

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 S. 1st Street, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resource.

Form C-101
Revised March 17, 1999

Oil Conservation Division
2040 South Pacheco
Santa Fe, NM 87505

Submit to appropriate District Office
State Lease - 6 Copies
Fee Lease - 5 Copies

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address Bass Enterprises Production Co. P.O. Box 2760 Midland, Texas 79701		² OGRID Number 001801
³ API Number 30-025-35330		⁴ Property Code 24937
⁵ Property Name HAT MESA 32 STATE		⁶ Well No. 3

⁷Surface Location

UL or lot no.	Section	Township	Range	Lot. Idn	Feet from the	North/South Line	Feet from the	East/West line	County
B	32	20S	33E		330'	NORTH	2310'	EAST	LEA

⁸Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot. Idn	Feet from the	North/South Line	Feet from the	East/West line	County

⁹ Proposed Pool 1 HAT MESA (DELAWARE)	¹⁰ Proposed Pool 2
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¹¹ Work Type Code N	¹² Well Type Code O	¹³ Cable/Rotary R	¹⁴ Lease Type Code STATE	¹⁵ Ground Level Elevation 3615'
¹⁶ Multiple N	¹⁷ Proposed Depth 8500'	¹⁸ Formation DELAWARE	¹⁹ Contractor UNKNOWN	²⁰ Spud Date ASAP

²¹Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
14-3/4"	11-3/4"	42#	1450'	775	SURFACE
11"	8-5/8"	28#	3250'	665	SURFACE
7-7/8"	5-1/2"	15.5# & 17#	8500'	785	2950' (300' INSIDE INTERMEDIATE CASING)

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone.

Describe the blowout prevention program, if any. Use additional sheets if necessary.

Permit Expires 1 Year From Approval
Date Unless Drilling Underway

THIS WELL IS INSIDE THE R-111 POTASH AREA.
THE SURFACE CASING WILL BE SET INTO THE RUSTLER BELOW ALL FRESH WATER SANDS.
THE INTERMEDIATE WILL BE SET THROUGH THE SALT.
CEMENT WILL TIE 300' INTO THE INTERMEDIATE CASING.

Attached is Bass' potash notification letter to all potash leases within one mile of the location. As of this date, no responses have been recieved by Bass.

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief. Signature: <i>William R. Dannels</i> Printed name: WILLIAM R. DANNELS Title: DIVISION DRILLING SUPERINTENDENT Date: January 2, 2001 Phone: (915) 683-2277		OIL CONSERVATION DIVISION Approved by: <i>CHUCK GILBERT</i> Title: <i>DISTRICT SUPERVISOR</i> Approval Date: <i>Jan 2 2001</i> Expiration Date: Conditions of Approval: Attached <input type="checkbox"/>	
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DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87506

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised March 17, 1999

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-35330	Pool Code 30214	Pool Name HAT MESA (DELAWARE)
Property Code 24937	Property Name HAT MESA "32" STATE	Well Number 3
OGRID No. 001801	Operator Name BASS ENTERPRISES PRODUCTION COMPANY	Elevation 3615'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	32	20 S	33 E		330	NORTH	2310	EAST	LEA

