

Hallwood Energy Companies

4582 South Ulster Street Parkway Stanford Place III Suite 1700 Post Office Box 378111
Denver, Colorado 80237 (303) 850-7373

June 13, 1996

NWU - R-2067
R-4872

Mr. William J. LeMay, Director
State of New Mexico
Oil Conservation Division
2040 S. Pacheco
Santa Fe, New Mexico 87505

RE: Request for Approval for Non-Standard Spacing Unit (Rule 6)
and Approval of Unorthodox Location (Rule 7,8)
Basin Fruitland Coal Gas Pool
Division Order No. R-8768-A - Special Rules and Regulations
Proposed Hallwood Petroleum, Inc. - Wright #10-1
NE SW Section 10-T31N-R13W, San Juan County, New Mexico

Dear Mr. LeMay:

Hallwood Petroleum, Inc. respectfully requests administrative approval for the creation of a non-standard spacing unit and an unorthodox well location for the drilling of a Basin Fruitland Coal Gas Pool development well in San Juan County, New Mexico. The proposed well is the Wright #10-1 located in the NE SW of Section 10-T31N-R13W. The footages for this proposed well are 2300' FSL (from the South line) and 1550' FWL (from the West line).

First, with regard to the non-standard spacing unit, we intend to create a 320-acre (+/-) unit that is comprised of the SW/4 of Section 10-T31N-R13W and the SE/4 of the adjacent Section 9-T31N-R13W.

Attachment No. 1 is an amended Form C-102 showing the proposed drilling and spacing unit. The proposed non-standard spacing unit meets the requirements of Rule 6 of the Special Rules and Regulations Section of Order No. R-8768-A. Attachment No. 2 shows the drilling and spacing units surrounding the proposed Wright #10-1; the proposed non-standard spacing unit will consist of two contiguous quarter sections with a common bordering side. The proposed non-standard unit also conforms to a previously approved deeper pool(s) unit for the Segal #1-10 well drilled in 1962 (see Attachment No. 3).

Attachment No. 4 is a list of the offset operators, lessee or mineral owners for which we have provided the required notice of this intended action by Hallwood.

Mr. William J. LeMay, Director
State of New Mexico
Oil Conservation Division
June 13, 1996
Page 2

Hallwood Petroleum, Inc. would also like to point out that approval of this non-standard spacing unit will not disturb the existing pattern. In fact, it is necessary because it is not feasible now to create a standard unit in Section 10. Creating this non-standard spacing unit will complete the pattern started by the Kline #10-3 (E/2 Section 10 spacing unit) and Wilmerding #9-2, a non-standard spacing unit (NE/4 Section 9 and NW/4 Section 10) created in March 1994, Administrative Order NSP-1686. Even though there are unspaced (for the Fruitland Coal) units to the West and South of this proposed unit, future wells could be located at suitable locations with standard spacing units or deeper pool spacing units as we are doing.

The second portion of our administrative approval request is for an unorthodox well location. The proposed well location is in the SW/4 of Section 10 which meets the first requirement of Rule 7 but is planned at a spot location of 2300' FSL which is 324' from the outer boundary of the spacing unit, instead of the standard 790' setback.

The primary reason for this location exception request is geological with a secondary reason being to provide adequate distance between the proposed Wright #10-1 and the plugged and abandoned Segal #1-10. The geological concern is that with a well located at a standard location (see Attachments 5 and 6) it would be further down structure and could encounter substantially thinner coal. In order to maximize our structural and isopach position for the coal, we have chosen to move this well location further to the North. One mile to the East in the SW/4 of Section 11-T31N-R13W, Hallwood drilled, completed and plugged the Nickles #11-2 which only had 16' of coal and uneconomical production (see Attachment No. 7). Thus, Hallwood is intending to avert a situation like the Nickles #11-2 by seeking the unorthodox Wright #10-1 location.

The other important issue with regard to this location exception is that Hallwood needs to have a 500-550' minimum distance between the proposed Wright #10-1 well and the plugged and abandoned Segal #1-10 well. This distance should prevent any direct communication with the Segal #1-10 wellbore during fracture stimulation of the Wright #10-1 in the event the Segal #1-10 was not plugged properly. The Segal #1-10 was plugged and abandoned prior to Fruitland Coal development in this area and Hallwood cannot take the risk of locating our well too close to it.

Mr. William J. LeMay, Director
State of New Mexico
Oil Conservation Division
June 13, 1996
Page 3

With these two factors in mind, we believe that moving the proposed Wright #10-1 approximately 550' Northwest of the Segal #1-10 is the prudent approach for geological and operational concerns and is the basis for our location exception request. We would also like to point out that by moving to the North and Northwest of the "standard" location we are only encroaching (or crowding) ourselves as we are moving toward two existing Hallwood wells: 1) the Wilmerding #9-2 Fruitland Coal well (currently 55 MCFD x 75 BWPD), and 2) the Kline #10-3 Fruitland Coal well (currently 650 MCFD x 8 BWPD).

Attachment No. 8 is a copy of the notification letter sent to the nine (9) offset owners. Attachment No. 9 is a copy of our drilling permit application. We are sending the original drilling permit application to the Aztec, New Mexico District Office for their handling.

Please contact me at (303) 850-6303 with any questions you may have pertaining to this request.

Sincerely,

HALLWOOD PETROLEUM, INC.



Kevin E. O'Connell
Drilling & Production Manager
Rocky Mountain & Mid-Continent District

Attachments

KEO/jey

cc: Well File
Jim Bonaventura
Connie Heath
Nonya Durham

Oil Conservation Division
Aztec Office
1000 Rio Brazos Road
Aztec, NM 87410

List of Attachments

<u>Attachment No.</u>	<u>Description</u>
1	C-102 with non-standard spacing unit outlined
2	Offset units
3	Segal #1-10 Order
4	List of notified parties
5	Structure Map
6	Isopach Map
7	Offset units and Nickles #11-2 location
8	Letter to offset parties
9	Drilling Permit Application

DISTRICT II
P.O. Drawer DD, Artesia, N.M. 88211-0719

ATTACHMENT NO. 1

DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, NM 87504-2088

DISTRICT IV
PO Box 2088, Santa Fe, NM 87504-2088

☒ AMENDED REPORT

Revised to show
Non-Standard Unit

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number		*Pool Code	*Pool Name
		71629	Basin Fruitland Coal
*Property Code	*Property Name		*Well Number
	WRIGHT 10		1
*UGRID No.	*Operator Name		*Elevation
9812	HALLWOOD PETROLEUM, INC.		5788

