

KELLAHIN, KELLAHIN AND AUBREY

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

W. THOMAS KELLAHIN
KAREN AUBREY

TELEPHONE (505) 982-4285
TELEFAX (505) 982-2047

CANDACE HAMANN CALLAHAN

JASON KELLAHIN
OF COUNSEL

April 22, 1991

Mr. William J. LeMay
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87502

RECEIVED
APR 28 1991
OIL CONSERVATION DIVISION

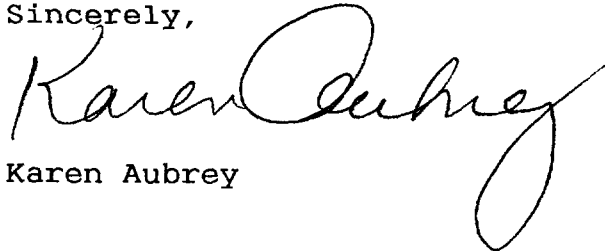
Re: Application for LBO New Mexico, Inc.
for Compulsory Pooling and Unorthodox
Gas Well Location, Lea County,
New Mexico

Dear Mr. LeMay:

On behalf of LBO New Mexico, Inc., please find enclosed our Application for Compulsory Pooling and Unorthodox Location Gas Well which we request be set for hearing on the next available Examiner's docket now scheduled for May 16, 1991.

By copy of this letter to all parties to be pooled, we are notifying them by certified mail, return receipt requested, that they have the right to appear at the hearing, to make a statement to the Division, to present evidence and cross-examine witnesses either in support of or in opposition to the application. In addition, they are advised that the entry of a compulsory pooling order will affect their rights to share in the production from the subject well.

Sincerely,



Karen Aubrey

KA/tic
Enclosure

Mr. William J. LeMay
April 22, 1991
Page 2

xc: Ray Diaz
Strata Energy Resources Corporation
28202 Cabot Road, Suite 250
Laguna Niguel, California 92677

Certified mail return receipt
All parties listed in Exhibit "A"
and Exhibit "B" of application

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APR 25 1931

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION

OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION
OF LBO NEW MEXICO, INC. FOR
COMPULSORY POOLING AND UNORTHODOX
GAS WELL LOCATION, LEA COUNTY,
NEW MEXICO

CASE NO.

A P P L I C A T I O N

COMES NOW LBO NEW MEXICO, INC., by and through its
attorneys, KELLAHIN, KELLAHIN & AUBREY, and applies to the New
Mexico Oil Conservation Division for an order pooling all mineral
interests as follows:

From the surface to the base of the Mississippian Formation,
or 11,200 feet, whichever is deeper, underlying the following
described acreage in Section 9, Township 11 South, Range 33 East,
N.M.P.M., Lea County, New Mexico, and in the following manner:
the S/2 to form a standard 320-acre gas spacing and proration
unit for any and all formations and/or pools developed on 320-
acre spacing within said vertical extent, which presently
includes but is not necessarily limited to the Atoka-
Pennsylvanian Gas Pool; the N/2SW/4 to form a standard 80-acre
oil spacing and proration unit for any and all formations and/or

pools developed on 80-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the North Bagley-Permo Pennsylvanian Pool; and the NW/4SW/4 to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the Lower Penn-Atoka Pool. Said units are to be dedicated to a single well to be drilled 1980 feet from the South line and 660 feet from the West line (Unit L) of said Section 9, being a standard oil well location but an unorthodox gas well location.

In support thereof, Applicant states:

1. Applicant has the right to drill and develop the S/2 of Section 9, Township 11 South, Range 33 East, N.M.P.M., Lea County, New Mexico.

2. Applicant desires to drill a well at a standard oil well location in pools spaced on 40 acres and 80 acres, and at an unorthodox gas well location in a pool spaced on 320 acres, to a total depth of approximately 11,200 feet to test the above formations.

3. Applicant is informed and believes that the working interest/mineral owners entitled to participate in and pay for the costs of the subject well are as shown on Exhibit "A" attached hereto.

4. Applicant is informed and believes that the operators/working interest owners entitled to notice of the unorthodox location are as shown on Exhibit "B" attached hereto.

