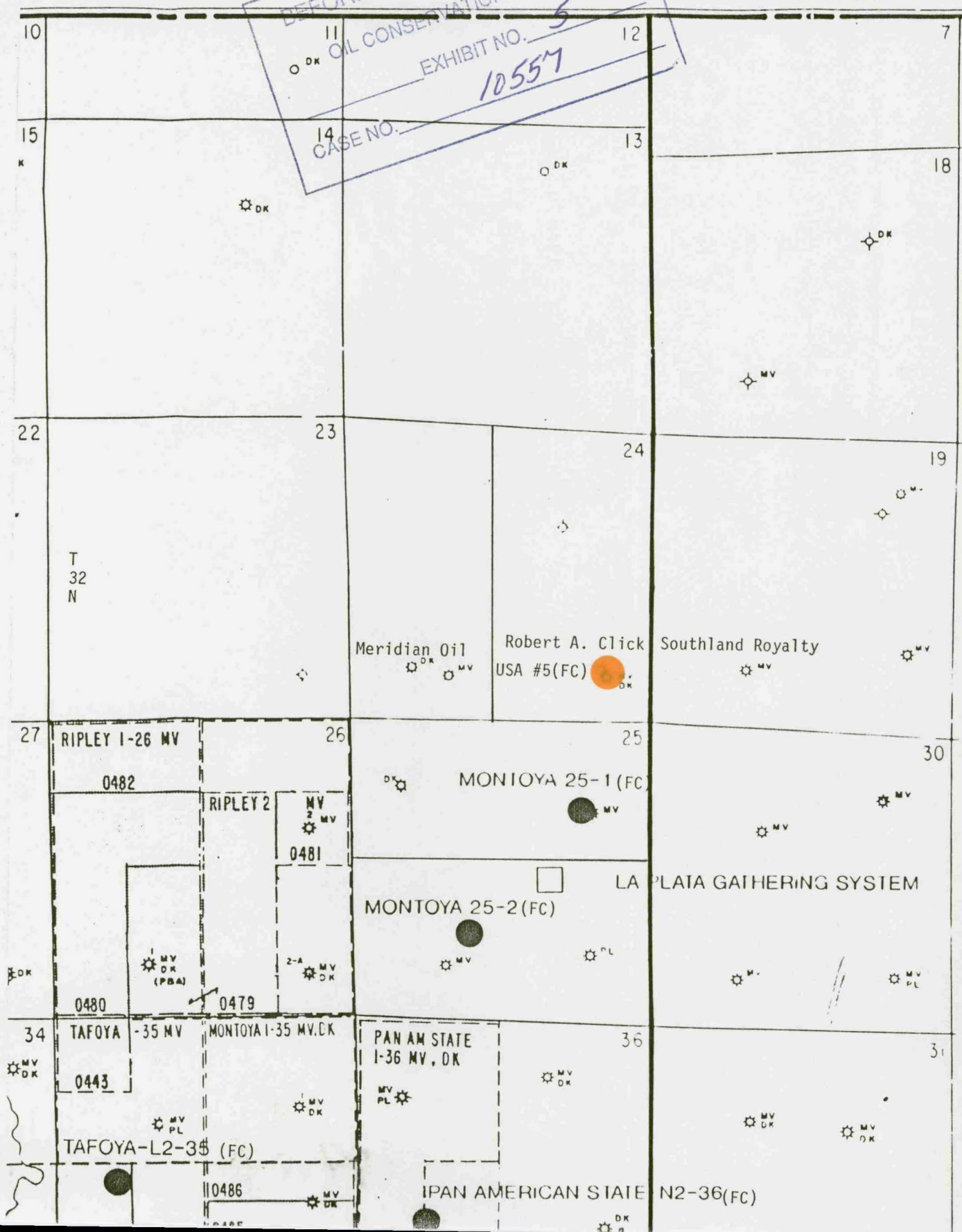


September 17, 1992
Case 10557

RANGE 12 WEST



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

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

CASE NO. 10557

APPLICATION OF HALLWOOD PETROLEUM,
INC. FOR AN UNORTHODOX WELL
LOCATION, SAN JUAN COUNTY, NEW
MEXICO

CERTIFICATE OF MAILING

AND

COMPLIANCE WITH ORDER R-8054

W. THOMAS KELLAHIN, attorney in fact and authorized representative of HALLWOOD PETROLEUM, INC., states that the notice provisions of Division Rule 1207 (Order R-8054) have been complied with, that Applicant has caused to be conducted a good faith diligent effort to find the correct addresses of all interested parties entitled to receive notice, that on AUGUST 25, 1992, I caused to be mailed by certified mail return-receipt requested notice of this hearing and a copy of the application for the above referenced case along with the cover letter, at least twenty days prior to the hearing set for SEPTEMBER 17, 1992 to the parties shown in the application as evidenced by the attached copies of return receipt cards, and that pursuant to Division Rule 1207, notice has been given at the correct addresses provided by such rule.



