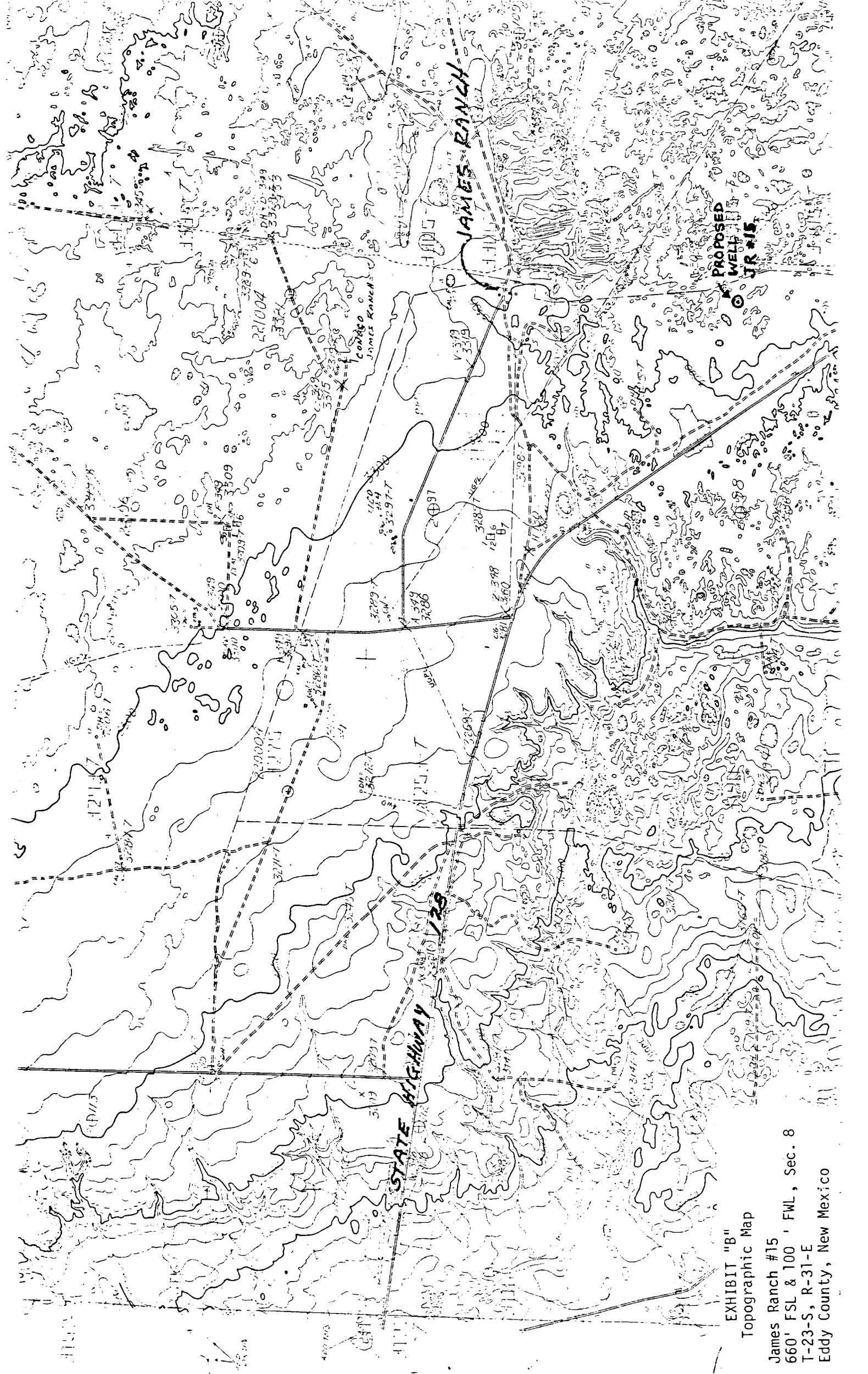


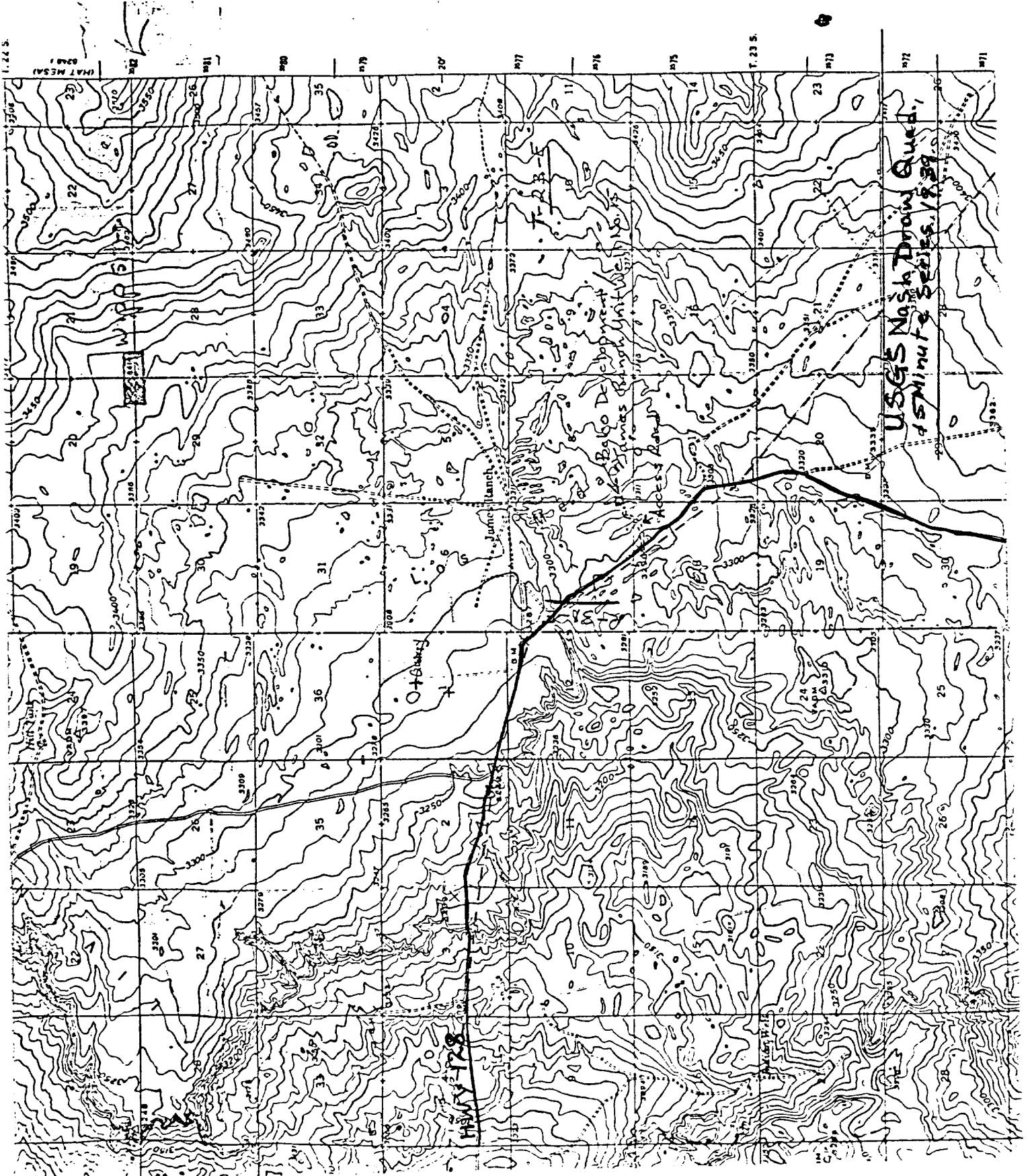
EXHIBIT "B"
Topographic Map

James Ranch #15
660' FSL & 100' FWL, Sec. 8
T-23-S, R-31-E
Eddy County, New Mexico

EXHIBIT "C"

