

**STATE OF NEW MEXICO  
ENERGY, MINERAL AND NATURAL RESOURCES DEPARTMENT  
THE NEW MEXICO OIL CONSERVATION DIVISION**

**RECEIVED**

**IN THE MATTER OF THE HEARING CALLED BY  
THE OIL CONSERVATION DIVISION FOR THE  
PURPOSE OF CONSIDERING:**

APR 17 1998

Oil Conservation Division

**APPLICATION OF HALLWOOD PETROLEUM, INC.  
FOR ORDER ALLOWING DRILLING IN POTASH  
AREA, LEA COUNTY, NEW MEXICO.**

Case No. 12,055

**PRE-HEARING STATEMENT**

This Pre-Hearing Statement is submitted by Hallwood Petroleum, Inc. as required by the Oil Conservation Division.

**APPEARANCE OF PARTIES:**

**Applicant:**

Hallwood Petroleum, Inc.  
4582 South Ulster Street Parkway  
Stanford Place III, Suite 1700  
Post Office Box 378111  
Denver, Colorado 80237

**Other Party:**

Mississippi Potash, Inc.  
P.O. Box 101  
1996 Potash Mines Road  
Carlsbad, New Mexico 88220  
(505) 887-5591

**Attorney:**

James A. Gillespie  
HINKLE, COX, EATON, COFFIELD  
& HENSLEY, LLP  
Post Office Box 10  
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(505) 622-6510

**Attorney:**

Charles C. High, Jr.  
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& HAMMOND, P.C.  
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El Paso, TX 79901  
(915) 546-5201

**STATEMENT OF CASE:**

**Applicant:** Hallwood seeks permission to drill the Bass #6 well in the SW<sup>1</sup>/<sub>4</sub> of Section 30, Township 20 South, Range 33 East, N.M.P.M. The mineral interests underlying the lands in

question are owned in fee. The lands are leased for oil and gas and are not leased for potash. The mineral interest owners support Hallwood's proposed development of the acreage for oil and gas.

As decided by the Division in *Noranda Minerals, Inc.*, Case No. 10,490, subpart G(e)(3) of Order R-111-P allows wells to be drilled in LMRs with the consent of the lessors and lessees of both oil & gas and potash. In this instance, the lessors and lessees of the minerals agree that Hallwood should be allowed to proceed with their proposed well.

**Other Party:** Mississippi Potash, Inc. ("MPI") submitted objections to the proposed well necessitating the scheduled hearing. As of this date, MPI has informed Hallwood that they have withdrawn their objections to the proposed well.

#### **PROPOSED EVIDENCE**

**Applicant:**  
**WITNESS**

**ESTIMATED  
TIME**

**EXHIBITS**

Lois Dodds, CPL  
(Landman)

10 minutes (total  
time for cases  
12,055 & 12,056)

1. Land Status Plat
2. APDs
3. Notice Letters to MPI
4. Objection Letters from MPI
5. District OCD Letter to Hallwood
6. Letters of Support and Consents from Petco Limited, Elliott Hall Company, Bass Enterprises Production Co., Ingrid D. Powell, Ingrid Powell, Henry L. Montieth, Cecil Bond Kyte, Vera Allen Briggs, and Devon Energy Corporation and Affidavit of Stephen L. Elliott.
7. Withdrawal of Objections by MPI

Chuck Dommer  
(Geologist)

10 minutes (total  
time for cases  
12,055 & 12,056)

8. Hat Mesa Field Boundary Map
9. Structure Map - Brushy Canyon M-8
10. Net Pay - Brushy Canyon M-8
11. Structure Map - Brushy Canyon L-8
12. Net Pay - Brushy Canyon L-8
13. Structure Map - Brushy Canyon L-10
14. Net Pay - Brushy Canyon L-10
15. Cross Section NW to SE
16. Cross Section NE to SW

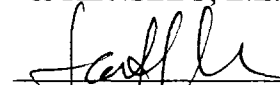
**Other Party:**

None known at this time.

**PROCEDURAL MATTERS**

A subpoena was previously issued at Hallwood's request directing that MPI produce certain documents and files. Inasmuch as MPI has agreed to withdraw their objections to the proposed wells, Hallwood requests that the subpoena be canceled. No other procedural issues are known at this time.

HINKLE, COX, EATON, COFFIELD  
& HENSLEY, L.L.P.

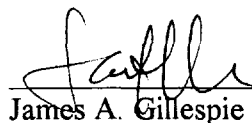


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Post Office Box 10  
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(505) 622-6510  
Attorneys for Hallwood Petroleum, Inc.

**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing Pre-Hearing Statement was mailed via first class mail on this 30<sup>th</sup> day of October, 1998 to:

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