Bottom Hole Location If Different From Surface

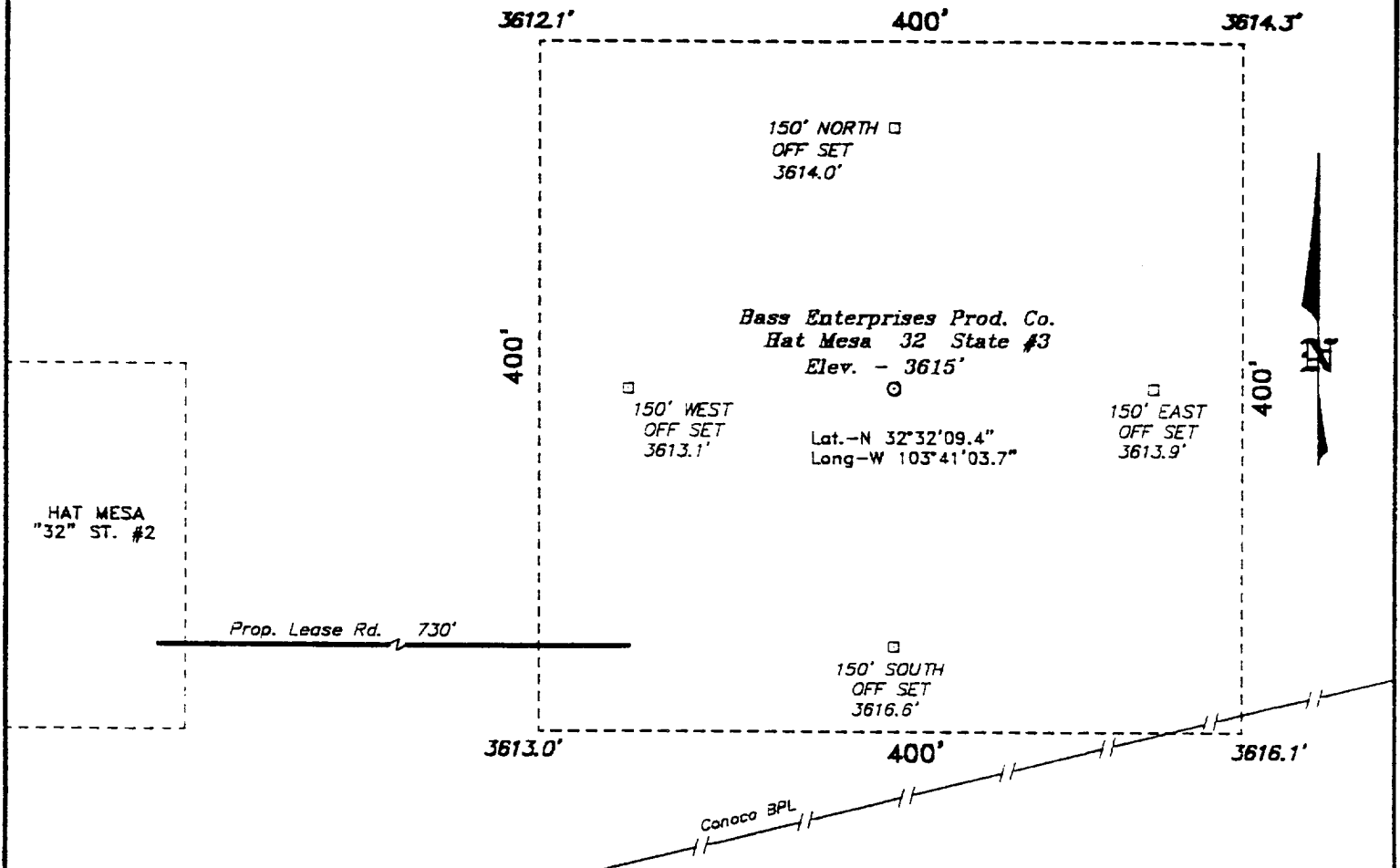
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
40	N		

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>William R Dannels</i> Signature William R. Dannels Printed Name Division Drilling Supt. Title January 2, 2001 Date</p> <p>SURVEYOR CERTIFICATION</p> <p>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 belief.</p> <p>December 21, 2000 Date Surveyed Signature of Surveyor Professional Surveyor W.D. No. 0778 Certificate No. 7977 BASIN SURVEYS</p>
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SECTION 32, TOWNSHIP 20 SOUTH, RANGE 33 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO.



DIRECTIONS TO LOCATION:

FROM THE JUNCTION OF STATE HWY 176 & US HWY 62/180, GO SOUTHWEST ON 176 APPROX. 3.25 MILES TO A LEASE ROAD; THENCE WEST ON LEASE ROAD APPROX. 2800 FEET TO A POINT WHICH LIES APPROX. 1000 FEET NORTH OF THE PROPOSED WELL LOCATION.



SCALE: 1" = 100'

BASS ENTERPRISES PRODUCTION CO.

REF: Hat Mesa 32 State No. 3 / Well Pad Topo

THE HAT MESA 32 STATE No. 3 LOCATED 330' FROM
THE NORTH LINE AND 2310' FROM THE EAST LINE OF
SECTION 32, TOWNSHIP 20 SOUTH, RANGE 33 EAST,

N.M.P.M., LEA COUNTY, NEW MEXICO.

