



IN REPLY
REFER TO:

NMNM91055X
3180 (06200)

United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Roswell District Office
1717 West Second Street
Roswell, New Mexico 88201-2019

(505) 627-0272

23

DEC 13 1994

UnitSource Incorporated
Attention: Mr. Paul S. Conner
11184 Huron Street, Suite 10
Denver, CO 80234

Gentlemen:

Your application of December 5, 1994, filed with the BLM on behalf of Charles B. Gillespie Jr., requests the designation of the West Lovington Strawn Unit area, embracing 1458.95 acres, more or less, Lea County, New Mexico, as logically subject to secondary operations under the unitization provisions of the Mineral Leasing Act as amended.

Pursuant to unit plan regulations 43 CFR 3180, the land requested as outlined on your plat marked Exhibit A, Charles B. Gillespie, Jr., West Lovington Strawn Unit, Lea County, New Mexico, is hereby designated as a logical unit area for the purpose of conducting secondary recovery operations and has been assigned No. NMNM91055X. This designation is valid for a period of one year from the date of this letter.

Enhanced recovery will be limited to the following interval: That stratigraphic interval underlying the Unit Area and found between the top of the Strawn formation and the base of the Strawn formation. The top of the Strawn formation is defined as all points underlying the Unit Area correlative to the depth of 11,420 feet, and the base of the Strawn formation is defined as all points underlying the Unit Area correlative to the depth of 11,681 feet as identified on the Compensated Neutron/Litho-Density Log for the Speight Fee Well No. 1, located in Lot 3 (Unit C) of Section 1, T. 16 S., R. 35 E., NMPM, Lea County, New Mexico.

Your basis for allocation of unitized substances and your proposed form of unit agreement are acceptable, with modifications to the enclosed agreement as discussed via our telephone conversation on December 8, 1994, and faxed to Jim Bruce on December 12, 1994. Corrections that need to be made to the enclosed Exhibits A and B are shown in red.

If conditions are such that further modification of said standard form is deemed necessary, two copies of the proposed modifications with appropriate justification must be submitted to this office for preliminary approval.

In the absence of any type of land requiring special provisions or any objections not now apparent, a duly executed agreement identical with said form, modified as outlined above, will be approved if submitted in approvable status within a reasonable period of time. However, notice is hereby given that the right is reserved to deny approval of any executed agreement submitted which in our opinion, does not have the full commitment of sufficient lands to afford effective control of operations in the unit area.

When the executed agreement is transmitted to the BLM for final approval, include the latest status of all acreage. In preparation of Exhibits "A" and "B", follow closely the format of the sample exhibits attached to the reprint of the aforementioned form. You will also need to submit an Initial Plan of Operation and a cross reference list of well name changes.

Inasmuch as this unit agreement involves State and Fee land, we are sending a copy of the letter to the Commissioner of Public Lands and the NMOCD. Please contact the State of New Mexico before soliciting joinders regardless of prior contacts or clearances from the state.

Sincerely,

A handwritten signature in cursive script that reads "Tony L. Ferguson".

Tony L. Ferguson
Assistant District Manager,
Minerals

Enclosures



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Roswell District Office
1717 West Second Street
Roswell, New Mexico 88201-2019

IN REPLY REFER TO:

NMNM91055X

3180 (06200)

JUN 13 1995


Hinkle, Cox, Eaton, Coffield, & Hensley
Attention: Mr. James Bruce
P. O. Box 2068
Santa Fe, NM 87504-2068

Gentlemen:

Our letter of December 13, 1994, designated the West Lovington Strawn Unit, No. NMNM91055X, Lea County, New Mexico. Your letter of May 25, 1995, states that the Commissioner of Public Lands requested certain changes to the State/Federal/Fee Unit Agreement form.

The amendments to the agreement have been reviewed and are hereby accepted for record purposes. Please furnish all interested principals with appropriate evidence of this acceptance.

