



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



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

December 2, 1993

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

Hallwood Energy Companies
P.O. Box 378111
Denver, CO 820237

Attention: Kevin E. O'Connell, Drilling and Production Manager

RE: *Administrative application for a non-standard gas spacing and proration unit. Hallwood-Willmerding 9 Well No. 2, NE/4 of Section 9 and NW/4 of Section 10, Township 31 North, Range 13 West, NMPM, Basin Fruitland Coal Gas Pool, San Juan County, New Mexico.*

Dear Mr. O'Connell:

After my initial review of the subject application, I find it necessary to inquire further concerning notification. Rule 6(d) and (e) of the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool, as promulgated by Division Order No. R-8768, as amended, requires either a waiver from or affirmation of notice to all operators owning interest in the half-section in which the non-standard unit is situated and which acreage is not included in said non-standard unit. Please submit additional information showing who all of the interest owners (royalty, working and overriding) are in the 160-acre tract being severed in the SE/4 of said Section 9. Also, were all these parties notified of this application?

In addition, please submit a plat indicating who the offset operators or owners of undrilled tracts are to the proposed non-standard unit.

Thank you for your cooperation in this matter.

Sincerely,

Michael E. Stogner
Chief Hearing Officer

MES/amg

cc: Oil Conservation Division - Aztec

RULE 5. The Supervisor of the Aztec district office of the Division shall have the authority to approve a non-standard gas proration unit within the Basin-Fruitland Coal Gas Pool without notice and hearing when the unorthodox size or shape is necessitated by a variation in the legal subdivision of the United States Public Lands Survey and/or consists of an entire governmental section and the non-standard unit is not less than 70% nor more than 130% of a standard gas proration unit. Such approval shall consist of acceptance of Division Form C-102 showing the proposed non-standard unit and the acreage contained therein.

RULE 6. The Division Director may grant an exception to the requirements of Rule (4) when the unorthodox size or shape of the gas proration unit is necessitated by a variation in the legal subdivision of the United States Public Lands Survey and the non-standard gas proration unit is less than 70% or more than 130% of a standard gas proration unit, or where the following facts exist and the following provisions are complied with:

- (a) The non-standard unit consists of quarter-quarter sections or lots that are contiguous by a common bordering side.
- (b) The non-standard unit lies wholly within a governmental half section, except as provided in paragraph (c) following.
- (c) The non-standard unit conforms to a previously approved Blanco-Mesaverde or Basin-Dakota Gas Pool non-standard unit as evidenced by applicant's reference to the Division's order number creating said unit.
- (d) The applicant presents written consent in the form of waivers from all offset operators or owners of undrilled tracts and from all operators owning interests in the half section in which the non-standard unit is situated and which acreage is not included in said non-standard unit.
- (e) In lieu of paragraph (d) of this rule, the applicant may furnish proof of the fact that all of the aforesaid parties were notified by certified or registered mail or overnight express mail with certificate of delivery of his intent to form such non-standard unit. The Division Director may approve the application if no such party has entered an objection to the formation of such non-standard unit within 30 days after the Division Director has received the application.