BASIN SURVEYS P.O. BOX 1786 - HOBBS, NEW MEXICO

W.O. Number: 0718

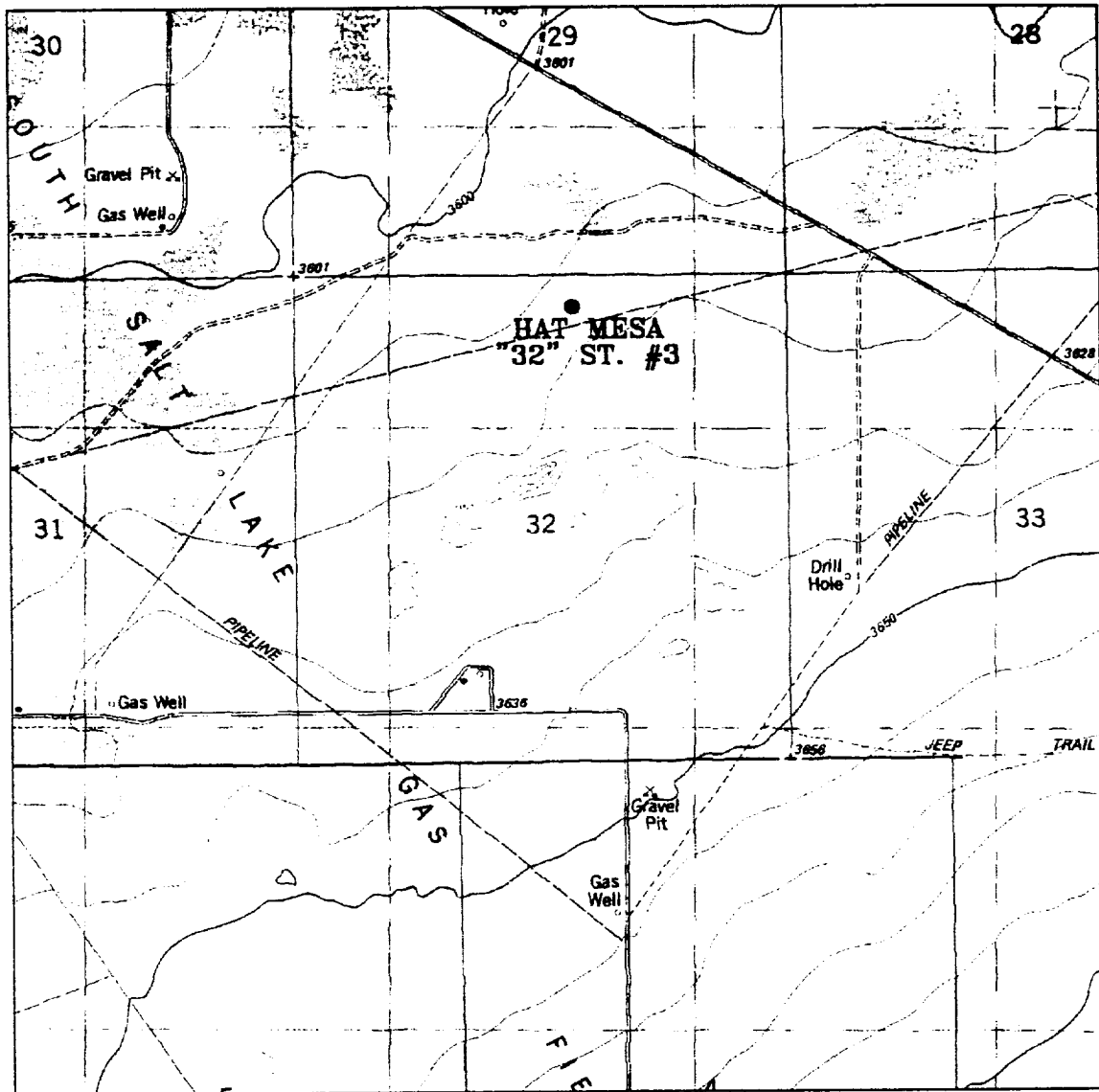
Drawn By: K. GOAD

Date: 12-22-2000

Disk: KJG #122 - 0718A.DWG

Survey Date: 12-21-2000

Sheet 1 of 1 Sheets



HAT MESA "32" STATE #3
 Located at 330' FNL and 2310' FEL
 Section 32, Township 20 South, Range 33 East,
 N.M.P.M., Lea County, New Mexico.

