

KELLAHIN AND KELLAHIN

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
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

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

May 13, 1994

MAY 13 1994

Mr. Michael E. Stogner
Chief Hearing Examiner
Oil Conservation Division
310 Old Santa Fe Trail
Santa Fe, New Mexico 87504

HAND DELIVERED

Re: Bass Federal Well No. 2
Application of Hallwood Petroleum, Inc. for
Approval of a Non-Standard Oil Proration and
Spacing Unit and an Unorthodox Oil Well Location,
Hat Mesa-Delaware Pool, Lea County, New Mexico

Dear Mr. Stogner:

On behalf of Hallwood Petroleum Inc., please find enclosed our application for approval of a 80-acre non-standard oil proration and spacing unit to be dedicated to its Bass Federal Well No. 2 which has been recompleted into the Hat Mesa-Delaware Pool at an unorthodox oil well location 1300 feet FEL and 660 feet FSL (Unit P) of Section 30, T20S, R33E, NMPM, Lea County, New Mexico.

We request that the Application be set for hearing on the next available Examiner's docket now scheduled for June 9, 1994.

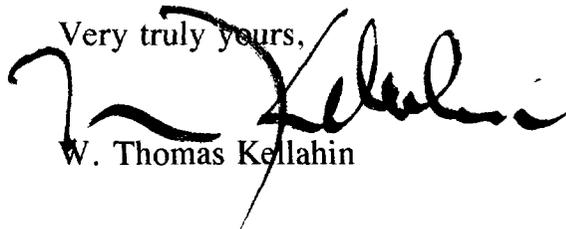
By copy of this letter, including the Application to all parties, we are notifying them by certified mail return-receipt requested, that they have the right to appear at the hearing, to make a statement to the Division, to present evidence and cross-examine witnesses either in support of or in opposition to the Application.

Hallwood Petroleum, Inc.
NMOCD Application
May 13, 1994
Page 2.

Our proposed advertisement to be used for the OCD docket and for the newspaper publication is attached.

In accordance with Division Memorandum 2-90, parties who may appear in this case are hereby requested to file a Pre-Hearing Statement with the Division, copy to Applicant, not later than 4:00 PM on Friday, June 3, 1994.

Very truly yours,

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written over the typed name below.

W. Thomas Kellahin

cc: Hallwood Petroleum, Inc.

cc: **CERTIFIED MAIL:**

All parties shown in application

Proposed notification/advertisement for OCD docket

Case _____: Application of Hallwood Petroleum, Inc. for an unorthodox oil well location and a non-standard 80-acre oil proration and spacing unit, Lea County, New Mexico. Applicant seeks to establish a non-standard 80-acre oil proration and spacing unit in the Undesignated Hat Mesa-Delaware Pool comprising the SW/4SE/4 and the SE/4SE/4 of Section 30, Township 20 South, Range 33 East, NMPM, to be dedicated to its Bass Federal Well No. 2 which was originally drilled as a Morrow gas well at an unorthodox location 1300 feet FEL and 660 feet FSL (Unit P) of Section 30 and which has been recompleted into and which applicant proposes to dedicate to the Hat Mesa-Delaware Pool. Said unit is located approximately two-thirds of a mile south of a point on State Highway 176 approximately 1.7 miles from the intersection of U.S. Highways 62/180 and State Highway 176, Lea County, New Mexico.

MAY 13 1994

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

APPLICATION OF HALLWOOD PETROLEUM, INC.
FOR APPROVAL OF A NON-STANDARD OIL
SPACING AND PRORATION UNIT AND AN
UNORTHODOX OIL WELL LOCATION,
LEA COUNTY, NEW MEXICO

MAY 13 1994

CASE: _____

APPLICATION

Comes now HALLWOOD PETROLEUM, INC., by and through its attorneys, KELLAHIN and KELLAHIN, and applies to the New Mexico Oil Conservation Division to establish a non-standard 80-acre oil proration and spacing unit in the Undesignated Hat Mesa-Delaware Oil Pool comprising the SW/4SE/4 and the SE/4SE/4 of Section 30, Township 20 South, Range 33 East, NMPM, to be dedicated to its Bass Federal Well No. 2 which was originally drilled as a Morrow gas well at an unorthodox location 1300 feet FEL and 660 feet FSL (Unit P) of Section 30 and which has been recompleted into and which Applicant proposes to dedicate to the Hat Mesa-Delaware Pool.