¹⁰ Surface Location

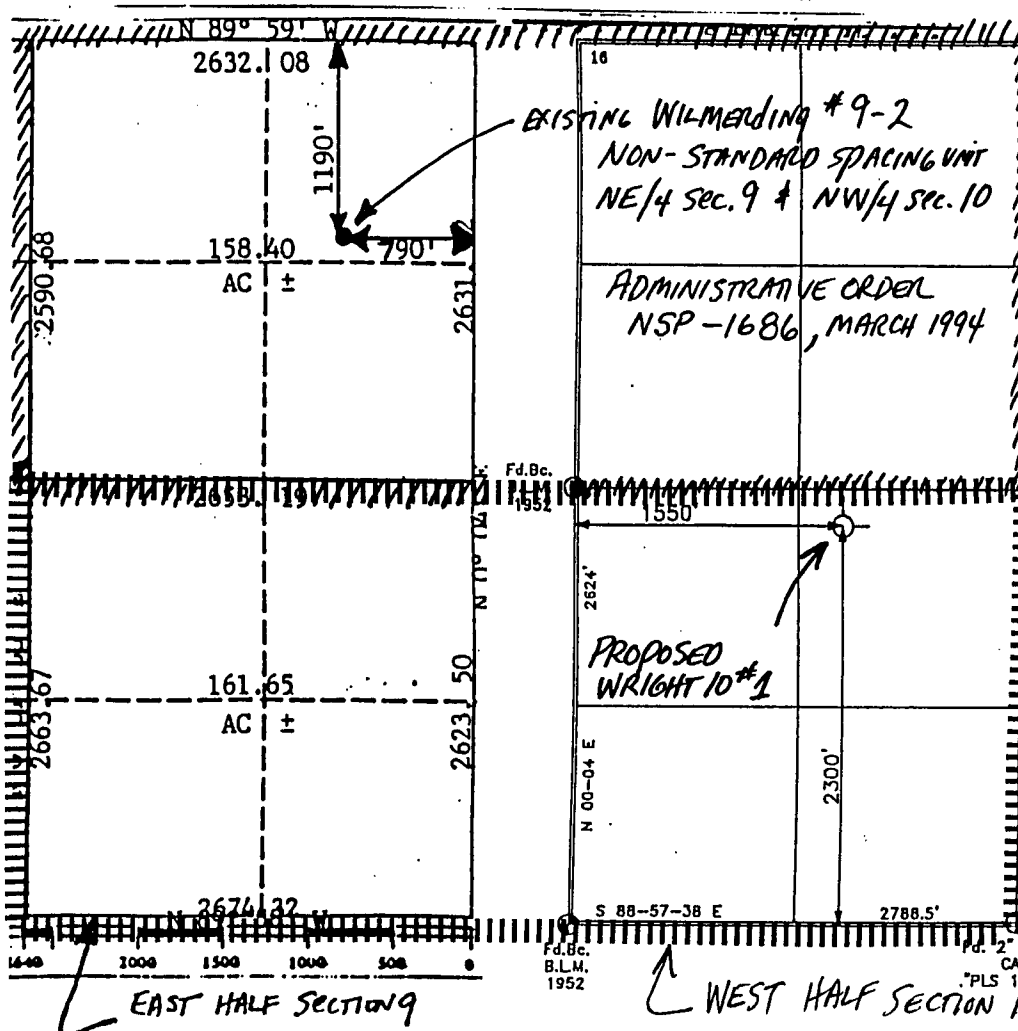
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	10	T-31-N	R-13-W		2300	SOUTH	1550	WEST	SAN JUAN

¹¹ Bottom Hole Location If Different From Surface

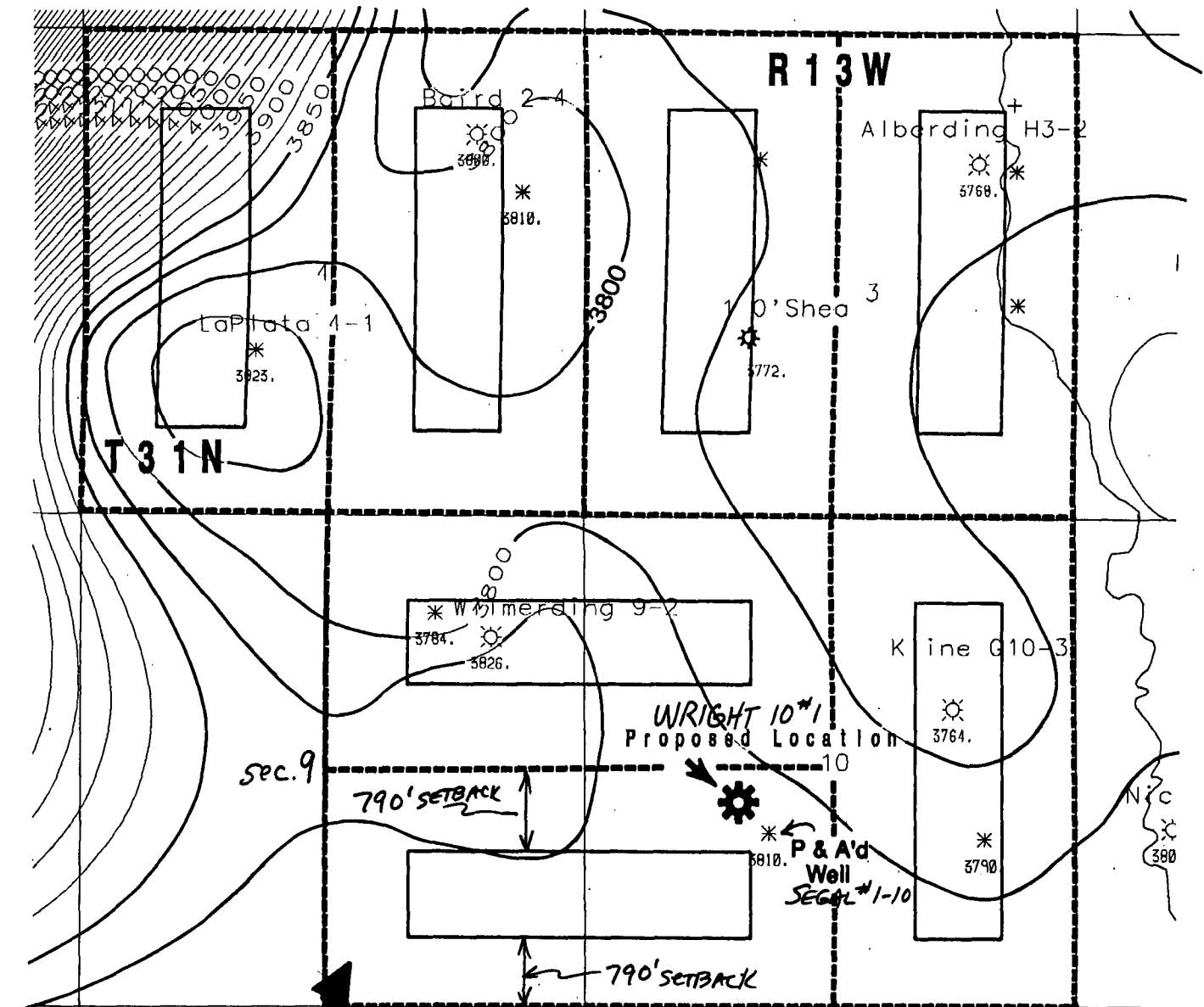
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



17 OPERATOR CERTIFICATION	
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.	
Signature <i>Kevin E. O'Connell</i>	
Printed Name Kevin E. O'Connell	
Title Drilling & Production Manager	
Date June 13, 1996	
18 SURVEYOR CERTIFICATION	
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.	
Date of Survey MARCH 13, 1996	
Signature and Seal of Professional Surveyor <i>ROY A. RICH</i>	
Certificate Number 8894	



**Base Fruitland Coal
Structure Map
San Juan County, New Mexico
With Drilling & Spacing Units Shown**

PROPOSED WRIGHT #10-1 NON STANDARD SPACING UNIT

5/96

CONSISTING OF SE/4 SEC. 9 AND SW/4 SEC. 10 - T31N-R13W

OIL CONSERVATION COMMISSION

P. O. BOX 871
SANTA FE, NEW MEXICO

ATTACHMENT NO. 3

1-5-62



January 3, 1962

Consolidated Oil & Gas, Inc.
Suite 2112 Tower Building
Denver-U.S. National Center
Denver 2, Colorado

Attention: Mr. C. J. Cooper, Jr., Secretary

Administrative Order NWU-446

Gentlemen:

Reference is made to your application for approval of a 320-acre non-standard gas proration unit in the Basin-Dakota and Blanco-Mesaverde Gas Pools consisting of the following acreage:

SAN JUAN COUNTY, NEW MEXICO
TOWNSHIP 31 NORTH, RANGE 13 WEST, NMPM
Section 9: SE/4
Section 10: SW/4

It is understood that this unit is to be dedicated to your Segal Well No. 1-10 to be located in the NW/4 of the SW/4 of said Section 10, which is to be dually completed in each of the above-mentioned formations.

You are hereby authorized to operate the above-described acreage as a non-standard gas proration unit, with allowable to be assigned thereto in accordance with the pool rules, based upon the unit size of 320 acres.

Very truly yours,

A. L. PORTER, Jr.,
Secretary-Director

ALP/JEW/esr

cc: Oil Conservation Commission - Aztec

C
O
P
Y

FINNEY LAND CO.

OIL & GAS CONSULTING

P.O. BOX 2471

DURANGO, CO 81302

PHONE: (970) 259-5691 • FAX (970) 259-4279

15 May 96

Connie Heath
 District Land Manager
 Rocky Mountain/Mid-Continent District
 Hallwood Energy Companies
 POB 378111
 Denver, CO 80237

Re: Wright #10-1
 San Juan County, NM

Per your request of 29 April, the following details the affected parties relative to the adjoining Fruitland Coal spacing units for the proposed non-standard spacing unit for the Wright #10-1.