W. Thomas Kellahin

SUBSCRIBED AND SWORN to before me this 15TH day of
SEPTEMBER, 1992.



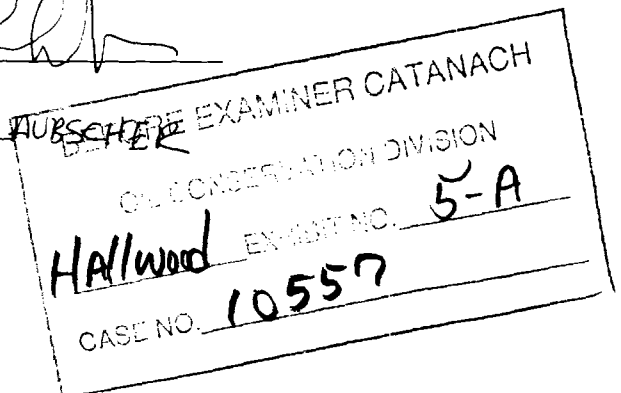
Notary Public

My Commission Expires:

10/7/95

cert915.629

JAY C. LAUBSCH



SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt Fee will provide you the signature of the person delivered to and the date of delivery.

I also wish to receive the following services (for an extra fee):

1. ☐ Addressee's Address
2. ☐ Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Meridian Oil Inc.
P.O. Box 4289
Farmington, NM 87499

4a. Article Number

P 355 568 361

4b. Service Type

- ☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail ☐ Return Receipt for Merchandise

7. Date of Delivery

8.26.92

5. Signature (Addressee)

8. Addressee's Address (Only if requested and fee is paid)

6. Signature (Agent)

PS Form 3811, November 1990 ★ U.S. GPO: 1991-287-066

DOMESTIC RETURN RECEIPT

WTK-Hollywood NSL USA #5

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt Fee will provide you the signature of the person delivered to and the date of delivery.

I also wish to receive the following services (for an extra fee):

1. ☐ Addressee's Address
2. ☐ Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Robert Click
Suite 230 Pecan Creek
3340 Meadow Road
Dallas, TX 75231

4a. Article Number

P 355 568 360

4b. Service Type

- ☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail ☐ Return Receipt for Merchandise

7. Date of Delivery

8.27

5. Signature (Addressee)

8. Addressee's Address (Only if requested and fee is paid)

6. Signature (Agent)

PS Form 3811, November 1990 ★ U.S. GPO: 1991-287-066

DOMESTIC RETURN RECEIPT

WTK-Hollywood NSL USA #5

SENDER:

- Complete items 1 and/or 2 for additional services.
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I also wish to receive the following services (for an extra fee):

1. ☐ Addressee's Address
2. ☐ Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Southland Royalty Co.
Kent Beers
P.O. Box 4289
Farmington, NM 87499

4a. Article Number

P 355 568 362

4b. Service Type

- ☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail ☐ Return Receipt for Merchandise

7. Date of Delivery

8.26.92

5. Signature (Addressee)

8. Addressee's Address (Only if requested and fee is paid)

6. Signature (Agent)

PS Form 3811, November 1990 ★ U.S. GPO: 1991-287-066

DOMESTIC RETURN RECEIPT

1 NEW MEXICO OIL CONSERVATION DIVISION

2 STATE LAND OFFICE BUILDING

3 STATE OF NEW MEXICO

4 CASE NO. 10557

5
6 IN THE MATTER OF:

7
8 The Application of Hallwood Petroleum,
9 Inc., for an Unorthodox Coal Gas
10 Well Location, San Juan County,
11 New Mexico.

12
13
14
15 BEFORE:

16 DAVID R. CATANACH

17 Hearing Examiner

18 State Land Office Building

19 September 17, 1992

20
21 REPORTED BY:

22 CARLA DIANE RODRIGUEZ
23 Certified Shorthand Reporter
24 for the State of New Mexico
25

ORIGINAL

A P P E A R A N C E S

FOR THE NEW MEXICO OIL CONSERVATION DIVISION:

ROBERT G. STOVALL, ESQ.