In support thereof, Applicant states:

1. Applicant, Hallwood Petroleum Inc., ("Hallwood") is the lessee and operator of the proposed non-standard 80-acre oil spacing and proration unit consisting of the SW/4SE/4 (Unit O) and SE/4SE/4 (Unit P) of Section 30, T20S, R33E, NMPM, Lea County, New Mexico. See Exhibit "A."

2. On January 15, 1974, the Commission issued Order R-4699 and approved an application by Belco Petroleum Corporation requesting approval to drill its Bass Federal Well No. 2 within the Potash Area established by Order R-111-A and at an unorthodox Morrow gas well location 660 feet FSL and 1300 feet FEL of said Section 30.

3. The Bass Federal Well No 2 was drilled and produced from the Morrow formation in the South Salt Lake-Morrow Gas Pool and is now depleted in that pool.

4. On January 1, 1989, Hallwood (formerly Quinoco Petroleum) obtained ownership of the wellbore and in the fall of 1993 re-completed the Bass Federal Well No. 2 as an oil well capable of production from the Hat Mesa-Delaware Pool.

5. The Hat Mesa-Delaware Pool was established an oil pool by Division Order R-9095 issued January 1, 1990 and is subject to the Division's general statewide 40-acre oil spacing rules.

6. Because the Bass Federal Well No. 2 is located in Unit P but only 20 feet from the common governmental quarter-quarter section line with Unit O, Hallwood proposes to dedicate the well to a non-standard 80-acre oil proration and spacing unit consisting of the SW/4SE/4 and the SE/4SE/4 of Section 30.

7. The approval of the proposed non-standard 80-acre oil proration and spacing unit will afford the opportunity to share production from the well among the owners in both governmental quarter-quarter sections and thereby avoid the impairment of correlative rights which will occur if Unit O is excluded and is subject to drainage by the well.

8. The opportunity to use a previously drilled wellbore to obtain production from the Delaware formation instead of drilling of a new well at a standard well location substantially reduces the cost and thereby avoids the drilling of an unnecessary well and prevents waste.

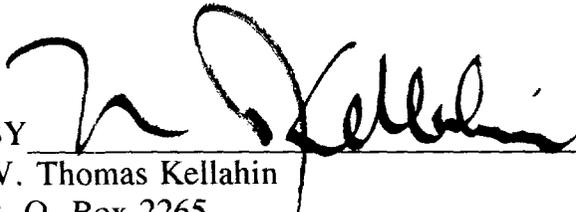
9. Approval of the application will afford all interest owners in each of the two 40-acre tracts the opportunity to produce their just and equitable share of the hydrocarbons from the Hat Mesa-Delaware Pool and will otherwise prevent waste and protect correlative rights.

10. In accordance with Division Rule 1207, Applicant has notified those affected parties who operate spacing units adjoining the proposed unit as set forth on Exhibit "B."

11. In accordance with Division Rule 1207, Applicant has notified those affected parties who have an interest in production within the proposed unit as set forth on Exhibit "C."

WHEREFORE, Applicant requests that, after notice and hearing, this Application be approved as requested.