Township 31 North - Range 13 West, NMPM

<u>Description</u>	<u>Interest</u>	<u>Affected Party</u>	
Sec 8: N2	Operator	Texakoma Oil & Gas Corporation 5400 LBJ Freeway #500 Dallas TX 75240	①
Sec 8: S2	Operator	Texakoma Oil & Gas Corporation 5400 LBJ Freeway #500 Dallas TX 75240	
Sec 9: W2NW	Leasehold	Robert L. Bayless POB 168 Farmington NM 87499	②
Sec 9: W2NW, SES	Leasehold	Dugan Production Corporation POB 420 Farmington NM 87499	③
Sec 9: SENW, NESW	Leasehold	Meridian Oil Inc. POB 4289 Farmington NM 87499	④

Connie Heath
15 May 96
Page Two

Township 31 North - Range 13 West, NMPM

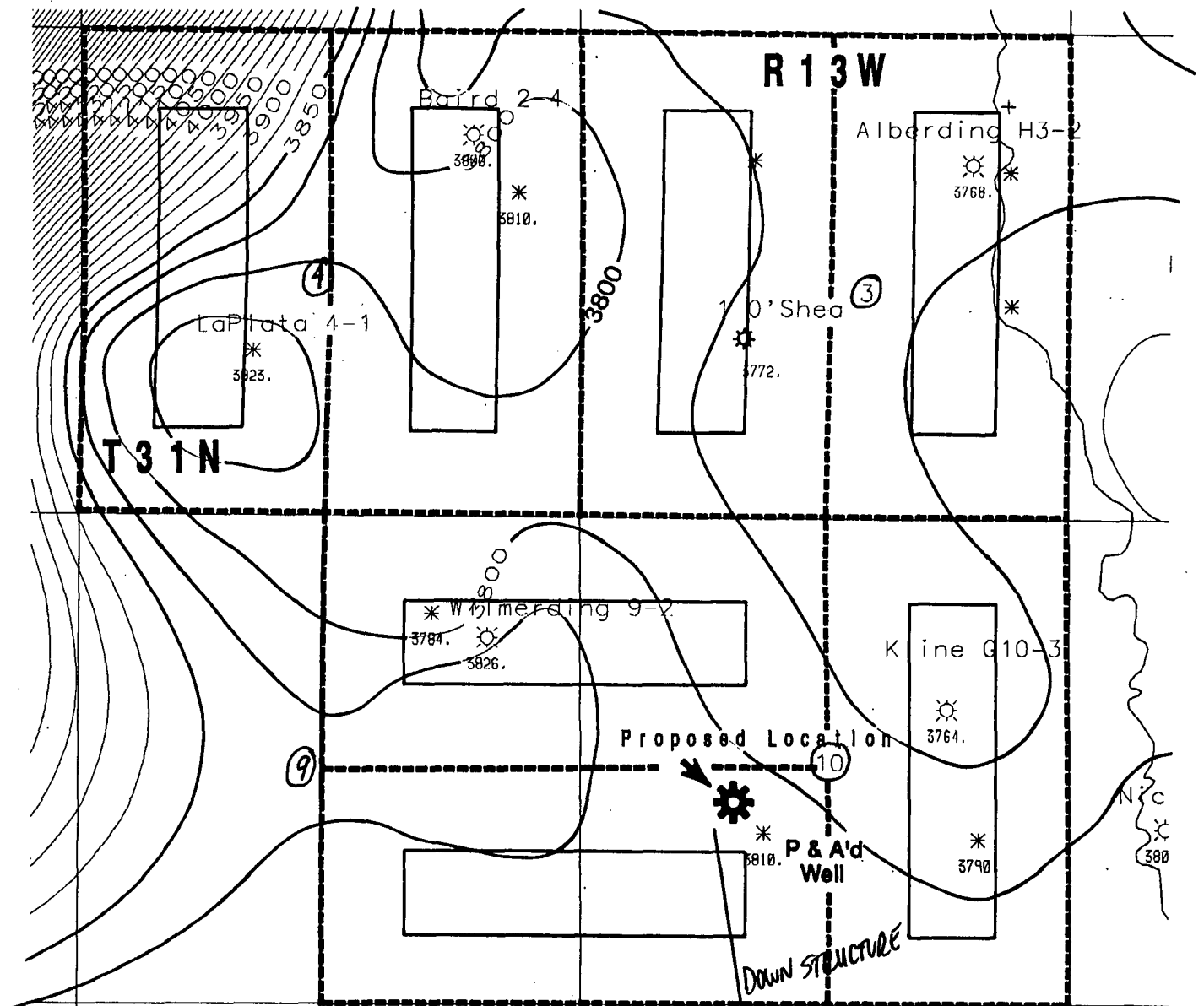
<u>Description</u>	<u>Interest</u>	<u>Affected Party</u>	
Sec 9: NENW	Mineral	Ethel Louise Cardon Trustee under Trust Agreement dated 5-10-88 POB 1552 Bloomfield NM 87413	(5)
Sec 15: NE	Leasehold	Marcia Fuller French POB 11327 Midland TX 79702	(6)
		Adobe Resources Corporation 300 West Texas #1100 Midland TX 79701	(7)
Sec 15: W2	Leasehold	Dugan Production Corporation POB 420 Farmington NM 87499	
Sec 16: E2NW, SESE	Leasehold	Frank A. Schultz 730 Fidelity Union Tower Dallas TX 75221	(8)
Sec 16: NE, W2NW, N2SE, SWSE	Open	State New Mexico State Land Office Box 1148 Santa Fe, NM 87504-1148 Ray Powell, Commissioner of Public Lands	(9)

Sincerely,

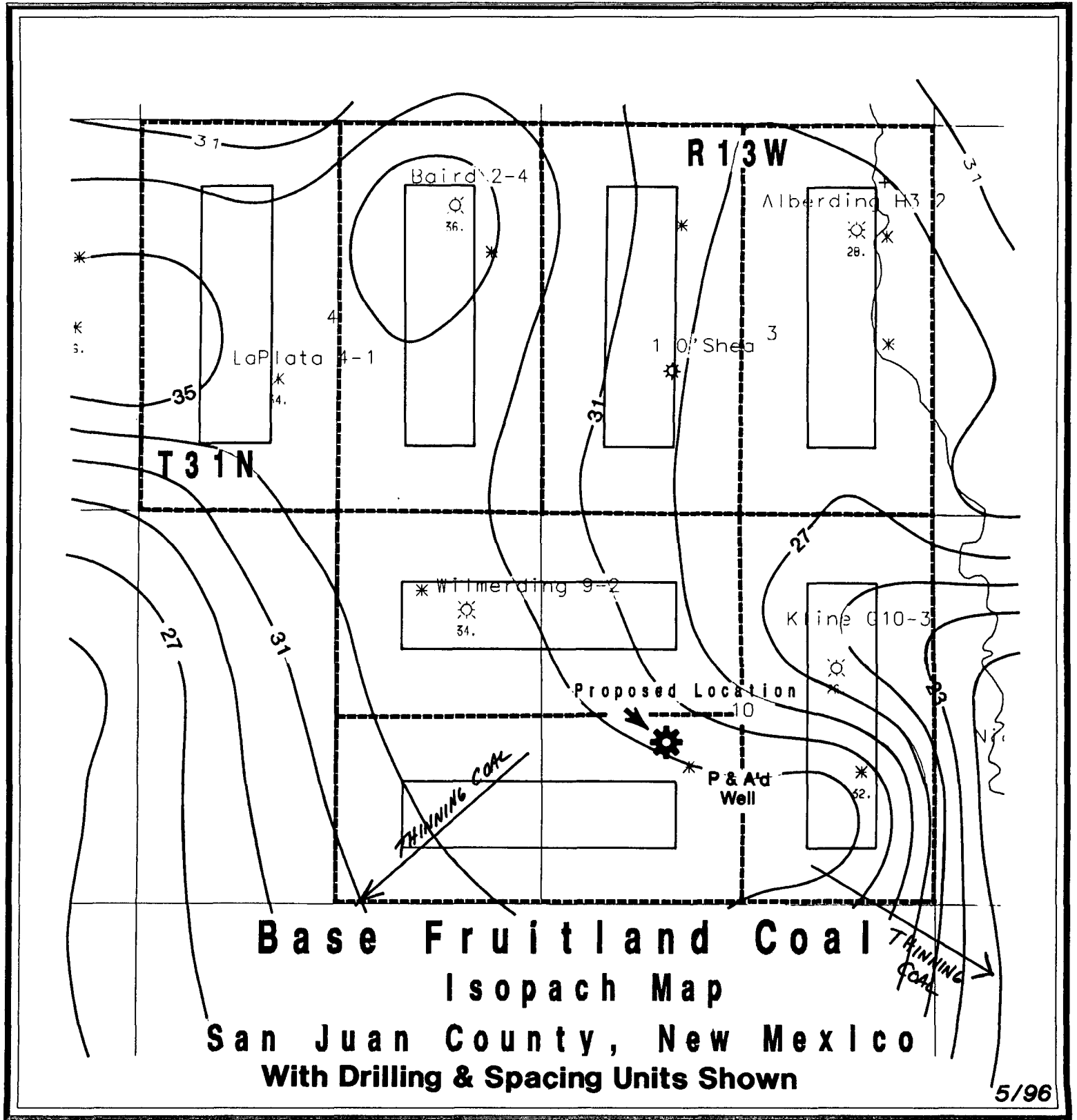
FINNEY LAND CO.