JAMES RANCH UNIT #15
660 FSL & 100 FWL
Sec. 8, T-23-S, R-31-E
Eddy Co., NM
NM-02887

FIELD MAP



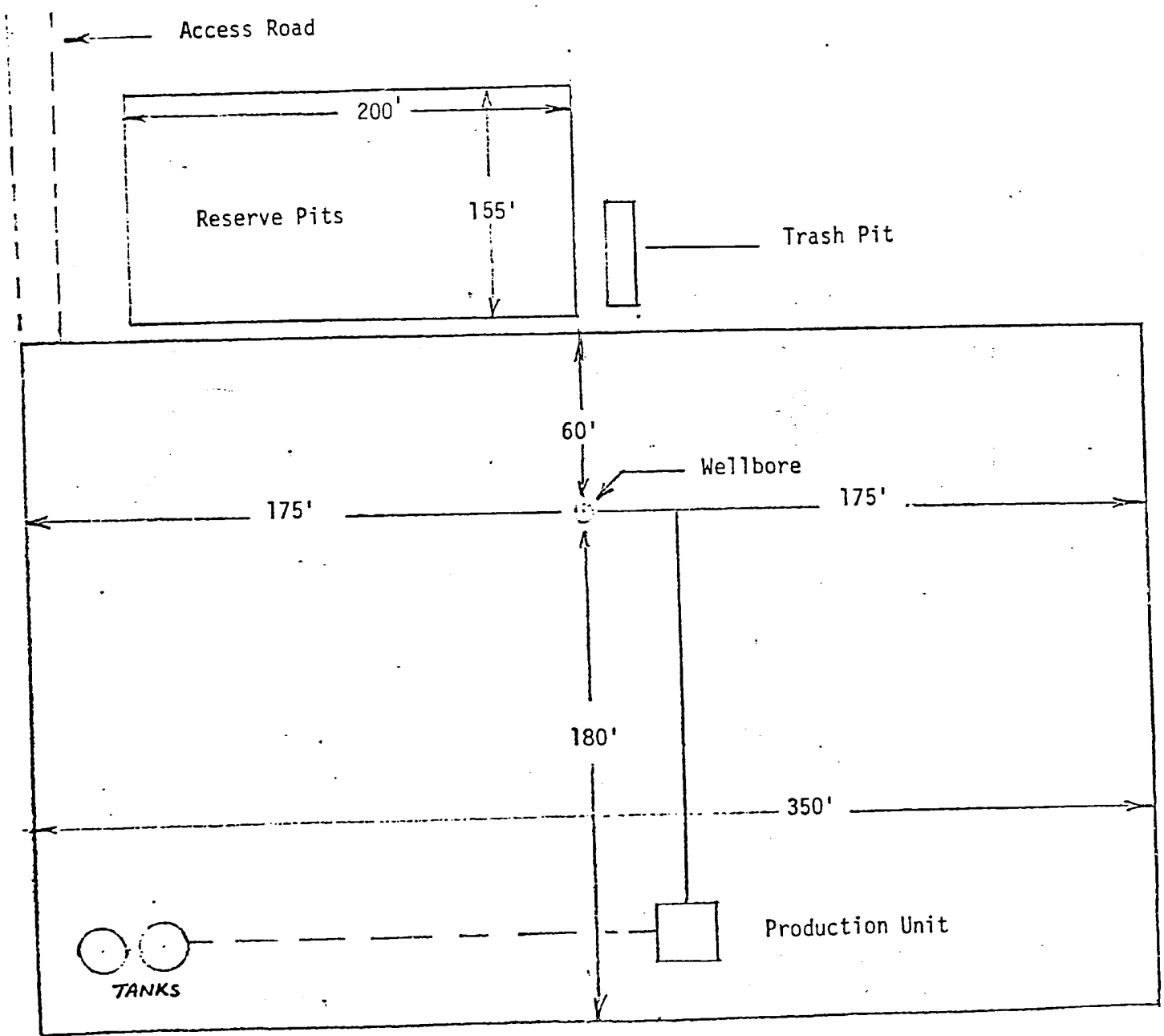


EXHIBIT "E"

James Ranch Unit #15
 660 FSL & 100 FWL
 Section 8
 T-23-S, R-31-E
 Eddy County, NM
 NM-02887
 PAD LAYOUT

EXHIBIT F

James Ranch Unit #15
660 FSL & 100 FWL
Sec. 8, T-23-S, R-31-E
Eddy Co., NM
NM-02887