KELLAHIN and KELLAHIN

BY 

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

ATTORNEYS FOR APPLICANT

LAND OWNERSHIP PLAT

W/2 SW/4 Sec 29
 WAS BELCO PETROLEUM
 NOW ENRON OIL & GAS

← NOTIFICATION SENT 2/23/94
 RECEIVED BY ENRON 2/28/94

SUBJECT Well BASS FEDERAL

#2

SE/4 SECTION 30
 Hallwood Petroleum
 ACRES

1-Base Fed
 ID 13,600

SALT LAKES S, 61

MERIDIAN - HAT MESA #5 SPUD 3/1/93

MERIDIAN - HAT MESA #3 SPUD 4/4/93 -

Felmont
 Federal

Belco
 2-Base Fed
 ID 13,700

Audie
 Richards

Belco

1-Base SI

30534

32

EXXON

SI.FH New Mex

ID 13,600

State

59 BWP 300

U.S.I

SL STATE

26 ANSO

FS

ID 13,785

ID 13,800

Gas SO



NW/4 NW/4 SECTION 32

EXXON CORPORATION
 FARMED OUT TO
 MERIDIAN OIL, INC

EXXON NOTIFICATION SENT
 2/10/94, RECEIVED
 2/14/94

MERIDIAN NOTIFICATION
 SENT 2/8/94
 RECEIVED 2/4/94
 WAIVER ATTACHED

N/2 NE/4 sec. 31

Perry R. BASS, TRUSTEE

NOTIFICATION SENT 2/10/94

RECEIVED BY PERRY R. BASS ON 2/15/94

EXHIBIT "B"
NOTICE LIST FOR HALLWOOD APPLICATION
OFFSET OPERATORS

Enron Oil and Gas Company
P.O. Box 2267
Midland, Texas 79702
Attn: Mr. J.Patrick Tower

Meridian Oil Inc.
P. O. Box 51810
Midland, Texas 79710-51810
Attn: Mr. Don Davis

Perry R. Bass, Trustee
Sid R. Bass, Inc.
Thru Line, In.
Robert M. Bass Group, Inc.,
Lee M. Bass, Inc.
Keystone, Inc.
First City Bank Tower
201 Main Street
Fort Worth, Texas 76102
Attn: Mr. Wayne Bailey

Exhibit C

Robert M. Beren
c/o Beren Corporation
970-4th Financial Center
Wichita, KS 67202

State of New Mexico
Commissioner of Public Lands
P.O. Box 1148
Santa Fe, NM 87504-1148

G Oil L P
c/o First Manhattan Co
437 Madison Avenue
New York, NY 10022

Frits Oil L P
c/o First Manhattan Co
437 Madison Avenue
New York, NY 10022

Elliott Oil Company
P.O. Box 1355
Roswell, NM 88201

Therese Gadomski
c/o Marshall L. Steinman
660 White Plains Road
Suite 450
Tarrytown, NY 10591

Southwest Royalties Inc
(FORMERLY ELLWOOD OIL CO)
P.O. Box 11390
Midland, TX 79702

Trigg Family Trust U/A 1/23/90
John and Pauline Trigg Trustee
P.O. Box 520
Roswell, NM 88202

Texaco Exploration &
Production Inc.
P.O. Box 201665
Houston, TX 77216

BLM State of New Mexico
US Dept of the Interior
P.O. Box 1449
Santa Fe, NM 87501

LAND OWNERSHIP PLAT

W/2 SW/4 Sec 29
 WAS BELCO Petroleum
 NOW ENRON OIL & GAS

← NOTIFICATION SENT 2/23/94
 RECEIVED BY ENRON 2/28/94

SUBJECT Well BASS FEDERAL

#2

SE/4 SECTION 30
 Hallwood Petroleum
 ACREAGE

1- Bass Fed
 ID 13,600

SALT LAKES S, 61

MERIDIAN - HAT MESA #5 spuo 3/7/93

MERIDIAN - HAT MESA #3 spuo 4/4/93 -

Belco
 2- Bass Fed
 ID 13,708

Felmont
 Federal

Audie
 Richards

Belco

30534 32
 Exxon
 ST. FH New Mex
 ID 13,600

State

WPD - Bass ST

NW/4 NW/4 SECTION 32
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 WAIVER ATTACHED

59 BWP BCO
 U.S.I

SL STATE

26 BANSO

FS

ID 13,785

ID 13,800
 Gas SO

N/2 NE/4 sec. 31

Perry R. BASS, TRUSTEE
 NOTIFICATION SENT 2/10/94
 RECEIVED BY PERRY R. BASS ON 2/15/94

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

January 24, 1994

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

ANITA LOCKWOOD
CABINET SECRETARY

Hallwood Energy Corporation
Attention: Kevin E. O'Connell, Drilling and Production Manager
P.O. Box 378111
Denver, CO 80237

Case 10998

RE: Administrative application for an unorthodox oil well location. Bass Federal Well No. 2, 660' FSL & 1300' FEL (Unit P) of Section 30, Township 20 South, Range 33 East, NMPM, Undesignated Hat Mesa-Delaware Pool, Lea County, New Mexico.