D.M. Sims, Landman

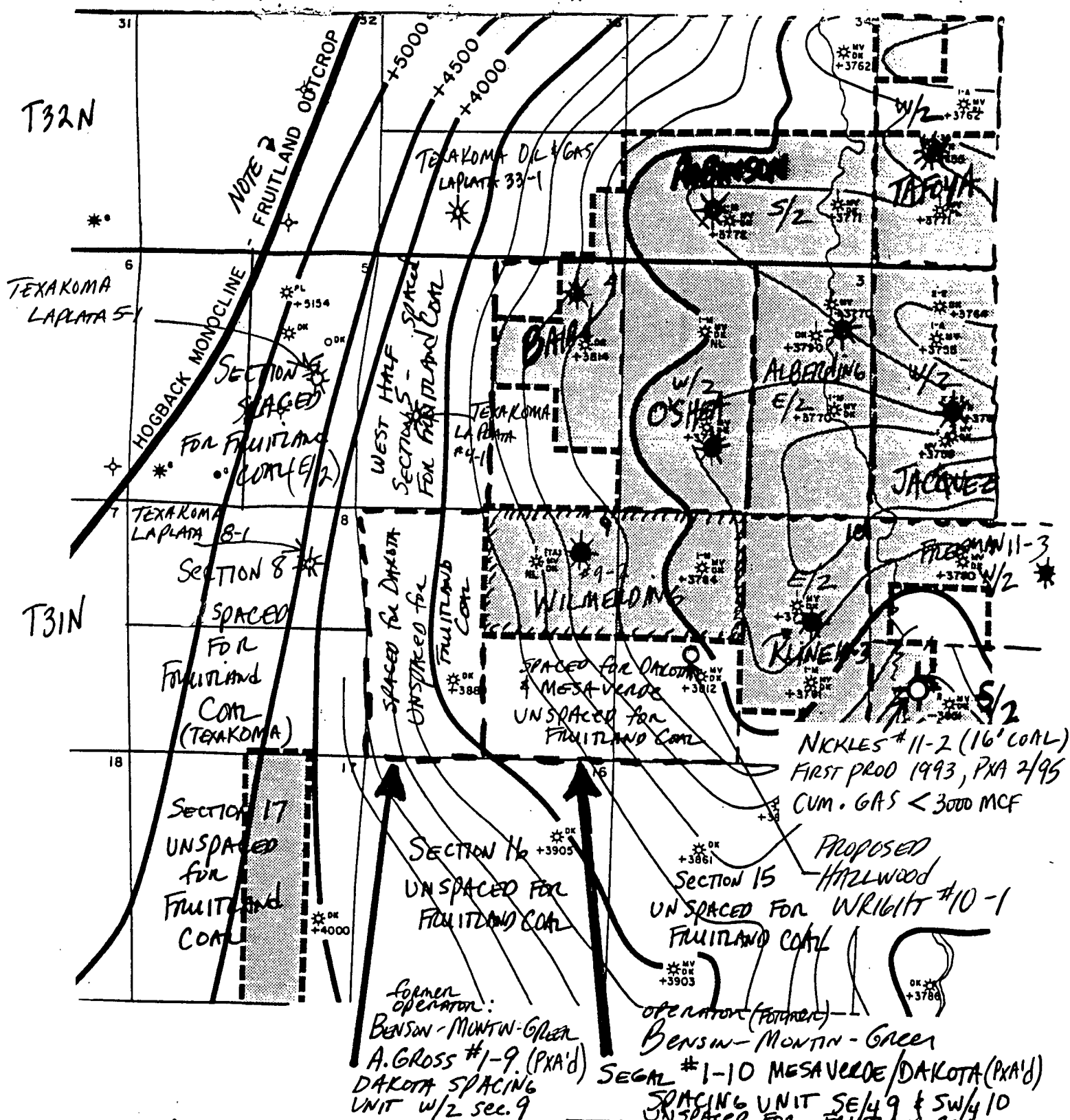


**Base Fruitland Coal
Structure Map
San Juan County, New Mexico
With Drilling & Spacing Units Shown**



FRUITLAND CORAL WELL & SPACING UNIT

ROBINSON 34#2 S/2 sec 34-T32N-R13W
TATBYA L2-36 W/2 sec 35-T32N-R13W
JACQUEZ K2-2 W/2 sec 3-T31N-R13W
NICKLES 11-2 S/2 sec 11-T31N-R13W
FREEMAN 11-3 N/2 sec 11-T31N-R13W



☼ EXISTING Hallwood Fruit and
COAL WELLS

- proposed Fruitland Corn Well
WRIGHT #10 - 1

by: K.E. O'Connell
06/13/96

UNSPECIFIED FOR FURTHER COST

Hollywood Energy Companies

1142 South (Base Street Partnership) - Stanford Plaza 60" - Suite 1700 - Post Office Box 37811
 Denver, Colorado 80217 (303) 246-7171

Revisions		
No.	Date	By
1	12-25-88	W.C.
2		
3		
4		
5		
6		
7		
8		
9		
10		

NORTHWEST BLANCO AREA

SAN JUAN COUNTY, NEW MEXICO

COALBED METHANE PROJECT

STRUCTURE TOP PC (BASE COAL)

C.L. = 20'

Drawn By _____	Scale 1" = 2000 Feet	Date _____
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WAIVER REQUEST
NON-STANDARD SPACING UNIT & UNORTHODOX WELL LOCATION

Wright #10-1
San Juan County, New Mexico

* * * * *
W A I V E R

WE HEREBY WAIVE ANY OBJECTIONS TO HALLWOOD PETROLEUM, INC.'S
APPLICATION FOR A NON-STANDARD SPACING UNIT AND UNORTHODOX WELL
LOCATION AS SET FORTH IN THE ATTACHED LETTER.

COMPANY * _____

NAME _____

TITLE _____

DATE _____

* IF APPLICABLE

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-101
Revised February 10, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 6 Copies
Fee Lease - 5 Copies

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

Operator Name and Address: Hallwood Petroleum, Inc. P. O. Box 378111 Denver, CO 80237		OGRID Number 9812
		API Number 30 - 045
Property Code	Property Name Wright 10	Well No. 1

7 Surface Location

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
K	10	31N	13W		2300	South	1550	West	San Juan

8 Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
Proposed Pool 1 Basin Fruitland Coal					Proposed Pool 2				

Work Type Code N	Well Type Code G	Cable/Rotary R	Lease Type Code P	Ground Level Elevation 5788'
Multiple No	Proposed Depth 2150'	Formation Fruitland Coal	Contractor Not yet determined	Spud Date 7/96

21 Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
12 1/4"	8 5/8"	24#	350'	250 sks	surface
7 7/8"	5 1/2"	15.50#	2150'	350 sks	surface

Describe the proposed program. If this application is to DEEPEN or PLUG BACK give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.
Hallwood Petroleum, Inc. proposes to drill a 12-1/4" hole with native mud to 350' and set 8-5/8", 24#, J-55 casing to 350' cementing to surface with 250 sks Class "B" cement. Drill 7-7/8" hole out of surface casing to 2,150' with mud. Log well. Set 5-1/2", 15.50#, J-55 production casing to 2,150' cementing from the Fruitland Coal back to surface with 300 sks lead cement followed by 50 sks Class "B" tail cement. Test coal interval through perforations at 1,980' to 2,010'. Fracture stimulate with approx. 200,000#, 12/20 sand, flow to clean up well and put on rod pump with beam unit.
Drilling operations below 350' to include a BOP system consisting of a Shaffer LSW 10" 3000 psi with pipe and blind rams (or equivalent).