**basin
surveys**

focused on excellence
in the oilfield

P.O. Box 1786
 1120 N. West County Rd.
 Hobbs, New Mexico 88241
 (505) 393-7316 - Office
 (505) 392-3074 - Fax
 basinsurveys.com

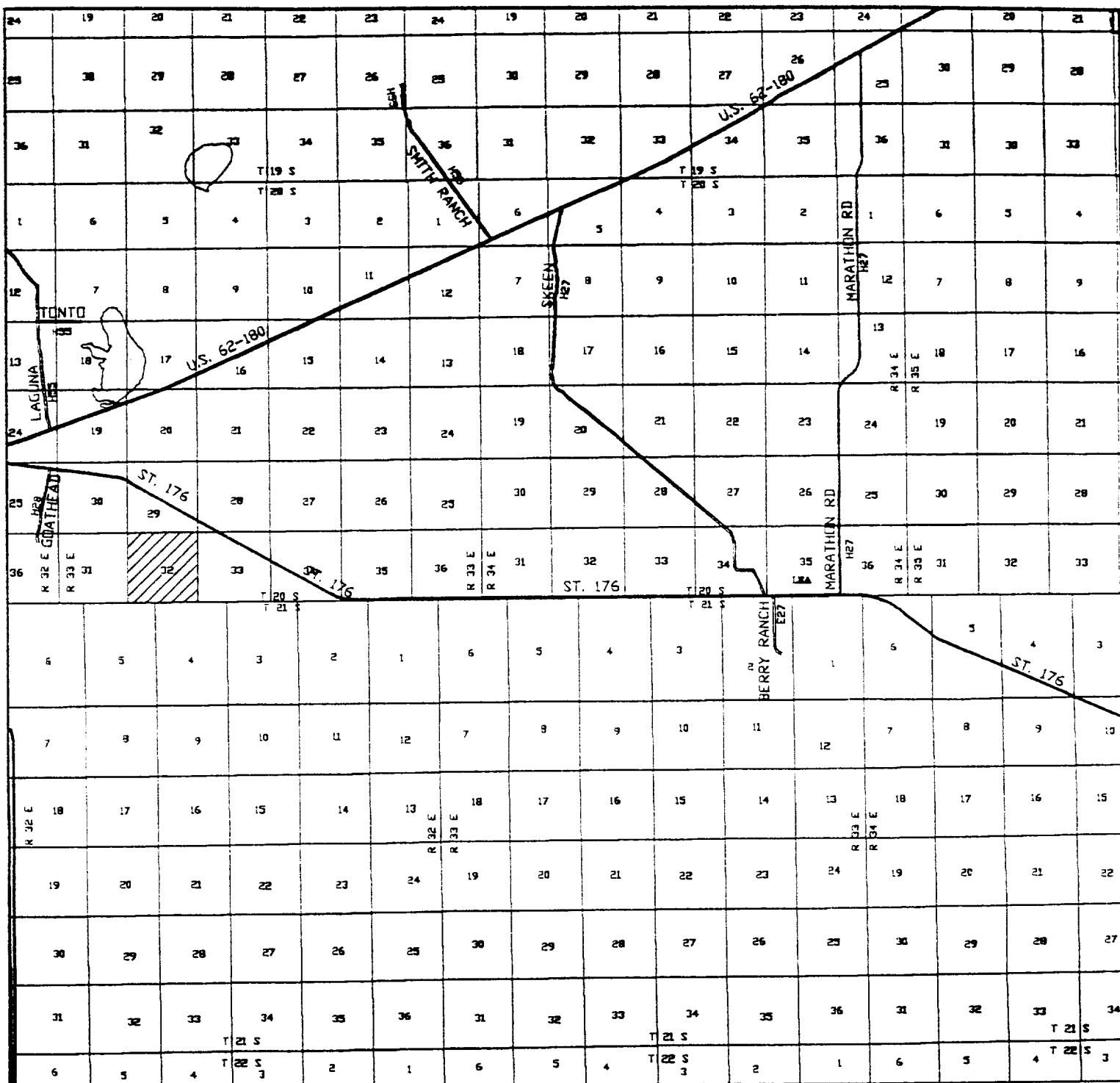
W.O. Number: 0718AA - KJG #122

Survey Date: 12-21-2000

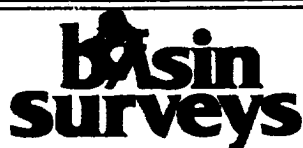
Scale: 1" = 2000'