PROPOSED ACCESS ROAD

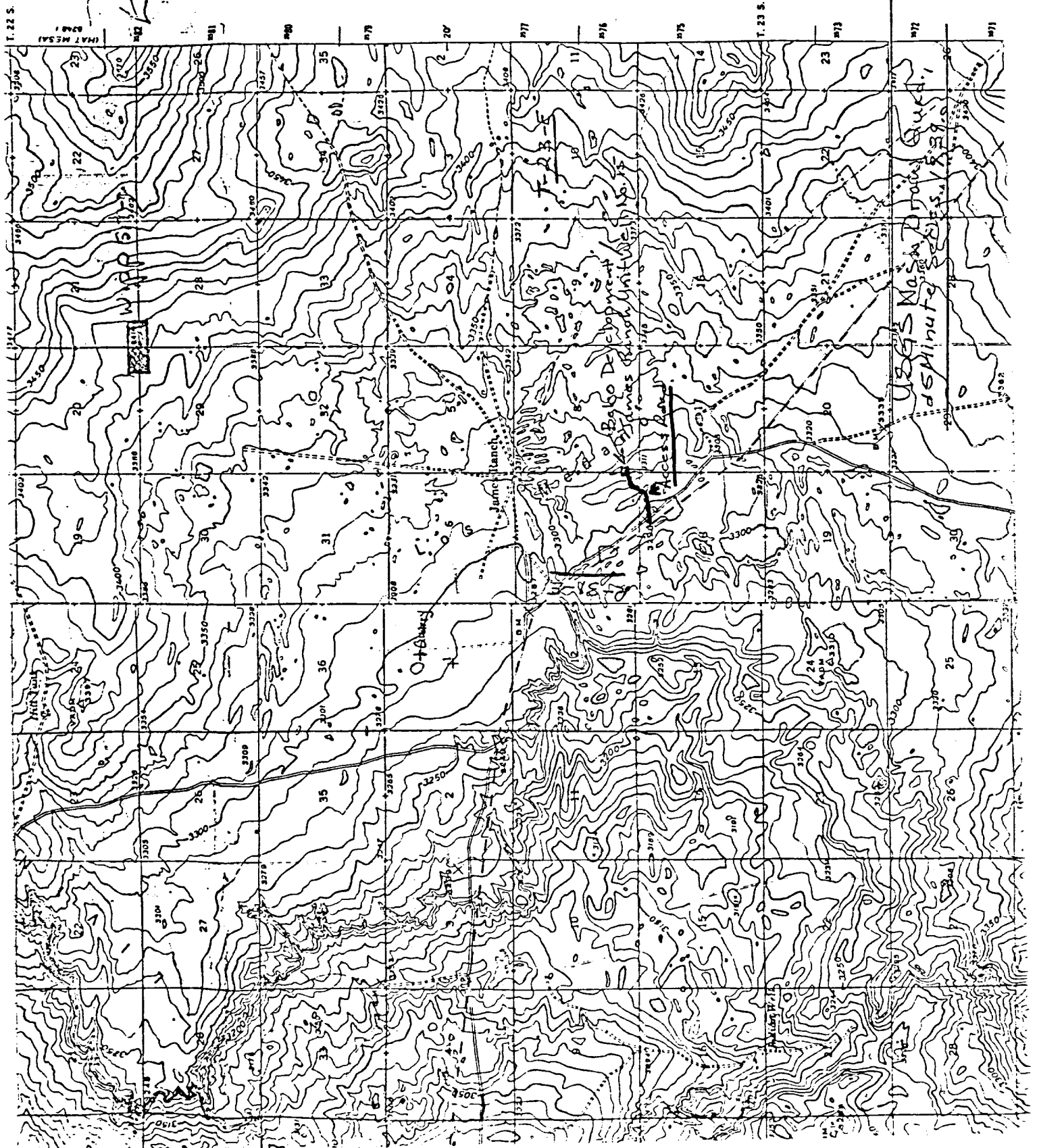