Dear Mr. O'Connell:

The subject application dated January 14, 1994 was forwarded to this office on January 21, 1994 by our Hobbs District Office. Subsequent to my initial review of this application, I find additional information is needed. Please submit the following information concerning notice requirements pursuant to Division General Rule 104.F(4):

- (1) a land ownership plat showing the operators or lessee of record on all 40-acre tracts surrounding the SE/4 SE/4 of said Section 30;
- (2) copy of notification, if applicable; and,
- (3) certificated return receipt.

In light of several notification concerns that the Division has been involved with, and the special circumstances concerning this particular application, I would strongly suggest Hallwood notify the State Land Office in Santa Fe of this proposed recompletion. Such notification might possibly avoid legal issues later on.

Thank you for your cooperation in this matter.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

MES/amg

cc: Oil Conservation Division - Hobbs
US Bureau of Land Management - Carlsbad
Jim Morrow - Oil Conservation Division, Santa Fe
William J. LeMay, Director - Oil Conservation Division, Santa Fe

Hallwood Energy Companies

4582 South Ulster Street Parkway • Stanford Place III • Suite 1700 • Post Office Box 378111

Denver, Colorado 80237 • (303) 850-7373

NEW DIVISION

REC-20

APR 8 49

April 6, 1994

State of New Mexico
Oil Conservation Division
P.O. Box 2088
State Land Office Building
Santa Fe, New Mexico 87504

Attn: Michael E. Stogner

10998

RE: **Administrative Application for
an Unorthodox Well Location
Bass Federal Well No. 2
Unit P, Section 30-T20S-R33E
Hat Mesa - Delaware Pool
Lea County, New Mexico**

Dear Mr. Stogner:

This letter is in response to your January 24, 1994 request (Attachment #1) for more information on the captioned well. We have completed the requirements under Rule 104.F(4) and are forwarding the following information to you in order to obtain the administrative approval for an unorthodox oil well location.

<u>Attachment No.</u>	<u>Description</u>
2	Land ownership plat of surrounding 40 acre tracts.
3	Letter from Randall R. Fort, CPL containing names and addresses of offset operators/lessees.
4	Copies of letters and certified mailings to offset lessees.
5	Copy of waiver received from Meridian Oil.

It is my understanding according to Rule 104.F(4) that, even though only one of four waivers was received by Hallwood Petroleum, Inc. if no objection by an offset operator has been entered within 20 days after the director has received the application, it may be approved.

April 6, 1994
State of New Mexico
Oil Conservation Division
Page 2

With regard to your concerns in the last paragraph of your letter, Hallwood has contacted the State Land Office and has prepared a Communitization Agreement for the acreage in S/2 of the SE/4 of Section 30-T20S-R33E. Hallwood is currently obtaining approval from the working interest and record title owners. A copy of this agreement is included as Attachment 6.

Upon approval by the State of New Mexico Oil Conservation Division of the unorthodox well location, the Communitization Agreement will be sent to the appropriate agencies for approval. Please contact me at (303) 850-6303 or the above mailing address with any additional questions you may have. Thank you for your attention to this matter.

Sincerely,

HALLWOOD PETROLEUM, INC.



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

Attachments

cc: Chris Woods
Janet DeFur
Well File
OCD - Hobbs, NM Office

KEO\#208.pp

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

January 24, 1994

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

ANITA LOCKWOOD
CABINET SECRETARY

Case 10998

Hallwood Energy Corporation
Attention: Kevin E. O'Connell, Drilling and Production Manager
P.O. Box 378111
Denver, CO 80237

RE: Administrative application for an unorthodox oil well location. Bass Federal Well No. 2, 660' FSL & 1300' FEL (Unit P) of Section 30, Township 20 South, Range 33 East, NMPM, Undesignated Hat Mesa-Delaware Pool, Lea County, New Mexico.

Dear Mr. O'Connell:

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- (2) copy of notification, if applicable; and,
- (3) certificated return receipt.

In light of several notification concerns that the Division has been involved with, and the special circumstances concerning this particular application, I would strongly suggest Hallwood notify the State Land Office in Santa Fe of this proposed recompletion. Such notification might possibly avoid legal issues later on.