Date: 12-22-2000

**BASS ENTERPRISES
PRODUCTION CO.**



HAT MESA 32 STATE #3
 Located at 330' FNL and 2310' FEL
 Section 32, Township 20 South, Range 33 East,
 N.M.P.M., Lea County, New Mexico.



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 Hobbs, New Mexico 88241
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 (505) 392-3074 - Fax
 basinsurveys.com

W.O. Number: 0718AA - KJG #122

Survey Date: 12-21-2000

Scale: 1" = 2 MILES

Date: 12-22-2000

BASS ENTERPRISES
 PRODUCTION CO.

**EIGHT POINT DRILLING PROGRAM
BASS ENTERPRISES PRODUCTION CO.**

NAME OF WELL: HAT MESA 32 STATE #3

LEGAL DESCRIPTION - SURFACE: 330' FNL & 2310' FEL, Section 32, T-20-S, R-33-E, Lea County, New Mexico.

POINT 1: ESTIMATED FORMATION TOPS

(See No. 2 Below)

POINT 2: WATER, OIL, GAS AND/OR MINERAL BEARING FORMATIONS

Anticipated Formation Tops: KB 3630' (est)
GL 3615'

<u>FORMATION</u>	<u>ESTIMATED TOP FROM KB</u>	<u>ESTIMATED SUBSEA TOP</u>	<u>BEARING</u>
T/Rustler	1350'	+2280'	Barren
T/Salt	1570'	+2060'	Barren
B/Salt	3170'	+ 460'	Barren
T/Yates	3305'	+ 325'	Barren
T/Capitan	3713'	- 83'	Barren
T/Brushy Canyon	6455'	- 2825'	Oil/Gas
T/"I" Sand	7130'	- 3500'	Oil/Gas
T/Shell Marker	7342'	- 3712'	Oil/Gas
T/8A Lower Brushy	8053'	- 4423'	Oil/Gas
T/Bone Spring	8373'	- 4743'	Barren
TD	8500'	- 4870'	

POINT 3: CASING PROGRAM

<u>TYPE</u>	<u>INTERVALS</u>	<u>PURPOSE</u>	<u>CONDITION</u>
11-3/4", 42#, WC-40, STC	0-1450'	Surface	New
8-5/8", 28#, WC-50, LTC	0-3000'	Intermediate	New
8-5/8", 32#, WC-50, STC	3000-3250'	Intermediate	New
5-1/2", 15.5#, K-55, LTC	0-6500'	Production	New
5-1/2", 17#, K-55, LTC	6500-8500'	Production	New

POINT 4: PRESSURE CONTROL EQUIPMENT (SEE ATTACHED DIAGRAM)

A BOP equivalent to Diagram 1 will be nipped up on the surface casing head. When testing, the BOP stack, choke, kill lines, kelly cocks, inside BOP, etc. will be hydrotested to the lowest rated working pressure of the equipment being tested. In addition to the rated working pressure test, a low pressure (200 psi) test will be required. These tests will be performed:

- a) Upon installation
- b) After any component changes
- c) Fifteen days after a previous test
- d) As required by well conditions

Con't...

POINT 4: PRESSURE CONTROL EQUIPMENT (SEE ATTACHED DIAGRAM)

A function test of pipe and blind rams to insure that the preventers are operating correctly will be performed on each trip. A function test is required only a minimum of once every 24 hours. See the attached diagram #1 for the minimum criteria for the choke manifold.