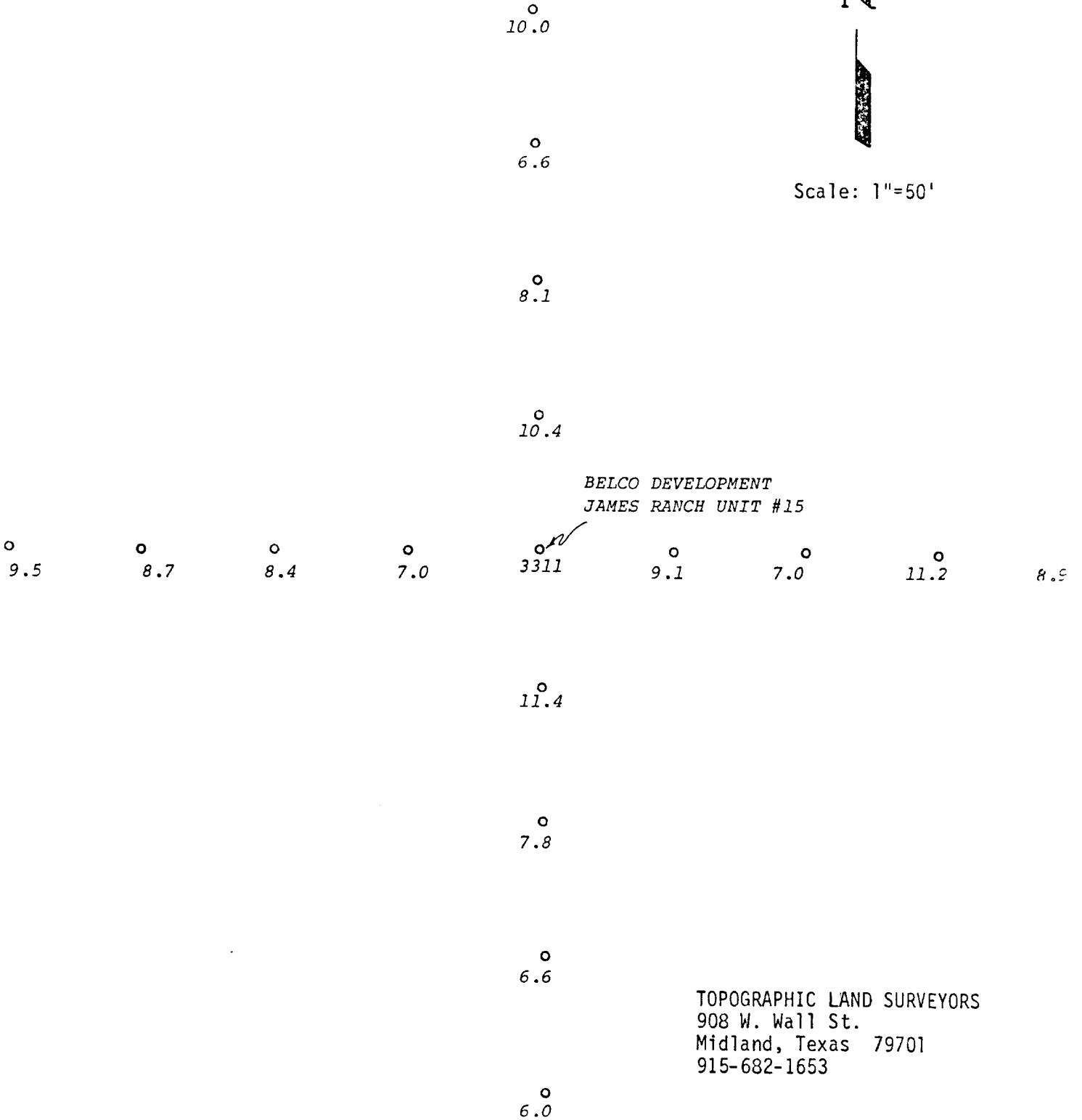