General Counsel
State Land Office Building
Santa Fe, New Mexico 87504

FOR THE APPLICANT:

KELLAHIN & KELLAHIN
Post Office Box 2265
Santa Fe, New Mexico 87504-2265
BY: **W. THOMAS KELLAHIN, ESQ.**

ALSO APPEARING:

MR. ROBERT CLICK

I N D E X

Page Number

Appearances

2

WITNESSES FOR THE APPLICANT:

1.	ROBERT O'DONNELL	
	Examination by Mr. Kellahin	5
	Examination by Mr. Catanach	14, 19
	Examination by Mr. Stovall	18
2.	KATHLEEN VOLK	
	Examination by Mr. Kellahin	19
	Examination by Mr. Catanach	22

Certificate of Reporter	24
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E X H I B I T S

Reference

Exhibit No. 1	6
Exhibit No. 2	7
Exhibit No. 3	11
Exhibit No. 4	12
Exhibit No. 5	20
Exhibit No. 5A	22

1 EXAMINER CATANACH: At this time we'll
2 call Case 10557.

3 MR. STOVALL: The application of
4 Hallwood Petroleum, Inc., for an unorthodox coal
5 gas well location, San Juan County, New Mexico.

6 EXAMINER CATANACH: Are there
7 appearances in this case?

8 MR. KELLAHIN: Yes, Mr. Examiner. I'm
9 Tom Kellahin of the Santa Fe law firm of Kellahin
10 & Kellahin, appearing on behalf of Hallwood
11 Petroleum, Inc., and I have two witnesses.

12 EXAMINER CATANACH: Any other
13 appearances?

14 Will the witnesses please stand to be
15 sworn in.

16 [The witnesses were duly sworn.]

17 MR. KELLAHIN: Mr. Examiner, I would
18 also like to introduce to you, although he's not
19 a witness, Mr. Robert Click who is in the room.
20 He's one of the participants and a working
21 interest owner in the section, and is
22 participating with Hallwood in the development of
23 the coal gas well.

24 The application, Mr. Examiner, has been
25 amended. Just about the time we got this filed,

1 we had a surface problem with an archaeological
2 issue on the surface, and the location has been
3 moved. That request has already been placed on
4 the Examiner's docket for the October 15th
5 docket.

6 We would like to go ahead and have Mr.
7 O'Connell and Ms. Volk testify today with regards
8 to the amended location, recognizing that it will
9 again appear on the October 15th docket, and if
10 there's no opposition, then, we would like to be
11 excused from bringing them back. But there is a
12 change from this docket, and Mr. O'Connell will
13 identify and explain the change for you.

14 EXAMINER CATANACH: Okay..

15 **KEVIN E. O'CONNELL**

16 Having been first duly sworn upon his oath, was
17 examined and testified as follows:

18 EXAMINATION

19 BY MR. KELLAHIN:

20 Q. For the record, sir, would you please
21 state your name and occupation?

22 A. My name is Kevin E. O'Connell. I'm a
23 drilling and production supervisor for Hallwood
24 Petroleum, Inc.

25 Q. Have you testified on prior occasions

1 before the Oil Conservation Commission?

2 A. Yes, sir.

3 Q. In what capacity?

4 A. As a petroleum engineer, registered.

5 Q. With regards to this application by
6 your company, you have made an engineering, as
7 well as a geologic review of the location of a
8 coal gas well in the Basin Fruitland Coal Gas
9 Pool?

10 A. Yes, sir.

11 Q. Having made that review and study, have
12 you come to engineering conclusions about the
13 optimum place in which to locate this well in the
14 spacing unit for Section 24 of 32 North, 13 West?

15 A. Yes, sir.

16 MR. KELLAHIN: We tender Mr. O'Connell
17 as an expert petroleum engineer.

18 EXAMINER CATANACH: Mr. O'Connell is so
19 qualified.

20 Q. Let me have you orient us as to where
21 we are in the coal pool. If you'll turn to
22 Exhibit 1 and identify that for us?

23 A. Exhibit No. 1 is just an outline of the
24 San Juan Basin and the Fruitland Coal area. I've
25 identified with a circle Hallwood's quote-unquote

1 La Plata Area, where we currently have seven
2 Fruitland Coal wells. It's in the extreme
3 northwest edge of the basin.