I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Signature: *Kevin E. O'Connell*
Printed name: Kevin E. O'Connell
Title: Drilling & Production Manager

Date: JUNE 13, 1996
Phone: (303) 850-7373

OIL CONSERVATION DIVISION

Approved by:

Title:

Approval Date:

Expiration Date:

Conditions of Approval:

Attached ☐

C-101 Instructions

Measurements and dimensions are to be in feet/inches. Well locations will refer to the New Mexico Principal Meridian.

IF THIS IS AN AMENDED REPORT CHECK THE BOX LABELED "AMENDED REPORT" AT THE TOP OF THIS DOCUMENT.

- | | |
|--|--|
| <p>1 Operator's OGRID number. If you do not have one it will be assigned and filled in by the District office.</p> <p>2 Operator's name and address</p> <p>3 API number of this well. If this is a new drill the OCD will assign the number and fill this in.</p> <p>4 Property code. If this is a new property the OCD will assign the number and fill it in.</p> <p>5 Property name that used to be called 'well name'</p> <p>6 The number of this well on the property.</p> <p>7 The surveyed location of this well New Mexico Principal Meridian NOTE: If the United States government survey designates a Lot Number for this location use that number in the 'UL or lot no.' box. Otherwise use the OCD Unit Letter.</p> <p>8 The proposed bottom hole location of this well at TD</p> <p>9 and 10 The proposed pool(s) to which this well is being drilled.</p> <p>11 Work type code from the following table:
 N New well
 E Re-entry
 D Drill deeper
 P Plugback
 A Add a zone</p> <p>12 Well type code from the following table:
 O Single oil completion
 G Single gas completion
 M Multiple completion
 I Injection well
 S SWD well
 W Water supply well
 C Carbon dioxide well</p> <p>13 Cable or rotary drilling code
 C Propose to cable tool drill
 R Propose to rotary drill</p> <p>14 Lease type code from the following table:
 F Federal
 S State
 P Private
 N Navajo
 J Jicarilla
 U Ute
 I Other Indian tribe</p> <p>15 Ground level elevation above sea level</p> <p>16 Intend to multiple complete? Yes or No</p> <p>17 Proposed total depth of this well</p> | <p>18 Geologic formation at TD</p> <p>19 Name of the intended drilling company if known.</p> <p>20 Anticipated spud date.</p> <p>21 Proposed hole size ID inches, proposed casing OD inches, casing weight in pounds per foot, setting depth of the casing or depth and top of liner, proposed cementing volume, and estimated top of cement</p> <p>22 Brief description of the proposed drilling program and SOP program. Attach additional sheets if necessary.</p> <p>23 The signature, printed name, and title of the person authorized to make this report. The date this report was signed and the telephone number to call for questions about this report.</p> |
|--|--|

DISTRICT I
P.O. Box 1980, Hobbs, N.M. 88241-1980

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised February 21, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT II
P.O. Drawer DD, Artesia, N.M. 88211-0719

DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410

DISTRICT IV
P.O. Box 2088, Santa Fe, NM 87504-2088

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, NM 87504-2088

☒ AMENDED REPORT

Revised to show
Non-Standard Unit

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		Pool Code	Pool Name
		71629	Basin Fruitland Coal
Property Code	Property Name		Well Number
	WRIGHT 10		1
UGRID No.	Operator Name		Elevation
9812	HALLWOOD PETROLEUM, INC.		5788

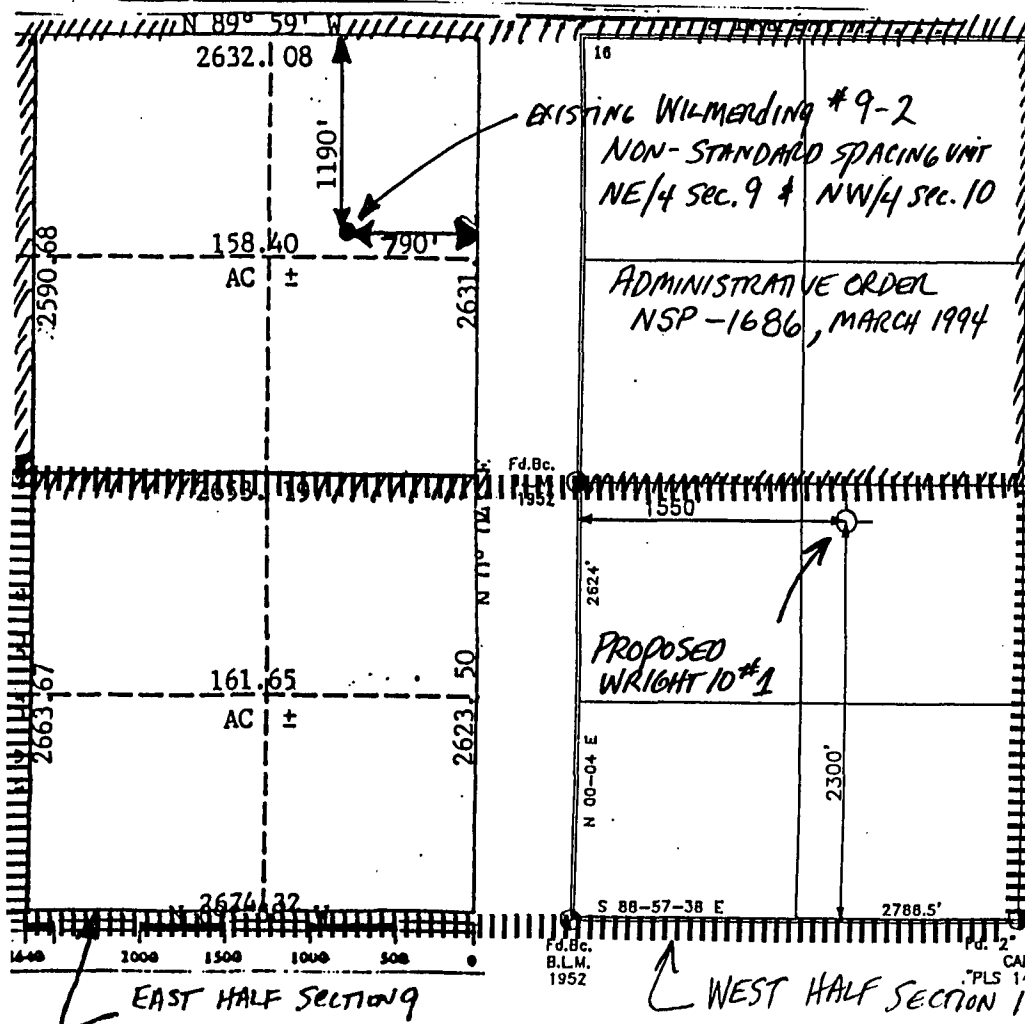
Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	10	T-31-N	R-13-W		2300	SOUTH	1550	WEST	SAN JUAN

Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres		Joint or Infill		Consolidation Code		Order No.			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Kevin E. O'Connell

Signature

Kevin E. O'Connell

Printed Name

Drilling & Production Manager

Title

June 13, 1996

Date

18 SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

MARCH 13, 1996

Date of Survey

Signature and Seal of Professional Surveyor

ROY A. RUIZ

Certificate Number

8894

Hallwood Energy Companies

4582 South Ulster Street Parkway • Stanford Place III • Suite 1700 • Post Office Box 378111
Denver, Colorado 80237 • (303) 850-7373

June 13, 1996

CERTIFIED MAIL NO. P 324 481 547

Texakoma Oil & Gas Corporation
5400 LBJ Freeway, #500
Dallas, Texas 75240

RE: Waiver Request
Non-Standard Spacing Unit & Unorthodox Well Location
SW/4 Section 10-T31N-R13W
San Juan County, New Mexico
Wright #10-1 - Fruitland Coal Well

Gentlemen:

Hallwood Petroleum, Inc. is applying for administrative approval for a non-standard spacing unit (SE/4 Section 9 and SW/4 Section 10-T31N-R13W) associated with the above referenced well. Hallwood is also seeking an unorthodox location for this Fruitland Coal well to be located at 2300' FSL and 1550' FWL. The attached letter to the OCD explains the reasons for both requests. This notification letter is required to be provided to you as an offset operator, lessee or mineral owner.