EXHIBIT "G"

Cross Section Of The BELCO DEVELOPMENT
James Ranch Unit #15, 660'FSL & 100'FWL,
Section 8, T-23-S, R-31-E, Eddy County,
New Mexico



Scale: 1"=50'



TOPOGRAPHIC LAND SURVEYORS
908 W. Wall St.
Midland, Texas 79701
915-682-1653



NMAS
New Mexico Archaeological Services, Inc.

P. O. Box 1341

Carlsbad, New Mexico 88220

(505) 887-7646

Reconnaissance
Excavation
Analysis
Explanation
Curation

14 January 1984

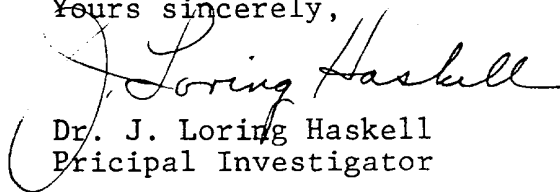
Mr. Phil E. Ilavia
BELCO DEVELOPMENT CORPORATION
10000 Old Katy Road
Suite 100
Houston, Texas 77055

Dear Mr. Ilavia:

Enclosed please find NMAS' Archaeological Clearance Report for BELCO DEVELOPMENT CORPORATION's proposed James Ranch Unit Well No. 15 and its associated access road in Eddy County, New Mexico. No cultural resources were recorded during this reconnaissance; therefore, NMAS is suggesting clearance for this project.

If you have any questions pertaining to this report, please call my office. Thank you for asking NMAS to do this reconnaissance.

Yours sincerely,


Dr. J. Loring Haskell
Principal Investigator

Enclosure

cc: Mr. Thomas Zale, BLM, Carlsbad
Mr. Ray Foster, Minerals Management Services,
Hobbs
Mr. Thomas W. Merlan, SHPO, Santa Fe
Mr. Curtis Schaafsma, Laboratory of Anthropology,
Santa Fe

as

Archaeological Clearance Report
for
BELCO DEVELOPMENT CORPORATION

James Ranch Unit Well No. 15

Prepared
By
Dr. J. Loring Haskell

Submitted
By
Dr. J. Loring Haskell
Principal Investigator
New Mexico Archaeological Services, Inc.
Carlsbad, New Mexico

14 January 1984
Permit No. 82-NM-376

ABSTRACT

New Mexico Archaeological Services, Inc., representing BELCO DEVELOPMENT CORPORATION, Midland, undertook an archaeological reconnaissance of Bureau of Land Management lands scheduled to be impacted by the construction of a drill location and access road. The proposed work will be situated in Sections 8, 7, and 18, T23S, R31E, NMPM, Eddy County, New Mexico. No cultural resources were recorded during this reconnaissance; therefore, NMAS is suggesting clearance for BELCO DEVELOPMENT CORPORATION's proposed work.

Section 8, T23S, R31E, NMPM, Eddy County, NM

Thus it will be situated in the:

SW $\frac{1}{4}$ SW $\frac{1}{4}$, Section 8, T23S, R31E, NMPM, Eddy County, NM

The associated access road, flagged by NMAS, will measure approximately 20 X 2400 ft (Actual Area Surveyed 2.75 Acres) and is situated in the:

NW $\frac{1}{4}$ NE $\frac{1}{4}$, Section 18, T23S, R31E, NMPM, Eddy County, NM
 NE $\frac{1}{4}$ NE $\frac{1}{4}$, Section 18, T23S, R31E, NMPM, Eddy County, NM
 SE $\frac{1}{4}$ SE $\frac{1}{4}$, Section 7, T23S, R31E, NMPM, Eddy County, NM
 SW $\frac{1}{4}$ SW $\frac{1}{4}$, Section 8, T23S, R31E, NMPM, Eddy County, NM

Map Reference: USGS NASH DRAW QUADRANGLE, 15 Minute Series, 1939.

Terrain

BELCO DEVELOPMENT CORPORATION's proposed location will be situated on an aeolian-mantled landform whose surface has been worked into the characteristic coppice-dune/deflation basin topography of southeastern New Mexico. Areal soils, dominated by the sand separate, are composed of sandy loams and loamy sands. Surficial deposits underlying the proposed location are of lacustrine origin. Elsewhere, croute calcaire is present on a sporadic basis. Taxonomically, soil individuals are assignable to the Typic Torripsamment subgroup.

Floristics

Major plants of the floral assemblage's overstory are Prosopis juliflora, Quercus havardii and Yucca glauca. Forbs, while browned and desiccated, include Gutierrezia sarothrae, Croton sp., Calylophus sp. and Oenothera spp. The Gramineae is represented locally by Aristida sp., Andropogon spp., Muhlenbergia arenaceous and Sporobolus flexuosus.