4 Exhibit 1 is just a map to orient you
5 to where we are in the basin in the Fruitland
6 Coal play. I've identified with a circle
7 Hallwood's area. We just called it quote-unquote
8 the La Plata Area. We're three and a half miles
9 northeast of La Plata, New Mexico, along the
10 Plata River and just south of the Colorado, New
11 Mexico state line. But we are on the extreme
12 northwest edge of the Fruitland Coal play,
13 outside of the majority of the activity. Our
14 wells are currently about five miles from any
15 existing producing coal wells.

16 Q. Let's turn to Exhibit No. 2. Identify
17 and describe this display.

18 A. Exhibit No. 2 is a portion of our
19 larger structure map. It covers the nine-section
20 area surrounding Section 24 where we're
21 requesting the location exception in the
22 southeast quarter of Section 24.

23 It's a structure map on the base of the
24 Fruitland Coal, which is the top of the Pictured
25 Cliffs. Two things of note on here. The lines

1 shown on there are a four-well cross-section that
2 we'll discuss that go from south to north, from A
3 to A'.

4 It goes through--the first well is
5 Hallwood's Montoya, 25-2, a Fruitland Coal well.
6 The next well is Hallwood's Montoya 25-1, a
7 Fruitland Coal well. It comes up through the
8 southeast quarter of Section 24 and picks up a
9 Dakota Mesaverde well, and then it continues on
10 up into the northeast quarter of Section 24 to a
11 well that was P & A'd. Never produced.

12 Q. When we look at Section 24, are there
13 currently any coal gas wells in that section?

14 A. No, sir.

15 Q. What is the orientation of the 320 gas
16 spacing unit that you're proposing for the well?

17 A. It would be a stand-up 320, comprising
18 the east half of Section 24, and that is
19 consistent with the deeper existing 320 for the
20 Mesaverde Dakota.

21 The other thing I wanted to mention on
22 there, this is a rather unusual structure map as
23 we're going to discuss more in detail, but you
24 can see the coal rises tremendously across
25 Section 24, and actually in the far northwest

1 corner of this map in Section 14, the coal
2 outcrops and is surface mined by BHP about two to
3 three miles roughly from where we're producing.

4 Q. The location is going to necessitate an
5 exception from Rule 7 of the pool rules because
6 you are in the wrong quarter section?

7 A. That's correct. The legal location
8 would be in the northeast quarter of Section 24
9 as prescribed by the current Basin Fruitland Coal
10 field rules.

11 Q. Or, in the alternative, in the
12 southwest quarter?

13 A. Yes, sir.

14 Q. The original location of the well on
15 the docket was 818 feet from the south line,
16 1,099 from the east line, and that now has been
17 moved to a surface location 947 feet from the
18 south line and 800 feet from the east line?

19 A. Yes, that's correct.

20 Q. So you're still standard as to the 790
21 footage setback of the spacing unit, but you're
22 in the wrong quarter section?

23 A. That's correct. We just had to move
24 about 175 feet to the northeast due to
25 archaeological reasons.

1 Q. Does this amended surface location now
2 satisfy all the surface constraints or
3 limitations for approval of this location?

4 A. Yes, sir.

5 Q. Why the southeast quarter and not one
6 of the other quarter sections?

7 A. We feel, as we'll discuss more in
8 detail, that literally because the coal is, as we
9 referred to it, it's an elbow, is rising so fast
10 in outcrop, that literally as you go from the
11 southeast quarter of Section 24 to the northwest
12 quarter, you go from productive coal to
13 nonproductive coal and actually go through the
14 trap mechanism in the Fruitland Coal here.

15 Q. What kind of rates are you achieving on
16 the other wells in this area that you operate?

17 A. The closest well due south in Section
18 25, that Montoya 25-1 that I referred to in the
19 northeast quarter, it was a recompletion to the
20 Fruitland Coal. It's currently producing at
21 about 600 to 700 Mcf a day, with about 250
22 barrels of water. And then the 25-1 well is
23 making about 800 Mcf a day and 250 barrels of
24 water.

25 Q. Are you seeing any appreciable change

1 in those rates over time?

