

CAMPBELL, CARR, BERGE  
& SHERIDAN, P.A.  
LAWYERS

MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE  
MARK F. SHERIDAN  
WILLIAM P. SLATTERY

PATRICIA A. MATTHEWS  
MICHAEL H. FELDEWERT

JACK M. CAMPBELL  
OF COUNSEL

JEFFERSON PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
TELEPHONE (505) 988-4421  
TELECOPIER (505) 983-6043

April 21, 1992

HAND-DELIVERED

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William J. LeMay, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
State Land Office Building  
Santa Fe, New Mexico 87503

APR 21 1992

OIL CONSERVATION DIV.  
SANTA FE

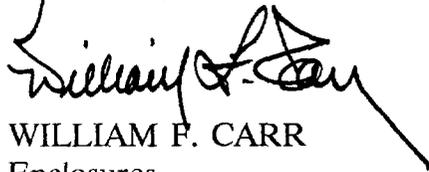
104175

Re: In the Matter of the Application of Terra Energy Ltd, for Approval of a Unit Agreement, Chaves County, New Mexico

Dear Mr. LeMay:

Enclosed in triplicate is the Application of Terra Energy Ltd, in the above-referenced case. Terra Energy Ltd, respectfully requests that this matter be placed on the docket for the May 14, 1992 Examiner hearings.

Very truly yours,

  
WILLIAM F. CARR

Enclosures

WFC:mlh

cc w/enc.: Mr. Alan J. Kostrzewa  
Land Manager  
Terra Energy Ltd,  
1503 North Garfield Road  
Traverse City, Michigan 49684

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BEFORE THE

APR 21 1992

OIL CONSERVATION DIVISION

OIL CONSERVATION DIV.  
SANTA FE

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION  
OF TERRA ENERGY LTD,  
FOR APPROVAL OF A UNIT AGREEMENT,  
CHAVES COUNTY, NEW MEXICO.

CASE NO. 10475

APPLICATION

TERRA ENERGY LTD, through its undersigned attorneys, hereby makes application for an order approving its South Lone Wolf Unit Agreement and in support of this application would show the Division:

1. That the proposed Unit Agreement consists of 2120 acres, more or less, of Federal, State and Fee lands, situated in Chaves County, New Mexico. The horizontal limits of said unit are described as follows:

Township 13 South, Range 29 East, N.M.P.M.

Section 19: E/2 SE/4  
Section 20: S/2  
Section 29: W/2, W/2 NE/4 and NW/4 SE/4  
Section 30: E/2  
Section 31: E/2  
Section 32: All  
Chaves County, New Mexico

2. That the Unit Agreement has been approved by a sufficient percentage of the interest owners within the proposed Unit Area to provide effective control of unit operations.

3. That the Applicant, Terra Energy Ltd, is designated as Unit Operator in said Unit Agreement and all oil and gas in any and all formations is unitized.

4. That the proposed Unit Area covers all, or substantially all, of the geological structures or anomaly involved.

5. That prior to hearing the proposed Unit will be reviewed with the BLM for its approval as an area logically subject to development under a unit plan.

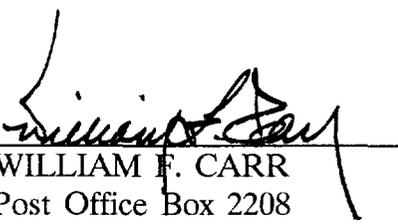
6. That prior to hearing the Unit Agreement will be reviewed with the State Land Office for its approval as to form and content.

7. Said Unit Agreement and the unitized operation and management of the Unit Area will be in the interest of conservation and the prevention of waste, and that it will protect the correlative rights of all parties concerned.

WHEREFORE, TERRA ENERGY LTD, requests that this application be set for hearing before an Examiner of the Oil Conservation Division on May 14, 1992 that notice be given as required by law and the rules of the Division, and that the South Lone Wolf Unit Agreement be approved.

Respectfully submitted,

CAMPBELL, CARR, BERGE  
& SHERIDAN, P.A.

By:   
WILLIAM F. CARR  
Post Office Box 2208  
Santa Fe, New Mexico 87504  
Telephone: (505) 988-4421

ATTORNEYS FOR TERRA  
ENERGY LTD