POINT 5: MUD PROGRAM

<u>DEPTH</u>	<u>MUD TYPE</u>	<u>WEIGHT</u>	<u>FV</u>	<u>PV</u>	<u>YP</u>	<u>FL</u>	<u>Ph</u>
0' - 1450'	FW Spud	8.4 - 9.0	45-38	NC	NC	NC	9.5
1450' - 3250'	Brine	9.8 - 10.0	28-30	NC	NC	NC	9.5
3250' - 6000'	FW	8.4 - 8.6	28-30	NC	NC	NC	9.5
6000' - 8300'	FW/Starch	8.4 - 8.6	28-30	NC	NC	<100	9.5
8300' - TD	FW/Gel/Starch	8.4 - 8.6	32-42	NC	NC	<100	9.5

POINT 6: TECHNICAL STAGES OF OPERATION

A) TESTING

None anticipated.

B) LOGGING

GR-CNL from Intermediate casing point to surface.

GR-CNL-LDT-AIT from TD to Intermediate casing point.

C) CONVENTIONAL CORING

None anticipated.

D) CEMENT

<u>SURFACE</u>						
<u>INTERVAL</u>	<u>AMOUNT SX</u>	<u>FT OF FILL</u>	<u>TYPE</u>	<u>GALS/SX</u>	<u>PPG</u>	<u>FT³/SX</u>
0-1100'	550	1100	Class "C" + 4% gel + 2% CaCl ₂	9.09	13.5	1.74
1100-1450'	225	350	Class C + 2% CaCl ₂	6.32	14.8	1.32
(100% excess circ to surface)						
<u>INTERMEDIATE</u>						
<u>INTERVAL</u>	<u>AMOUNT SX</u>	<u>FT OF FILL</u>	<u>TYPE</u>	<u>GALS/SX</u>	<u>PPG</u>	<u>FT³/SX</u>
Lead						
0-2950'	550	2950	35/65 Poz + 6% gel + 5% Salt	10.2	12.4	2.14
Tail						
2950'-3250'	115	300	Class C Neat	6.32	14.8	1.32
(100% excess in open hole)						

Con't...

POINT 6: TECHNICAL STAGES OF OPERATION

D) CEMENT Con't...

PRODUCTION (Two stage w/DV tool @ 6800')

<u>INTERVAL</u>	<u>AMOUNT SX</u>	<u>FT OF FILL</u>	<u>TYPE</u>	<u>GALS/SX</u>	<u>PPG</u>	<u>FT³/SX</u>
1st Stage						
6800'-8500' (50% excess)	270	1700	Class H + 1.4 gps Silica+ 3% Salt + 0.3% Retarder	8.8	14.0	1.66
2nd Stage						
LEAD						
2950-5750' (50% excess)	305	2800	35/65 Poz C + 6% Gel	10.2	12.4	2.14
TAIL						
5750-6800' (50% excess)	210	1050	Class C Neat	6.32	14.8	1.32

E) DIRECTIONAL DRILLING

No directional services anticipated.

POINT 7: ANTICIPATED RESERVOIR CONDITIONS

Normal pressured formations are anticipated throughout this well. NoH₂S is expected.

POINT 8: OTHER PERTINENT INFORMATION

A) Auxiliary Equipment

Upper and lower kelly cocks. Full opening stab in valve on the rig floor.

