

UnitSource INCORPORATED

PAUL S. CONNER

UNITIZATION

January 9, 1997

CERTIFIED MAIL, RETURN RECEIPT REQUESTED

**TO: LESSEES, LESSORS AND WORKING INTEREST OWNERS
PARTIES TO THE WEST LOVINGTON STRAWN UNIT
AGREEMENT, LEA COUNTY, NEW MEXICO**

Pursuant to Section 4 of the West Lovington Strawn Unit Agreement, it is proposed that the West Lovington Strawn Unit Area be expanded, to include, in addition to the present lands, the following described lands:

Township 15 South, Range 35 East, N.M.P.M.

Section 28: S/2SE/4

Section 34: W/2SE/4

Comprising 160.00 acres in Lea County, New Mexico

Through the additional drilling of wells adjacent to the West Lovington Strawn Unit Area, it has been determined that the Chandler #1 (WLSU #13) and the State "S" #1 (WLSU #12) wells are in communication with the reservoir previously unitized and subject to the West Lovington Unit Area. Therefore, expansion of the existing unit area is advisable because of the more efficient manner of development and operations afforded thereby. Enclosed please find a copy of a letter from the Bureau of Land Management dated November 25, 1996, granting preliminary approval of the expansion as proposed. Also, enclosed you will find a revised copy of Exhibit "C" to the West Lovington Strawn Unit Agreement which incorporates the expanded tracts.

Pursuant to the provisions of Section 4.2, of the West Lovington Strawn Unit Agreement, you are allowed thirty (30) days within which to submit any written objections to the Unit Operator regarding expansion of the West Lovington Unit Area. Please address any responses regarding the expansion to Gillespie-Crow, Inc., c/o UnitSource Incorporated, 11184 Huron Street, Suite 10, Denver, Colorado 80234.

Sincerely,

UNITSOURCE INCORPORATED



Paul S. Conner

PSC/ld
enclosures

NEW MEXICO
OIL CONSERVATION DIVISION

GCE EXHIBIT 23

CASE NO. 11724

UnitSource INCORPORATED

PAUL S. CONNER

UNITIZATION

January 9, 1997

***CERTIFIED MAIL
RETURN RECEIPT REQUESTED***

TO: WORKING INTEREST OWNERS

**RE: West Lovington Strawn Unit Area
Lea County, New Mexico**

Ladies and Gentlemen:

Gillespie-Crow, Inc. has contracted UnitSource Incorporated to assist in the proposed expansion of the existing West Lovington Strawn Unit Area, which is currently a 1,458.95 acre pressure maintenance unit covering the Strawn Formation under the lands shown on the enclosed map of the Unit Area.

We are presently offering all working interest owners the invitation to commit their interest to the Unit and Unit Operating Agreements. Therefore, for your consideration and execution please find the following:

1. Copy of the West Lovington Strawn Unit Agreement with Exhibits "A", "B" and "C" thereto;
2. Copy of the West Lovington Strawn Unit Operating Agreement;
3. Six (6) copies of Ratification and Joinder of Unit and Unit Operating Agreement to the West Lovington Strawn Unit and Unit Operating Agreements;

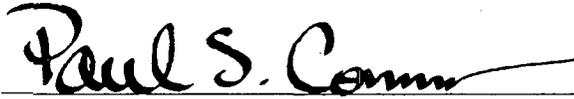
To commit your interest, please execute all copies of the enclosed ratification instrument, have your signature acknowledged by a Notary Public and properly attested, if necessary, and return five (5) executed copies to UnitSource Incorporated for our further handling.

West Lovington Strawn Unit Area
Page 2

Please be advised that on behalf of Gillespie-Crow, Inc., I respectfully request that you return your executed ratification instruments prior to the hearing before the New Mexico Oil and Gas Conservation Division in February, 1997. Please feel free to contact the undersigned if you should have any questions.

Sincerely,

UNITSOURCE INCORPORATED

A handwritten signature in cursive script that reads "Paul S. Conner". The signature is written in black ink and is positioned above a horizontal line.

Paul S. Conner

/pc
enclosures

UnitSource INCORPORATED

PAUL S. CONNER

UNITIZATION

January 9, 1997

*CERTIFIED MAIL
RETURN RECEIPT REQUESTED*

TO: ROYALTY AND OVERRIDING ROYALTY INTEREST OWNERS

Re: **West Lovington Strawn Unit Area**
Lea County, New Mexico

Ladies and Gentlemen:

Gillespie-Crow, Inc. has contracted UnitSource Incorporated to assist in the proposed expansion of the existing West Lovington Strawn Unit Area, which is currently a 1,458.95 acre pressure maintenance unit covering the Strawn Formation under the lands shown on the enclosed map of the Unit Area.