Sincerely,

acting
for: 

Tony L. Ferguson
Assistant District Manager,
Minerals Support Team



RAY POWELL, M.S., D.V.M.
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL P.O. BOX 1148

SANTA FE, NEW MEXICO 87504-1148

(505) 827-5760
FAX (505) 827-5766

May 26, 1995

Hinkle, Cox, Eaton, Coffield & Hensley
P.O. Box 2068
Santa Fe, New Mexico 87504-2068

Attention: Mr. James Bruce

Re: Request for Preliminary Approval
West Lovington Strawn Unit
Lea County, New Mexico

Dear Mr. Bruce:

This office has reviewed the unexecuted copy of the unit agreement for the proposed West Lovington Strawn Unit, Lea County, New Mexico. This agreement meets the general requirements of the Commissioner of Public Lands who has this date granted you preliminary approval as to form and content.

Preliminary approval shall not be construed to mean final approval of this agreement in any way and will not extend any short term leases until final approval and an effective date are given.

When submitting your agreement for final approval, please submit the following:

1. Application for final approval by the Commissioner setting forth the tracts that have been committed and the tracts that have not been committed.
2. Two copies of the Unit Agreement.
3. All ratifications from the Lessees of Record and Working Interest Owners. All signatures should be acknowledged before a notary. One set of ratifications must contain original signatures.
4. Initial Plan of Operation.
5. Order of the New Mexico Oil Conservation Division. Our approval will be conditioned upon subsequent favorable approval by the New Mexico Oil Conservation Division.

Hinkle, Cox, Eaton, Coffield & Hensley

Page 2

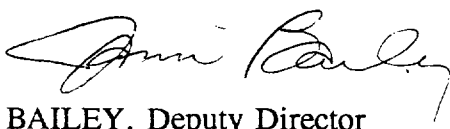
May 25, 1995

6. A copy of the Unit Operating Agreement.
7. Please date the unit agreement on Page 1.
8. A redesignation of all well names and numbers. The list should include the OCD property name, property number, pool name, pool code, API number, section, township, range and subdivision.
9. On page 2 of Exhibit "B", the correct lessee of record for state tract numbers 2, 3 and 4 is Charles B. Gillespie, Jr.,. A copy of changes to Exhibit "B" are attached.

If you have any questions, or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

BY: 
JAMI BAILEY, Deputy Director
Oil/Gas and Minerals Division
(505) 827-5745

RP/JB/pm

Enclosure

cc: Reader File

BLM-Roswell--Attention: Mr. Armando Lopez

OCD-Santa Fe--Attention: Mr. Roy Johnson

TRACT NO.	DESCRIPTION OF LAND	NUMBER OF ACRES	SERIAL NUMBER AND EXPIRATION DATE OF LEASE	BASIC ROYALTY AND PERCENTAGE	LESSEE OF RECORD AND PERCENTAGE	OVERRIDING ROYALTY AND PERCENTAGE	WORKING INTEREST AND PERCENTAGE
-----------	---------------------	-----------------	--	------------------------------	---------------------------------	-----------------------------------	---------------------------------

STATE LANDS:

2.	<u>T16S-R35E, N.M.P.M.</u> Sec. 1: Lots 1,2,7,8	182.42	E-9116 - 2- Effective 6-21-55 HBP	State of New Mexico - All (12.5% royalty)	Charles B. Gillespie, Jr. DALEN Resources Oil & Gas Co. 50% 5.46875%	Ernestine Gillespie	Charles B. Gillespie, Jr. DALEN Resources Oil & Gas Co. 50%
3.	<u>T15S-R35E, N.M.P.M.</u> Sec. 34: N/2NW/4, SE/4NW/4, E/2SW/4	200.00	VA-644 - / Effective 12-1-91 HBP	State of New Mexico - All (12.5% royalty)	Charles B. Gillespie, Jr. DALEN Resources Oil & Gas Co. 50%	None	Charles B. Gillespie, Jr. DALEN Resources Oil & Gas Co. 50%
4.	<u>T15S-R35E, N.M.P.M.</u> Sec. 33: N/2NW/4, SW/4NW/4	120.00	V-4065 - / Effective Expires 9-7-97	State of New Mexico - All (16.666667% royalty)	Charles B. Gillespie, Jr. DALEN Resources Oil & Gas Co. 50%	None	Charles B. Gillespie, Jr. DALEN Resources Oil & Gas Co. 50%

3	STATE	TRACTS	TOTALING	ACRES	OR	34.44%	OF	UNIT	AREA
---	-------	--------	----------	-------	----	--------	----	------	------