B) Anticipated Starting Date

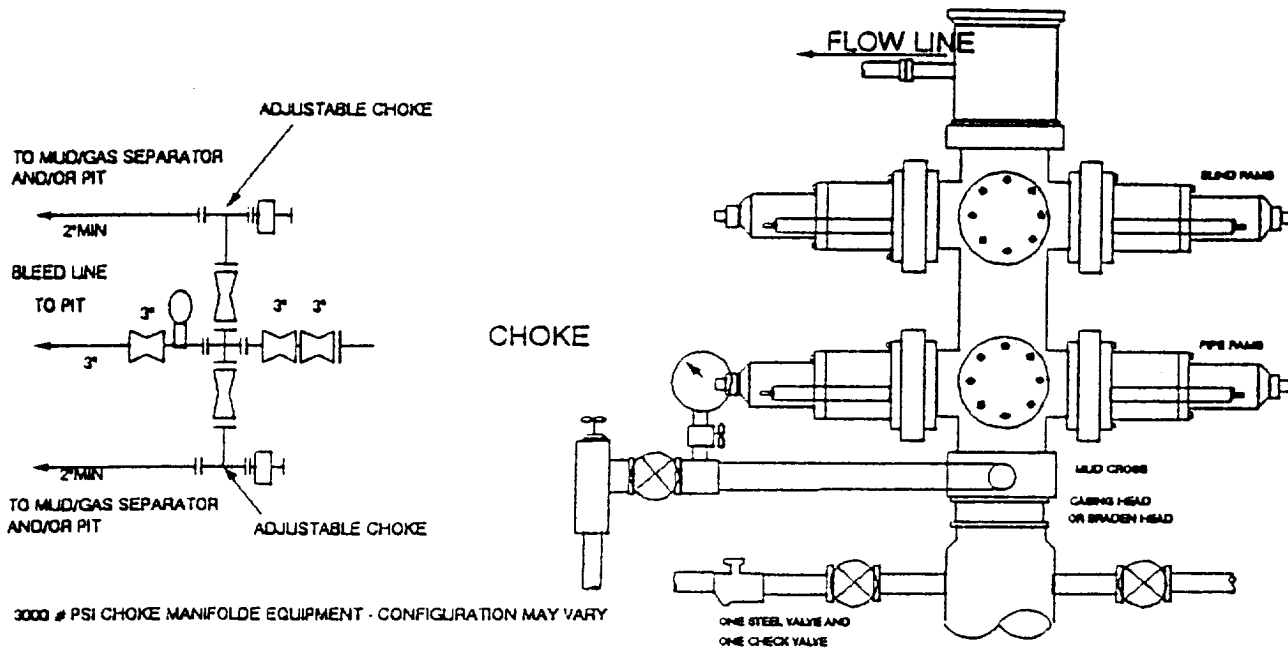
Upon approval

22 days drilling operations

14 days completion operations

FDC/mac
January 2, 2001

3000 PSI WP



THE FOLLOWING CONSTITUTE MINIMUM BLOWOUT PREVENTER REQUIREMENTS

- A. One double gate blowout preventer with lower rams for pipe and upper rams blind, all hydraulically controlled.
- B. Opening on preventers between rams to be flanged, studded or clamped and at least two inches in diameter.
- C. All connections from operating manifold to preventers to be all steel hose or tube a minimum of one inch in diameter.
- D. The available closing pressure shall be at least 15% in excess of that required with sufficient volume to operate (close, open, and re-close) the preventers.
- E. All connections to and from preventers to have a pressure rating equivalent to that of the BOP's.
- F. Manual controls to be installed before drilling cement plug.
- G. Valve to control flow through drill pipe to be located on rig floor.
- H. All chokes will be adjustable. Choke spool may be used between rams.

DIAGRAM 1

BASS ENTERPRISES PRODUCTION CO.

201 MAIN ST.

FORT WORTH, TEXAS 76102-3131

817/390-8400

December 29, 2000

EXPRESS CERTIFIED MAIL

Mississippi Potash Company, Inc.
P. O. Box 101
Carlsbad, New Mexico 88220

Attention: Ms. Jill Farnsworth

Re: Hat Mesa "32" State No. 3 Well
Sec. 32, T20S-R33E
Lea County, New Mexico

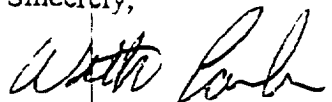
Dear Ms. Farnsworth:

Please be advised that Bass plans to file permits for the drilling of the referenced well, which is located on potash leases owned by Mississippi Potash Company, Inc. The Hat Mesa "32" State No. 3 Well is a vertical well with the proposed location being 660' FNL and 2310' FEL, Section 32, T20S-R33E to test the Delaware Formation at a projected total depth of 8500'.

Bass hereby requests a waiver of any objection Mississippi Potash Company, Inc. might have for the drilling of the captioned well. In the event Mississippi Potash Company, Inc. is agreeable to providing a waiver, please execute this letter in the space provided below and return one (1) to the undersigned at your earliest convenience.

Thank you very much and, should you have any questions regarding this matter, please contact me at (817) 390-8568.

Sincerely,



Worth Carlin

AGREED AND ACCEPTED
this _____ day of January, 2001

MISSISSIPPI POTASH COMPANY, INC.

By: _____
Title: _____