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September 24, 1996

VIA FEDERAL EXPRESS

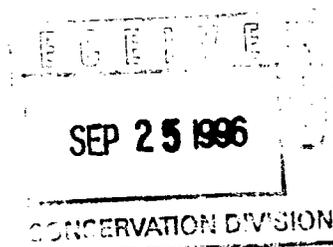
State of New Mexico

Oil Conservation Division

Attention: David Catanach, Examiner

2040 S. Pacheco Street

Santa Fe, NM 87505



*DAC
CASE FILE
11599*

Re: West Lovington (Strawn) Unit Area, Lea County, New Mexico; Application of Gillespie-Crow, Inc., for Pool Expansion and Contraction, Pool Creation, and Special Pool Rules, Currently Scheduled for **September 26, 1996** (#11599)

Dear Mr. Catanach:

Please consider this correspondence to be an appearance and preservation of rights in the above-referenced matter on behalf of my clients Leonardo S. Anderson, Jr., and Laura Geraldine Anderson-Hill (Hurst, Chinello and Mandell).

My clients object to the amended application which is scheduled for hearing on September 26, 1996, and trust that you will take the comments expressed in this correspondence into consideration at the hearing.

The applicant seeks to include Tract 12 containing the Gillespie-Crow, Inc.: State "S No.1" well into the unitization. The stated justification is that failure to do so will provide an unfair advantage to the working interest owners of that well. The working interest owners are Gillespie, Crow and Ensearch Exploration, Inc., and Gillespie-Crow, Inc., is the operator. Since the applicant already has control over the well in its operation and according to its own argument would be reaping disproportionate benefit from the current pressurization and is inconsistent with logic that they would seek to be included in the unit. Clearly there is some other reason which has not been candidly disclosed. My clients conclude that the applicants' motivation is primarily for the benefit of the applicant, to the detriment of my clients.

The applicant also seeks to have 2 additional wells: Gillespie: 1-Snyder "EC" Com and Hanley: 1-Chandler included in the contracted and expanded boundaries in the pool, particularly in Section 28 and Section 6 (descriptions more specifically set forth in the application). The applicant has issued a map of the West Lovington-Strawn Pool amended and revised as recently as May 3, 1996, specifically showing that the 2 wells were beyond the actual pool boundaries. In particular the Gillespie: 1-Snyder "EC" Com was a significant distance from the edge of the pool. Suddenly

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applicant has produced a new map dated September 3, 1996, with modifications provided without explanation or justification. The Hanley: 1-Chandler well in Section 28 is now listed at 17' into the pool while the Gillespie: 1-Snyder "EC" Com is barely included at 4'. The expanded size of the pool is without justification factually and appears to be an artificial change which will act to the benefit of the applicant and to the detriment of my clients and other working interest owners.

The only reasonable conclusion of the facts presented by applicant is that the 3 wells which applicant seeks to include have marginal production and/or they will be exhausted at some point in the future which is earlier than others already in the unit. Further their actual inclusion in the pool is doubtful. Further and most significantly, the only way that the operators of the 3 wells can hope to have production benefits in the future would be to have them considered a part of an expanded pool and subject to sharing of pool-wide production benefits on a percentage basis. While the applicant may argue that my clients' percentage of working interest, although smaller, will be preserved or enhanced by increased by overall pool production (including the new wells), my clients conclude that such an argument is false. In fact they will be receiving a smaller percentage of a larger unitized pool without any increased production (or at least increases of a very short and limited time only followed by decreases).

Trusting these comments and objections will be given the due weight to which you deem them entitled, my clients hereby request that the applicant be denied the relief requested.

I thank you for your cooperation and consideration in this matter and hereby request that notice of your ruling be mailed directly to this office at the above address.

Sincerely yours,

KLATCHKO & KLATCHKO



Philip S. Klatchko

PSK/tah

cc: Leonardo S. Anderson, Jr.
James Bruce, Esq. @ Hinkle, Cox, Eaton, Coffield & Hensley
Laura Geraldine Anderson-Hill, c/o Hurst, Chinello and Mandell