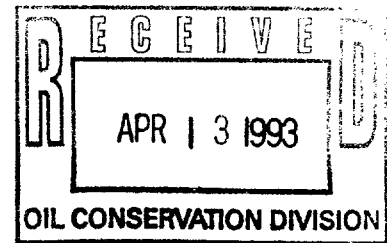


STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES  
OIL CONSERVATION DIVISION

CASE NO.: 10728

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

A P P L I C A T I O N



Comes Now HALLWOOD PETROLEUM INC., by its attorneys, KELLAHIN and KELLAHIN, and applies to the New Mexico Oil Conservation Division for approval of an unorthodox well location in the Basin Fruitland Coal Gas Pool for its Montoya #27-1 Well to be recompleted at an unorthodox location 790 feet FSL and 790 feet FEL (Unit P) Section 27, Township 32 North, Range 13 West, NMPM, San Juan County, New Mexico, and in support states:

1. Applicant is a working interest owner in the S/2 of Section 27, T32N, R13W, NMPM, San Juan County, New Mexico and proposes to consolidate the interests in this one-half section for the recompletion of the subject well.

2. Hallwood Petroleum Inc. originally drilled the Montoya #27-1 coal gas well to completion on March 13, 1979 with the well producing from both the Mesaverde and Dakota Formations.

3. In order to diminish the risk of drilling an uneconomic well, the Applicant proposes to recomplete its Montoya #27-1 well, located 790 feet FSL and 790 feet FEL (Unit P) of Section 27, for production from the Basin Fruitland Coal formation.

4. Because of geology, an unorthodox location in the SE/4 of the Section is better than a standard location in the NE/4 or SW/4 of said Section 27.

5. The well location in the SE/4 of Section 27 requires an exception to Rule 7 of the Basin Fruitland Coal Gas Pool Rules (Order R-8768).

6. Pursuant to Division notice rules, a copy of this Application was mailed by certified mail-return receipt to each of the parties listed on Exhibit A.

WHEREFORE, Applicant requests that this matter be set for hearing on May 6, 1993 before the Division's

Application of Hallwood Petroleum Inc.  
Page 3

Examiner and that after notice and hearing the  
application be granted.

KELLAHIN AND KELLAHIN

BY:

  
W. Thomas Kellahin

P. O. Box 2265  
Santa Fe, New Mexico 87504  
(505) 982-4285

ATTORNEYS FOR APPLICANT

**EXHIBIT "A"**

**TO THE APPLICATION OF THE HALLWOOD  
PETROLEUM, INC. FOR AN UNORTHODOX  
COAL GAS WELL LOCATION, SAN JUAN COUNTY, NM**

Meridian Oil Inc.  
3535 E. 30th Street  
P.O. Box 4289  
Farmington, New Mexico 87499  
ATTN: Alan Alexander

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Denver, Colorado 80202

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UNOCAL  
1004 N. Big Spring Street, #300  
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ATTN: Rosalean Hadaway  
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Artesia, New Mexico 88211

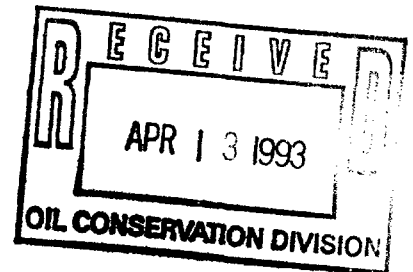
Southland Royalty Company  
200 Interfirst Tower  
Fort Worth, Texas 76102

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BY: 

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ATTORNEYS FOR APPLICANT

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ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

W. THOMAS KELLAHIN\*

\*NEW MEXICO BOARD OF LEGAL SPECIALIZATION  
RECOGNIZED SPECIALIST IN THE AREA OF  
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JASON KELLAHIN (RETIRED 1991)

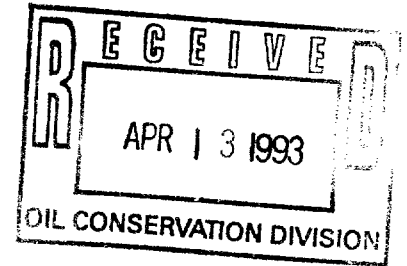
TELEPHONE (505) 982-4285  
TELEFAX (505) 982-2047

April 13, 1993

Mr. William J. LeMay  
Oil Conservation Division  
State Land Office Building  
310 Old Santa Fe Trail, Room 219  
Santa Fe, New Mexico 87501

HAND DELIVERED

RE: Application of Hallwood Petroleum  
Inc. for an Unorthodox Gas Well  
Location, San Juan County, New Mexico  
Recomplete Montoya #27-1 Well



Dear Mr. LeMay:

On behalf of Hallwood Petroleum, Inc., please find enclosed our above-referenced Application, which we request be set for hearing on the next available Examiner's docket now scheduled for May 6, 1993.

By copy of this letter and application, sent certified mail-return receipt requested, we are notifying all interested parties offsetting the subject well and its proposed spacing and proration unit of their right to appear at the hearing and participate in this case, including the right to present evidence either in support of or in opposition to the application and that failure to appear at the hearing may preclude them from any involvement in this case at a later date. Also, all parties entitled to notice are hereby informed that pursuant to Division requirements all parties appearing in this case are required to file a Pre-Hearing Statement with the Division no later than 4:00 p.m. on Friday, April 30, 1993. Also enclosed is our suggested advertisement for this case.

Very truly yours,

W. Thomas Kellahin

WTK/jcl

Enclosures

cc: with Enclosures

Kathleen Volk - Hallwood Petroleum, Inc.

By Certified Mail - Return Receipt

All Parties Listed on Exhibit "A" of Application

ltr412.629

**Proposed Advertisement for the OCD Docket**

**CASE** 10728 Application of Hallwood Petroleum Inc. for an Unorthodox Coal Gas Well Location, San Juan County, New Mexico

Applicant seeks approval to recomplete its Montoya #27-1 Well for production from Basin Fruitland Coal Formation at an unorthodox location 790 feet from the South line and 790 feet from the East line (Unit P) of Section 27, Township 32 North, Range 13 West, NMPM. Said well is unorthodox with respect to being located in the SE/4, rather than in the NE/4 or SW/4 of said Section 27 and shall be dedicated to a spacing unit consisting of the S/2 of said Section 27. Said well is located approximately one and one-half miles northeast from La Plata, New Mexico.

**EXHIBIT "A"**  
**PAGE 2 OF 2**

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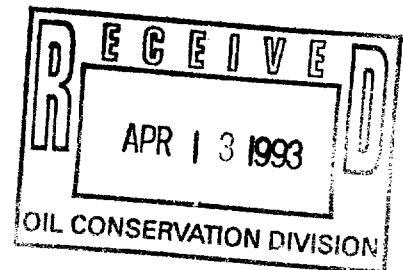
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CASE NO.: 10728

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A P P L I C A T I O N



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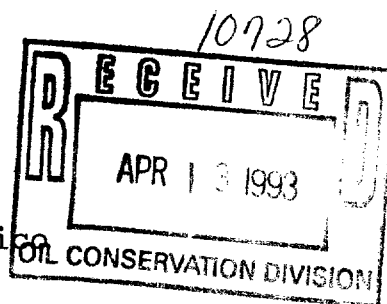
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