If you, as an offset operator, lessee or mineral owner, have no objection to the proposed spacing unit and well location please sign the waiver on the next page and return one copy to our fax number (303) 850-6290 or simply allow the 20-day objection period to elapse.

Thank you for your cooperation.

Sincerely,

HALLWOOD PETROLEUM, INC.



Kevin E. O'Connell
Drilling & Production Manager
Rocky Mountain & Mid-Continent District

KEO/jey

Attachment

KEO96.047

DISTRICT I
P.O. Box 1980, Hobbs, N.M. 88241-1980

DISTRICT II
P.O. Drawer DD, Artesia, N.M. 88211-0719

DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410

DISTRICT IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised February 21, 1994

Instructions on back
Submit to Appropriate District Office

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Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, NM 87504-2088

☐ AMENDED REPORT

pg 3/7

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code 71629	³ Pool Name Basin Fruitland Coal
⁴ Property Code	⁵ Property Name WRIGHT 10	⁶ Well Number 1
⁷ GRID No. 9812	⁸ Operator Name HALLWOOD PETROLEUM, INC.	⁹ Elevation 5788

¹⁰ Surface Location

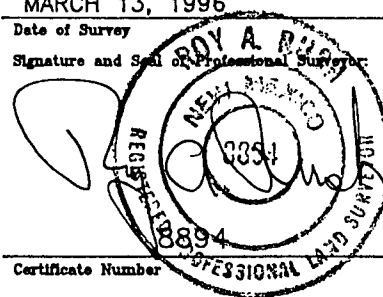
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	10	T-31-N	R-13-W		2300	SOUTH	1550	WEST	SAN JUAN

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

¹⁶				¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief <i>Kevin E. O'Connell</i> Signature Kevin E. O'Connell Printed Name Drilling & Production Manager Title June 13, 1996 Date
				¹⁸ SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. MARCH 13, 1996 Date of Survey Signature and Seal of Professional Surveyor  Certificate Number

1550'

2624'

N 00-04 E

2300'

S 88-57-38 E

2788.5'

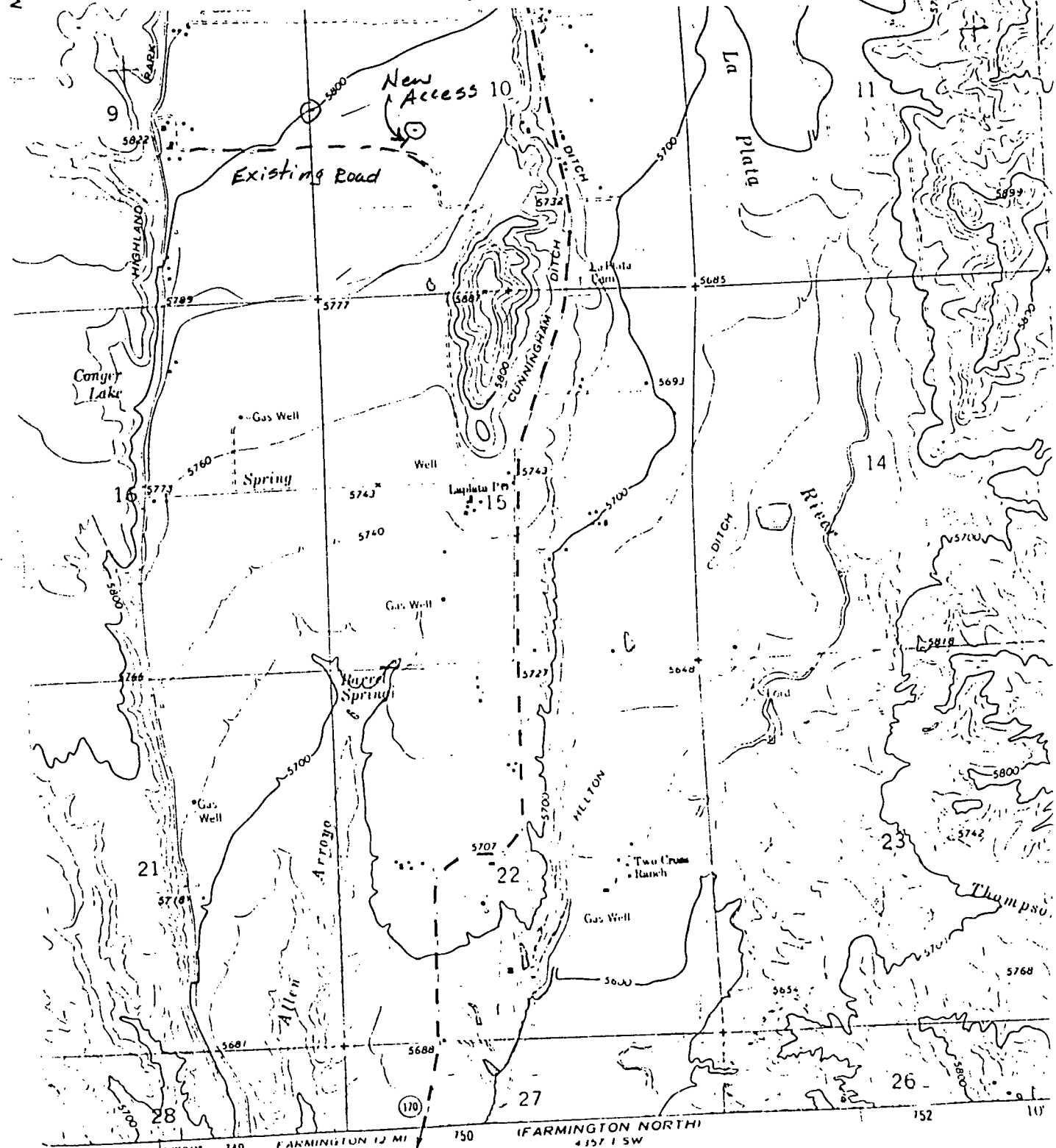
Fd.Bc.
S.L.M.
1952

Fd.Bc.
S.L.M.
1952

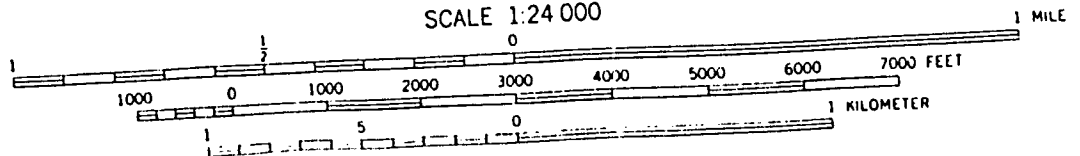
Fd. 2" ALUM.
CAP
"PLS 14680"