5. Applicant has sought the voluntary agreement of all those parties shown on Exhibit "A" for the formation of the appropriate spacing and proration unit for the drilling of the subject well, but has been unable to obtain a voluntary agreement.

6. In accordance with Division Rule 1207, the following parties are entitled to and have been sent notice of this application:

SEE EXHIBITS "A" and "B"

7. Approval of the unorthodox location, without a production penalty, will afford the operator and the other mineral interest owners for this spacing unit the opportunity to recover its proportionate share of the gas from the pools thereby preventing waste and protecting correlative rights.

8. In order to obtain its just and equitable share of the potential production underlying the above tract, applicant needs an order pooling the mineral interests involved in order to protect applicant's correlative rights and prevent waste.

WHEREFORE, applicant requests that this application be set for hearing before the Division's duly appointed examiner, and that after notice and hearing as required by law, the Division

enter its order: (1) pooling the mineral interests described herein; (2) approving the unorthodox location without penalty; (3) naming applicant operator of the well; and (4) providing applicant is to recover out of production its costs of drilling, completing and equipping the well, and costs of operation, including costs of supervision, plus a risk factor in the amount of 200% for the drilling and completion of the well, and for such other and further relief as may be proper.

Respectfully submitted,

KELLAHIN, KELLAHIN & AUBREY

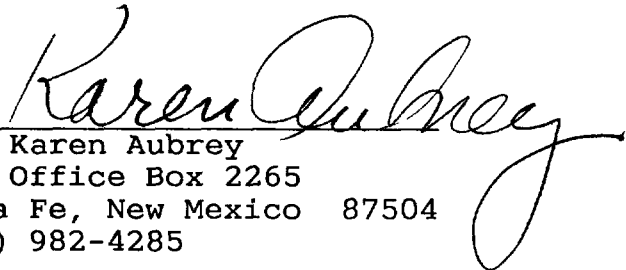
By: 
Karen Aubrey
Post Office Box 2265
Santa Fe, New Mexico 87504
(505) 982-4285

EXHIBIT "A"

Don Turner 4201 Monte Drive Midland, TX 79703	12.500%
CBAT Corp. Trustee Energy Square, #402 505 N. Big Spring Street Midland, TX 79701	0.333%
Kent Cearley P.O. Box 508 Robert Lee, TX 76945	1.000%
Lt. Co. Michael Chisick 16465 Henerson Pass 624 San Antonio, TX 78232	0.500%
Steve Chisick 101 Galax Lane Durham, NC 27703	1.500%
Robert A. Harris 4550 Gorge Street Skokie, IL 60076	0.500%
Ken K. Kirby 750 E. Mid Cities Blvd. Suite 1407 Euless, TX 76039	4.000%
Annette C. Mills 1413 W. Michigan Midland, TX 79701-6055	0.500%
Jim Starrak 2401 S. County Road #1110 Midland, TX 79701	1.000%
Team Exploration 310 W. Illinois, Suite 220 Midland, TX 79701	1.000%
Susan Turner 2204 Lindor Way Midland, TX 79707	1.000%

Bonny Wilson
10588 Stone Canyon #182
Dallas, TX 75230-4417

0.667%

TOTAL

24.500%

EXHIBIT "B"

Tipperary Oil & Gas Corp.
500 W. Illinois
Midland, Texas 79701

Tejas Energy Corp.
8333 Douglas, Suite 1072
Dallas, Texas 75225

BTA Producers
104 S. Pecos
Midland, Texas 79701

Fasken Oil & Ranch Interests
Attn: Barbard Fasken
303 W. Wall, Suite 1900
Midland, Texas 79701

Greenwood Holdings
5600 S. Quebec, Suite 150-C
Englewood, Colorado 80111

MFG
1126 Vaughn Bldg.
Midland, Texas 79701

Chevron U.S.A., Inc.
P.O. Box 1150
Midland, Texas 79702
Attn: Sam Martin

State Land Office
P.O. Box 1148
Santa Fe, New Mexico 87504
Attn: Floyd Prando