We are presently contacting all working and royalty interest owners affected by the expansion and invite them to commit their interest to the Unit Agreement. Therefore, for your consideration and execution we are enclosing the following:

1. Copy of the West Lovington Strawn Unit Agreement with Exhibits "A", "B" and "C" thereto, and;
2. Six (6) copies of the Ratification and Joinder instrument to the expansion of the West Lovington Strawn Unit Agreement.

We request that you review the Exhibits and advise of any discrepancies regarding your ownership in the oil and gas rights within the unit.

A technical review by the Unit Operator in the West Lovington Strawn Unit was conducted to investigate the affect the Chandler #1 (WLSU #13) and the State "S" #1 (WLSU #12) wells have on the unitized Strawn reservoir under the existing unit area.

The Unit Operator and over 99.7% of the Cost Bearing Working Interest Owners have concluded that the above mentioned wells and lands are benefiting from the on going pressure maintenance operations in the West Lovington Strawn Unit Area, and therefore expansion of the unit area would be economically advantageous, improve the efficiency of the reservoir and recover a substantial amount of oil that would otherwise be unrecoverable under primary operations on a lease basis.

This pressure maintenance/secondary recovery program, involves injecting natural gas into the producing formation through selected well(s) located at the structurally highest point in said reservoir in order to supplement the natural energy of the reservoir and force oil trapped in the rock to the structurally lower producing wells. This process displaces oil across property or lease lines which makes it necessary to unitize all properties affected by the injection in a way that they can be treated and operated as a single property. The working and royalty interest owners then share in the oil produced from the entire unit area based upon their unit participation.

Unit participation is determined by allocating to each property or tract a percentage of the unit's overall production based upon a formula negotiated by the working interest owners within the unit. The formula allows equitable sharing in the increased unit production because it represents the best estimate of the amount of recoverable oil under each tract. The percentage of the unit's overall production which is allocated to the various tracts is shown on Exhibit "C" attached to the unit agreement.

Prior to approving expansion of the West Lovington Strawn Unit Agreement, the Bureau of Land Management will review the geological and engineering data and unit documents to determine whether the participation formula is fair and equitable and protects the rights of all owners within the unit and proposed expansion. Another review of the expansion will occur at a public hearing before the New Mexico Oil and Gas Conservation Division (Division). You will be notified pursuant to state statute when this matter will be presented before the Division

As a royalty interest owner you will benefit from the projected increase in the amount of oil recovered but will not be responsible for any costs associated with the pressure maintenance project. Should you have any questions regarding the unit expansion, the purpose of the expansion, or other related matters, please feel free to contact the undersigned at our letterhead address or telephone.

Please approve expansion of the West Lovington Strawn Unit Area by signing all copies of the enclosed Ratification and Joinder instrument before a Notary Public and return five (5) copies to UnitSource Incorporated, consultant for Gillespie-Crow, Inc. in the enclosed self-addressed stamped envelope. We would appreciate your consideration and approval of the expansion as soon as possible. Thank you in advance for your prompt consideration.

West Lovington Strawn Unit Area
Page 3

Sincerely,

UNITSOURCE INCORPORATED

A handwritten signature in black ink that reads "Paul S. Conner". The signature is written in a cursive style with a long horizontal flourish extending to the right.

Paul S. Conner

/pc
Enclosures

UnitSource INCORPORATED

PAUL S. CONNER

UNITIZATION

January 31, 1997

TO: WORKING INTEREST OWNERS

RE: **West Lovington Strawn Unit Area**
Lea County, New Mexico

Ladies and Gentlemen:

Reference is made to my letter of January 9, 1997, advising that Gillespie-Crow, Inc. has proposed expansion of the West Lovington Strawn Unit Area, Lea County, New Mexico. Please note that the above mentioned letter should have included ratification and joinder instruments for your execution to approve and adopt the proposed expansion of the existing Unit Area.

In that regard enclosed for your further handling please find six (6) copies of Ratification and Joinder of Unit Agreement for the West Lovington Strawn Unit Area, as Expanded. Please sign the joinder instruments, have your signature acknowledged by a Notary Public and return five (5) executed copies in the enclosed self-addressed, stamped envelope. You should have also received by now, Notice of the hearing for this matter which is 8:15 a.m. on Thursday, February 20, 1997. Therefore, your return of the enclosed ratifications prior to February 15, 1997, would be greatly appreciated.

Sincerely,

UNITSOURCE INCORPORATED



Paul S. Conner

/pc
Enclosures

UnitSource INCORPORATED

PAUL S. CONNER

UNITIZATION

January 31, 1997

TO: ROYALTY AND OVERRIDING ROYALTY INTEREST OWNERS

Re: **West Lovington Strawn Unit Area**
Lea County, New Mexico

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Paul S. Conner

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