2 A. No. In fact, our Montoya 25-1 well up
3 in the northeast again, has been essentially
4 flat. We've seen no evidence to date of what you
5 could pinpoint as D^ewatering, as per normal coal
6 wells. The water production has been very flat
7 over time, between 250 and 400 barrels a day.

8 Q. Let me have you continue with your
9 justifications for being in the southeast quarter
10 of the section, and have you now turn to Exhibit
11 No. 3.

12 A. Exhibit No. 3, because this is a rather
13 complex area and looking at that structure map
14 doesn't do complete justice to what we're trying
15 to illustrate, Exhibit No. 3 is a
16 three-dimensional interpretation, that was
17 prepared under my supervision, of what's
18 physically happening as you move through the
19 section there.

20 This would be looking towards the
21 northwest corner of the section, or basically you
22 could take that outline of that coal there and
23 that would be, essentially, the section.

24 We are proposing to drill in the
25 southeast, which is basically the same structural

1 elevation as the existing producing coal wells,
2 but then, to the northwest of that, the coal
3 increases to about a 27-degree slope.

4 There's fracturing associated with the
5 coal, but as you move up the limb of the coal you
6 have compaction that has closed the fracture
7 system and actually provided the trap that we
8 know has to exist. Otherwise there would be no
9 gas in the coal, it would have migrated out
10 through the adjacent outcrop over geologic time.

11 So we feel that the coal just becomes
12 so tight that if we drilled at the legal location
13 in the northeast quarter, we would just have a
14 well that would probably only produce 20 or 30
15 Mcf a day and be a--would be too risky of a
16 location to drill and probably be too marginal of
17 a well to ever economically produce.

18 Q. Does your proposed location in the
19 southeast quarter provide you the opportunity to
20 test for coal gas production in your spacing unit
21 that will put you at a point that is down
22 structure of this point of flexure in the coal?

23 A. Yes, and that's what we tried to
24 illustrate with Exhibit 3 and also Exhibit 4.

25 Q. Let's go to Exhibit 4 and you have a

1 copy of that on the hearing room wall, if you'll
2 simply describe it and illustrate for us the
3 point that you want to make?

4 A. Exhibit 4 is just a structural
5 cross-section on the Basin Fruitland Coal.
6 Again, as you move from A to A', which is south
7 to north, the furthest well on the left is our
8 Montoya 25-2. It was just recently drilled in
9 July and completed. It's now producing at, oh,
10 approximately 800 Mcf a day and 250 barrels of
11 water.

12 The next well is the Montoya 25-1. It
13 was recompleted in 1989 and not produced until
14 1991 due to construction of an evaporation pond,
15 gathering facilities, gas contract, et cetera.

16 The third well is an existing Mesaverde
17 Dakota dual completion well that has a log across
18 the coal. And then we've also illustrated our
19 proposed location because we're essentially 150
20 to 250 feet away from the existing well.

21 As you move through the last well, the
22 furthest well on the right, the USA 1M, that well
23 was drilled as a Dakota test and dry hole, and
24 you can see the graphic illustration of how high
25 and abruptly you come up on the structure, about

1 800 feet, and the coal is illustrated there.

2 And basically that dry hole--that well
3 would constitute a legal location, but, as we
4 discussed, it would be about 800 feet higher and
5 we believe structurally tight and nonproductive.

6 Q. Summarize for us your conclusions about
7 this location, Mr. O'Connell.

8 A. We feel, Hallwood and its partners feel
9 that the southeast quarter is really the only
10 feasible and economical location for a coal well
11 to be drilled in the entire Section 24. And
12 that's it. A well, in our opinion, has to be
13 drilled at the southeast or unorthodox location
14 or one will probably not be drilled in this
15 section.

16 MR. KELLAHIN: That concludes my
17 examination of Mr. O'Connell. We move the
18 introduction of his Exhibits 1 through 4.

19 EXAMINER CATANACH: Exhibits 1 through
20 4 will be admitted as evidence.

21 EXAMINATION

22 BY EXAMINER CATANACH:

23 Q. The well in the northwest quarter of
24 Section 24, that was drilled to what formation?

25 A. It was a dual Mesaverde Dakota well.

1 The northeast of 25?

2 Q. Northeast of 24.

3 A. That was drilled to the Mesaverde. It
4 tested Mesaverde, and I think they may have
5 tested the PC, but it was never produced. It was
6 a dry hole.