Cultural Resources

No cultural properties were recorded during the course of this

reconnaissance. (NMAAS did observe several burned- and fire-cracked caliche cobbles in a deflation basin at a point 220 ft north-northwest of the center of the location.) Their absence is due to the overall lack of siliceous lithic material and sandstone in the immediate vicinity as well as a shortage of potable water. To the west, cherts occur and were exploited by the native peoples as at NMAAS 5612 and NMAAS 5613. Land usage was brief at any one time and was highly transitory.

Recommendations

NMAAS recommends clearance for BELCO DEVELOPMENT CORPORATION's proposed James Ranch Unit Well No. 15 and its access road and suggests that work-related activities proceed in accordance with company plans. Clearance, of course, is granted by the Bureau of Land Management. If cultural resources are encountered during construction, the BLM and NMAAS should be notified immediately. Duned settings are notorious for covering and uncovering cultural properties.

BASS ENTERPRISES PRODUCTION CO.

FIRST CITY BANK TOWER

201 MAIN ST.

FORT WORTH, TEXAS 76102

817/390-8400

January 12, 1984

BELCO DEVELOPMENT CORPORATION

411 Petroleum Building

Midland, Texas 79701

Attention: Mr. Don Peters

RE: James Ranch Unit Well No. 15
Surface Location 660' FSL & 100' FWL,
Section 8, T23S-R31E
Bottom Hole Location 660' FSL & 1980' FEL,
Section 7, T23S-R31E
Eddy County, New Mexico
Bass Lease No. 4940-Federal

Gentlemen:

Pursuant to your letter dated December 27, 1983, proposing the drilling of a 14,800' Morrow test to be drilled at the referenced location, Bass Enterprises Production Co. and Perry R. Bass, Trustee hereby elect to participate in the drilling of the referenced well for their collective 16.526690% working interest. This election is made pursuant to the terms and provisions of that certain Farmout Agreement dated August 18, 1971. Accordingly, the AFE we received with your December 27th letter will be executed and returned to you in the very near future. As we discussed, we prefer to delay processing the Operating Agreement we received until such time as Continental advises whether they will be participating, and if so, if they will agree to this Operating Agreement. Additionally, our management prohibits entering into operating agreements which do not provide an AFE limitation. For this purpose, we enclose an AFE limitation which we request you incorporate into the Operating Agreement.

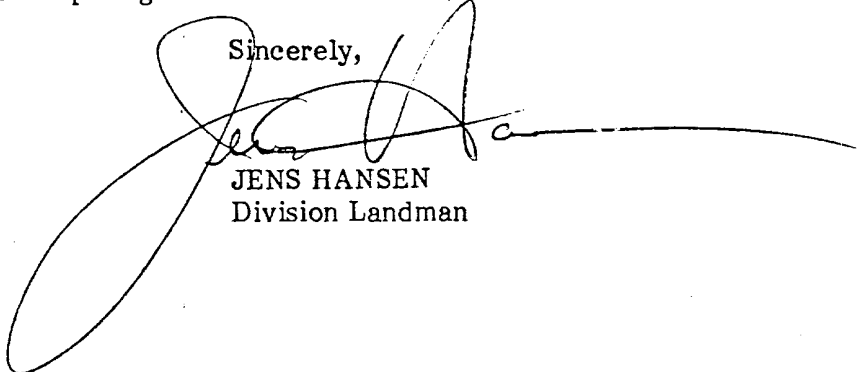
With regard to Continental's interest, in the event Continental elects to farmout their interest, Bass Enterprises Production Co. and Perry R. Bass, Trustee would like the opportunity to elect whether to participate for one-third (1/3) of Continental's interest.

Mr. Don Peters
Belco Development Corporation
January 12, 1984
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The August 18, 1971 Farmout Agreement between Bass and Belco does not cover Section 8, T23S-R31E, which is the surface location for this well. Accordingly, Bass Enterprises Production Co. and Perry R. Bass, Trustee hereby authorize Belco Development Corporation to locate the surface location 100' FWL and 660' FSL in Section 8, T23S-R31E, Eddy County, New Mexico, for the purpose of drilling a directional well to a bottom hole location of that shown in the reference above. In this regard you may utilize this letter to provide proof to all interested parties that you have obtained permission to locate the surface location in said Section 8.

It would be appreciated if you would advise us at your earliest opportunity whether Continental will be participating in this well.

Sincerely,



JENS HANSEN
Division Landman

JH:dw
Enclosure