HALLWOOD PETROLEUM
PROPOSED WELL LOCATION
WRIGHT 10-1

SW/4 SEC.10, T-31-N, R-13-W, N.M.P.M.,
SAN JUAN COUNTY, NEW MEXICO
2300' FSL, 1550' FWL



SCALE 1:24 000



CONTOUR INTERVAL 20 FEET

COMPANY: HALLWOOD PETROLEUM

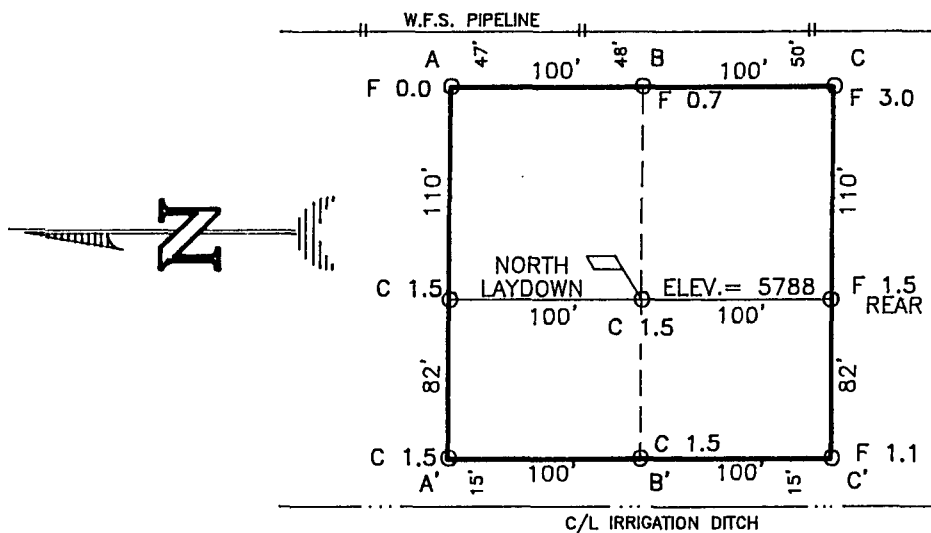
LEASE: WRIGHT 10-1

FOOTAGE: 2300' FSL, 1550' FWL

SEC.: 10, TWN: T-31-N, RNG: R-13-W, NMPM

ELEVATION: 5788

pg 5/7



ELEV.	A-A'	C/L
5810		
5800		
5790		
5780		
5770		
5760		
5750		

ELEV.	B-B'	C/L
5810		
5800		
5790		
5780		
5770		
5760		
5750		

ELEV.	C-C'	C/L
5810		
5800		
5790		
5780		
5770		
5760		
5750		



Daggett, Inc.

420 W. Elm Street Ph. (505) 326-1772
Farmington, New Mexico 87401

HALLWOOD GEOLOGICAL PROGNOSIS

pg 6/7

DATE: 2/6/96 TYPE WELL: Development
WELL NAME: Wright #10-1 FIELD/LEASE: Basin Fruitland Coal
LOCATION: N/2 of SW/4 of Section 10-T31N-R13W
COUNTY: San Juan STATE: NM
ELEVATION: GR 5780 est. KB 5792 est. TIGHT HOLE: No

<u>Formation</u>	<u>Depth</u>	<u>Datum</u>	<u>Remarks</u>
Top Coal Stringers	1812'	3980'	
Top Main Coal	1982'	3810'	
Bottom Main Coal	2012'	3780'	
Top PC	2012'	3780'	
TD	2092'	3700'	

TOTAL DEPTH: 2100'

SAMPLES: 1300' to TD

TESTING/CORING: None

LOGGING PROGRAM: GR FDC (No High Resolution Necessary)

WELLSITE GEOLOGIST/
MUDLOGGER: None

REMARKS: None

<u>Name</u>	<u>Position</u>	<u>Mobil Phone</u>	<u>Home Phone</u>	<u>Office Phone</u>
Kevin O'Connell	Drlg & Prod Mgr.	N/A	(303) 838-2191	(303) 850-6303
Jim Bonaventura	Area Super.	(970) 749-0571	(970) 247-9662	(970) 259-1374
John Genziano	Senior Engineer	N/A	(303) 779-4133	(303) 850-6223
Hallwood Fax Machine				(303) 850-6530

HALLWOOD DRILLING PROGNOSIS

pg. 7/7

OPERATOR: Hallwood Petroleum, Inc. DATE: 2/6/96
WELL NAME: Wright #10-1 PREPARED BY: Kevin E. O'Connell
LOCATION: N/2 of SW/4 of Section 10-T31N-R13W
 (proposed 2300' FSL & 1500' FWL)
COUNTY: San Juan STATE: NM PROPOSED TD: 2150'

DRILLING PROGRAM:

<u>Casing/ Tubing</u>	<u>From</u>	<u>To</u>	<u>Size</u>	<u>Weight</u>	<u>Grade</u>	<u>CPLG</u>	<u>Hole Size</u>
CSG	0	350'	8 5/8"	24#	J-55	STXC	12 1/4"
CSG	0	2150'	5 1/2"	15.50#	J-55	LTXC	7 7/8"

MUD PROGRAM:

<u>Type</u>	<u>Depth</u>	<u>Rheology</u>	<u>WT</u>	<u>Vis</u>	<u>WL</u>
Surface Hole - Native mud.					
Production Hole - Native mud with 45-50 viscosity for logging.					

CEMENT PROGRAM:

<u>Interval Stage</u>	<u>Est. Slurry Volume</u>	<u>Slurry Characteristics</u>	<u>Equipment: DV, Scratcher, Centralizers, Shoe, Etc.</u>
Surface Csg	250 sx	Class "B"	One centralizer on shoe jt.
Production Csg	300 sx 50 sx	Lead cement (65:35) Poz followed by Class "B" tail cement. See info below under "Special Equipment".	

BIT PROGRAM:

Footage contract, contractor's responsibility.

DRILLING HAZARDS/PRODUCTION PROBLEMS:

Keep mud weight under 9.0 ppg to minimize any chance of lost circulation.

DEVIATION SURVEYS/PRODUCTION PROBLEMS:

Take Totco's every 500'.

WELLHEAD:

3000 psi (minimum) required.

SPECIAL EQUIPMENT:

We plan to try a slotted casing completion technique on this well which will consist of casing across the Fruitland Coal zones and an exterior casing packer at the top of the coal on the casing string with cement to surface. Actual tops and depths may vary as drilling progresses.

SPECIAL PERSONNEL REQUIREMENTS:

None planned.

Hallwood Energy Companies

4582 South Ulster Street Parkway • Stanford Place III • Suite 1700 • Post Office Box 378111
Denver, Colorado 80237 • (303) 850-7373

June 13, 1996

CERTIFIED MAIL NO. P 324 481 555

New Mexico State Land Office
Attn: Ray Powell, Commissioner of Public Lands
Box 1148
Santa Fe, New Mexico 87504-1148

RE: Waiver Request
Non-Standard Spacing Unit & Unorthodox Well Location
SW/4 Section 10-T31N-R13W
San Juan County, New Mexico
Wright #10-1 - Fruitland Coal Well

Gentlemen:

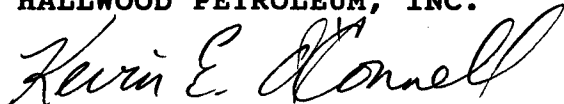
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If you, as an offset operator, lessee or mineral owner, have no objection to the proposed spacing unit and well location please sign the waiver on the next page and return one copy to our fax number (303) 850-6290 or simply allow the 20-day objection period to elapse.

Thank you for your cooperation.

Sincerely,

HALLWOOD PETROLEUM, INC.



Kevin E. O'Connell
Drilling & Production Manager
Rocky Mountain & Mid-Continent District

KEO/jey

Attachment

WAIVER REQUEST
NON-STANDARD SPACING UNIT & UNORTHODOX WELL LOCATION

Wright #10-1
San Juan County, New Mexico

* * * * *
W A I V E R

WE HEREBY WAIVE ANY OBJECTIONS TO HALLWOOD PETROLEUM, INC.'S
APPLICATION FOR A NON-STANDARD SPACING UNIT AND UNORTHODOX WELL
LOCATION AS SET FORTH IN THE ATTACHED LETTER.

COMPANY * _____

NAME _____

TITLE _____

DATE _____

* IF APPLICABLE

Hallwood Energy Companies

4582 South Ulster Street Parkway • Stanford Place III • Suite 1700 • Post Office Box 378111
Denver, Colorado 80237 • (303) 850-7373

June 13, 1996

CERTIFIED MAIL NO. P 324 481 547

Texakoma Oil & Gas Corporation
5400 LBJ Freeway, #500
Dallas, Texas 75240

RE: Waiver Request
Non-Standard Spacing Unit & Unorthodox Well Location
SW/4 Section 10-T31N-R13W
San Juan County, New Mexico
Wright #10-1 - Fruitland Coal Well

Gentlemen:

Hallwood Petroleum, Inc. is applying for administrative approval for a non-standard spacing unit (SE/4 Section 9 and SW/4 Section 10-T31N-R13W) associated with the above referenced well. Hallwood is also seeking an unorthodox location for this Fruitland Coal well to be located at 2300' FSL and 1550' FWL. The attached letter to the OCD explains the reasons for both requests. This notification letter is required to be provided to you as an offset operator, lessee or mineral owner.