7 Q. You've examined the logs in that well
8 and you feel it would be nonproductive in the
9 coal?

10 A. Yes, because we are up so high that the
11 coal has got to be tighter and provide the
12 trapping mechanism.

13 Q. There are no fractures in the coal when
14 it reaches that height?

15 A. Well, there may be some fracturing, but
16 somewhere between the proposed location and the
17 outcrop there's got to be a sealing of those
18 fractures to inhibit the gas from flowing out to
19 the Fruitland Coal.

20 MR. STOVALL: You indicated it was
21 following its own tracks right to the surface?

22 THE WITNESS: Right. There would be no
23 gas in the Fruitland Coal.

24 Q. What you're essentially saying is
25 there's no porosity or permeability in that

1 northeast quarter?

2 A. Yeah, or that it would be so tight it
3 would be nonproductive and noneconomical.
4 Because some of our other wells, we have some
5 wells in the section just south of here, and some
6 of those only started out at 60 to 80 Mcf a day
7 wells, and luckily they have increased a little
8 bit and we've got marginal wells now.

9 That's the problem with this area.
10 They're not super economically attractive wells
11 to go after, and we feel that it would be too
12 risky to go that high structurally. We want to
13 stay at the same basic structural elevation as
14 the other wells in the field.

15 Q. Have you actually been able to look at
16 the log on that well and obtained some of the
17 properties? permeability? porosity?

18 A. We can't get permeability. The
19 porosity tools don't work, per se, in the coal.
20 You can just get a density log. It's got
21 comparable looking coal, but we have no
22 indication of how tight or productive it could
23 be.

24 Q. So you're, in essence, just estimating
25 that that's in the area that it's starting to

1 tighten up?

2 A. Yes, because we're literally only--at
3 that point we're only about a mile and a half
4 from the mine. In fact, where we staked the
5 well, you can stand there and see the mine just
6 to the northwest.

7 MR. STOVALL: Is the mine there just
8 below the outcrop? Is that where it is?

9 THE WITNESS: It's at the outcrop.
10 They're mining that whole outcrop there. BHP has
11 a mine.

12 MR. STOVALL: Is that the new La Plata
13 Mine?

14 THE WITNESS: Yes, just about four
15 miles north of La Plata, right near the state
16 line.

17 MR. STOVALL: Where they built a whole
18 new highway and all that to get down to the power
19 plant, right?

20 THE WITNESS: Yes. And they've got the
21 rail line that runs in and out of there.

22 Q. (BY EXAMINER CATANACH) Who operates
23 the Mesaverde and Dakota in the east half of that
24 section?

25 A. In the southeast quarter section?

1 Q. The well in the southeast quarter.

2 A. That's Robert R. Click.

3 Q. Has your new location been approved, as
4 far as--has it been cleared as far as
5 archaeological and surface?

6 A. Yes, sir.

7 EXAMINER CATANACH: Okay. I believe
8 that's all I have at this point.

9 MR. STOVALL: I do want to ask one more
10 question.

11 EXAMINATION

12 BY MR. STOVALL:

13 Q. Actually where they're mining, can you
14 see the slope of it in the mine?

15 A. I've never physically been to the mine,
16 and they've-- You can't really tell from a
17 distance because there's just, you know--

18 Q. You have lots of dirt around and all
19 the other stuff?

20 A. Yes. But it has to be--

21 Q. I wondered if you could see the
22 structure in the seam at all?

23 A. No. In fact, we have a larger map.
24 That elbow or that limb is confirmed because
25 there's dry holes all around there, Mesaverde dry

1 holes and deeper wells, and it's well-known that
2 outcrop exists, and that slope has to be 27 to 30
3 degrees.

4 FURTHER EXAMINATION

5 BY EXAMINER CATANACH:

6 Q. Mr. O'Connell, one more question. Is
7 it your opinion this will be the only well
8 drilled in Section 24?

9 A. Yes. I believe, in our discussions
10 with Meridian, who has the west half, they
11 basically said they have no interest in the
12 coal. It's too risky where they're at, so, yes,
13 I think so.

14 EXAMINER CATANACH: Thank you.

15 MR. KELLAHIN: Call at this time Ms.
16 Kathleen Volk.

17 KATHLEEN VOLK

18 Having been first duly sworn upon her oath, was
19 examined and testified as follows:

20 EXAMINATION

21 BY MR. KELLAHIN:

22 Q. Would you please state your name and
23 occupation?

24 A. My name is Kathleen Volk. I'm the
25 western district land manager for Hallwood

1 Petroleum, Inc., in Denver.

2 Q. On prior occasions have you testified
3 as a landman before the Division?

4 A. Yes, I have.

5 Q. Pursuant to your employment, are you
6 knowledgeable about the ownership of your spacing
7 unit and the ownership of the working interest in
8 the offsetting spacing units?