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Thank you for your cooperation.

Sincerely,

HALLWOOD PETROLEUM, INC.



Kevin E. O'Connell
Drilling & Production Manager
Rocky Mountain & Mid-Continent District

KEO/jey

Attachment

KEO96.047

Hallwood Energy Companies

4582 South Ulster Street Parkway • Stanford Place III • Suite 1700 • Post Office Box 378111
Denver, Colorado 80237 • (303) 850-7373

June 13, 1996

CERTIFIED MAIL NO. P 324 481 548

Robert L. Bayless
POB 168
Farmington, New Mexico 87499

RE: Waiver Request
Non-Standard Spacing Unit & Unorthodox Well Location
SW/4 Section 10-T31N-R13W
San Juan County, New Mexico
Wright #10-1 - Fruitland Coal Well

Dear Mr. Bayless:

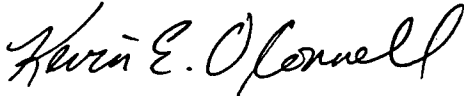
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Thank you for your cooperation.

Sincerely,

HALLWOOD PETROLEUM, INC.



Kevin E. O'Connell
Drilling & Production Manager
Rocky Mountain & Mid-Continent District

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Attachment

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Hallwood Energy Companies

4582 South Ulster Street Parkway • Stanford Place III • Suite 1700 • Post Office Box 378111
Denver, Colorado 80237 • (303) 850-7373

June 13, 1996

CERTIFIED MAIL NO. P 324 481 549

Dugan Production Corporation
POB 420
Farmington, New Mexico 87499

RE: Waiver Request
Non-Standard Spacing Unit & Unorthodox Well Location
SW/4 Section 10-T31N-R13W
San Juan County, New Mexico
Wright #10-1 - Fruitland Coal Well

Gentlemen:

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Thank you for your cooperation.

Sincerely,

HALLWOOD PETROLEUM, INC.



Kevin E. O'Connell
Drilling & Production Manager
Rocky Mountain & Mid-Continent District

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Attachment

KEO96.047

Hallwood Energy Companies

4582 South Ulster Street Parkway • Stanford Place III • Suite 1700 • Post Office Box 378111
Denver, Colorado 80237 • (303) 850-7373

June 13, 1996

CERTIFIED MAIL NO. P 324 481 550

Meridian Oil Inc.
POB 4289
Farmington, New Mexico 87499

RE: Waiver Request
Non-Standard Spacing Unit & Unorthodox Well Location
SW/4 Section 10-T31N-R13W
San Juan County, New Mexico
Wright #10-1 - Fruitland Coal Well

Gentlemen:

Hallwood Petroleum, Inc. is applying for administrative approval for a non-standard spacing unit (SE/4 Section 9 and SW/4 Section 10-T31N-R13W) associated with the above referenced well. Hallwood is also seeking an unorthodox location for this Fruitland Coal well to be located at 2300' FSL and 1550' FWL. The attached letter to the OCD explains the reasons for both requests. This notification letter is required to be provided to you as an offset operator, lessee or mineral owner.

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Thank you for your cooperation.

Sincerely,

HALLWOOD PETROLEUM, INC.



Kevin E. O'Connell
Drilling & Production Manager
Rocky Mountain & Mid-Continent District

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Attachment

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Hallwood Energy Companies

4582 South Ulster Street Parkway • Stanford Place III • Suite 1700 • Post Office Box 378111
Denver, Colorado 80237 • (303) 850-7373

June 13, 1996

CERTIFIED MAIL NO. P 324 481 551

Ethel Louise Cardon Trustee
under Trust Agreement
dated May 10, 1988
POB 1552
Bloomfield, New Mexico 87413

RE: Waiver Request
Non-Standard Spacing Unit & Unorthodox Well Location
SW/4 Section 10-T31N-R13W
San Juan County, New Mexico
Wright #10-1 - Fruitland Coal Well

Dear Ms. Cardon:

Hallwood Petroleum, Inc. is applying for administrative approval for a non-standard spacing unit (SE/4 Section 9 and SW/4 Section 10-T31N-R13W) associated with the above referenced well. Hallwood is also seeking an unorthodox location for this Fruitland Coal well to be located at 2300' FSL and 1550' FWL. The attached letter to the OCD explains the reasons for both requests. This notification letter is required to be provided to you as an offset operator, lessee or mineral owner.

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Thank you for your cooperation.

Sincerely,

HALLWOOD PETROLEUM, INC.



Kevin E. O'Connell
Drilling & Production Manager
Rocky Mountain & Mid-Continent District

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Hallwood Energy Companies

4582 South Ulster Street Parkway • Stanford Place III • Suite 1700 • Post Office Box 378111
Denver, Colorado 80237 • (303) 850-7373

June 13, 1996

CERTIFIED MAIL NO. P 324 481 552

Marcia Fuller French
POB 11327
Midland, Texas 79702

RE: Waiver Request
Non-Standard Spacing Unit & Unorthodox Well Location
SW/4 Section 10-T31N-R13W
San Juan County, New Mexico
Wright #10-1 - Fruitland Coal Well

Dear Ms. French:

Hallwood Petroleum, Inc. is applying for administrative approval for a non-standard spacing unit (SE/4 Section 9 and SW/4 Section 10-T31N-R13W) associated with the above referenced well. Hallwood is also seeking an unorthodox location for this Fruitland Coal well to be located at 2300' FSL and 1550' FWL. The attached letter to the OCD explains the reasons for both requests. This notification letter is required to be provided to you as an offset operator, lessee or mineral owner.

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Thank you for your cooperation.

Sincerely,

HALLWOOD PETROLEUM, INC.



Kevin E. O'Connell
Drilling & Production Manager
Rocky Mountain & Mid-Continent District

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Attachment
KEO96.047

Hallwood Energy Companies

4582 South Ulster Street Parkway • Stanford Place III • Suite 1700 • Post Office Box 378111
Denver, Colorado 80237 • (303) 850-7373

June 13, 1996

CERTIFIED MAIL NO. P 324 481 553

Adobe Resources Corporation
300 West Texas, #1100
Midland, Texas 79701

RE: Waiver Request
Non-Standard Spacing Unit & Unorthodox Well Location
SW/4 Section 10-T31N-R13W
San Juan County, New Mexico
Wright #10-1 - Fruitland Coal Well

Gentlemen:

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Thank you for your cooperation.

Sincerely,

HALLWOOD PETROLEUM, INC.



Kevin E. O'Connell
Drilling & Production Manager
Rocky Mountain & Mid-Continent District

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Hallwood Energy Companies

4582 South Ulster Street Parkway • Stanford Place III • Suite 1700 • Post Office Box 378111
Denver, Colorado 80237 • (303) 850-7373

June 13, 1996

CERTIFIED MAIL NO. P 324 481 554

Frank A. Schultz
730 Fidelity Union Tower
Dallas, Texas 75221

RE: Waiver Request
Non-Standard Spacing Unit & Unorthodox Well Location
SW/4 Section 10-T31N-R13W
San Juan County, New Mexico
Wright #10-1 - Fruitland Coal Well

Dear Mr. Schultz:

Hallwood Petroleum, Inc. is applying for administrative approval for a non-standard spacing unit (SE/4 Section 9 and SW/4 Section 10-T31N-R13W) associated with the above referenced well. Hallwood is also seeking an unorthodox location for this Fruitland Coal well to be located at 2300' FSL and 1550' FWL. The attached letter to the OCD explains the reasons for both requests. This notification letter is required to be provided to you as an offset operator, lessee or mineral owner.

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Thank you for your cooperation.

Sincerely,

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Kevin E. O'Connell
Drilling & Production Manager
Rocky Mountain & Mid-Continent District

KEO/jey

Attachment

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Hallwood Energy Companies

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Denver, Colorado 80237 • (303) 850-7373

June 13, 1996

CERTIFIED MAIL NO. P 324 481 555

New Mexico State Land Office
Attn: Ray Powell, Commissioner of Public Lands
Box 1148
Santa Fe, New Mexico 87504-1148

RE: Waiver Request
Non-Standard Spacing Unit & Unorthodox Well Location
SW/4 Section 10-T31N-R13W
San Juan County, New Mexico
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Kevin E. O'Connell
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Rocky Mountain & Mid-Continent District

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Attachment