9 A. Yes, I am.

10 MR. KELLAHIN: We tender Ms. Volk as an
11 expert petroleum landman.

12 EXAMINER CATANACH: Ms. Volk is so
13 qualified.

14 Q. Let me ask you to turn to what has been
15 marked as Exhibit 5, and identify that display
16 for me.

17 A. Exhibit No. 5 is a map showing Section
18 24 in the center. The east half is where
19 Hallwood has proposed to place its unorthodox
20 well location. In the southeast quarter it
21 indicates that the offset owners to our proposed
22 southeast quarter location are Meridian Oil,
23 Southland Royalty and Robert R. Click and
24 Hallwood Petroleum, Inc. I haven't put that on
25 the map, but Hallwood is the operator to the

1 south.

2 Q. Section 25, that's Hallwood?

3 A. Yes.

4 Q. West half of 24 is Meridian?

5 A. Yes.

6 Q. Section 19 is Southland Royalty?

7 A. Yes.

8 Q. What about Section 30?

9 A. I believe Section 30 is also Southland
10 Royalty. I don't think that they were notified,
11 though, under ours for Section 30.

12 Q. I did.

13 A. Okay. I guess they were.

14 Q. I wanted you to verify the ownership
15 and not the notification.

16 A. Okay.

17 Q. So those represent all the operators
18 that are offsetting the 160-acre tract that the
19 well will be located in?

20 A. That's correct.

21 Q. Have you had discussions with Meridian
22 or Southland with regard to any possible
23 objection to the location?

24 A. Yes, I have, and they have stated that
25 they do not have any objections, and I have a

1 letter to that effect.

2 MR. STOVALL: Mr. Examiner, as we all
3 know, Meridian and Southland are the same people;
4 isn't that correct?

5 THE WITNESS: That is correct.
6 Basically, the notifications were sent to the
7 same address.

8 MR. KELLAHIN: Mr. Examiner, I move the
9 introduction of Exhibit 5, which is the plat,
10 Exhibit 5A is my certificate of mailing of
11 notification to Mr. Click, Meridian and to
12 Southland Royalty Company.

13 MR. STOVALL: I guess we can assume
14 that Mr. Click has no objection to this location,
15 is that fair to say?

16 MR. CLICK: That's fair to say, yes.

17 MR. KELLAHIN: We move the introduction
18 of Exhibits 5 and 5A.

19 EXAMINER CATANACH: Exhibits 5 and 5A
20 will be admitted as evidence.

21 MR. KELLAHIN: That concludes my
22 examination of Mrs. Volk.

23 EXAMINATION

24 BY EXAMINER CATANACH:

25 Q. Mrs. Volk, just one question. The

1 relationship between Robert Click and Hallwood is
2 what?

3 A. We're partners in the drilling or what
4 we hope to be the drilling of the Fruitland Coal
5 well in the southeast quarter of Section 24.

6 EXAMINER CATANACH: Okay. Nothing
7 further. Is there anything further in this case?

8 MR. KELLAHIN: Nothing further.

9 EXAMINER CATANACH: There being nothing
10 further, Case 10557 will be taken under
11 advisement.

12 (And the proceedings concluded.)
13
14
15
16
17
18

19 I do hereby certify that the foregoing is a complete and correct
20 the facts as heard by me on September 17 1992 10557
21 David R. Catanach Examiner
22 Oil Conservation Division
23
24
25


CERTIFICATE OF REPORTER

STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

I, Carla Diane Rodriguez, Certified
Shorthand Reporter and Notary Public, HEREBY
CERTIFY that the foregoing transcript of
proceedings before the Oil Conservation Division
was reported by me; that I caused my notes to be
transcribed under my personal supervision; and
that the foregoing is a true and accurate record
of the proceedings.

I FURTHER CERTIFY that I am not a
relative or employee of any of the parties or
attorneys involved in this matter and that I have
no personal interest in the final disposition of
this matter.

WITNESS MY HAND AND SEAL September 28,
1992.


CARLA DIANE RODRIGUEZ, RPR
CSR No. 4