Thank you for your cooperation in this matter.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

MES/amg

- cc: Oil Conservation Division - Hobbs
 US Bureau of Land Management - Carlsbad
 Jim Morrow - Oil Conservation Division, Santa Fe
 William J. LeMay, Director - Oil Conservation Division, Santa Fe

LAND OWNERSHIP PLAT

W/2 SW/4 Sec 29
WAS BELCO PETROLEUM
NOW ENRON OIL & GAS

NOTIFICATION SENT 2/23/94
RECEIVED BY ENRON 2/28/94

SUBJECT WELL BASS FEDERAL #2

SE/4 SECTION 30
Hallwood Petroleum
ACREAGE

1-Bass Fed
TD 13,600

SALT LAKES S, 61

MERIDIAN - HAT MESA #5 Spu 3/1/93

MERIDIAN - HAT MESA #3 Spu 4/4/93 -

Felmont
Federal

Belco
2-Bass Fed
TD 13,708

Audie
Richards

Belco

30534

EXXON
S.F.H New Mex
TD 13,900

WPD

-Bass St

State

159 BWP 800
U.S.

SL STATE

26 ANSO

FS

13,785

TD 13,800

Gas SO

NW/4 NW/4 SECTION 32

EXXON CORPORATION
FARMED OUT TO
MERIDIAN OIL, INC

EXXON NOTIFICATION SENT
2/10/94, Received
2/14/94

MERIDIAN NOTIFICATION
SENT 2/8/94
RECEIVED 2/14/94
WAIVER ATTACHED

N/2 NE/4 sec. 31

Perry R. BASS, TRUSTEE

NOTIFICATION SENT 2/10/94

RECEIVED BY PERRY R. BASS ON 2/15/94

RANDALL R. FORT, C.P.L.

Oil & Gas Land Services/Minerals Management

Attachment No. 3

P.O. Box 3084

Roswell, N.M. 88202-3084

505/623-5242

pg 1/2

February 3, 1994

Hallwood Petroleum, Inc.
P.O. Box 378111
Denver, CO 80237

*Heath,
FYI.*

Attn: Connie Heath
Landman

Re: Offset Operator Notification
Bass Federal Com #2
Section 30:SW/4SW/4
T203-R33E
Lea County, NM

Dear Connie:

Pursuant to the request contained in your letter of 1-28-94 for the names and addresses of operators offsetting your Bass Federal Com #2, I submit the following:

Township 20 South, Range 33 East

Section 29: W/2SW/4----Belco Petroleum North America, Inc.
(USA NM-16640A) 10000 Old Katy Road
Houston, TX 77055

} NOW ENVCON

Section 31: N/2NE/4----Perry R. Bass, Trustee,
(State of NM E-5231) Sid R. Bass, Inc.,
Thru Line, Inc.,
Robert M. Bass Group, Inc.,
Lee M. Bass, Inc.,
Keystone, Inc.
First City Bank Tower
201 Main Street
Fort Worth, TX 76102

Section 32: NW/4NW/4---Exxon Corporation (Exxon granted a Lease
(State of NM V-1618) P.O. Box 2305 Operating Agreement dated
Houston, TX 77252 9-25-92 to Meridian Oil, Inc.
and for a 5 year term.)
Meridian Oil, Inc.
P.O. Box 51810

Attachment #3
pg 2/2

You indicated in your letter that Hallwood operates the offsetting tract within Section 30. The above names and addresses should provide you with the information necessary to contact the other offsetting operators. If you have any questions or if I can be of further assistance, please advise.

Sincerely;

Randall R. Fort, C.P.L.

Hallwood Energy Companies

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

CERTIFIED - RETURN RECEIPT

January 31, 1994

Attachment # 4
Pg 1 of 7

Meridian Oil, Inc.
P.O. Box 51910
Midland, TX 79710-1810

RE: **Waiver Request - Non-Standard Location**
Section 30-T20S-R33E, Lea County, NM
Hallwood Petroleum-Bass Federal #2
Hat Mesa Delaware Field

Gentlemen:

At the request of the State of New Mexico and as a requirement under Rule 104.F.IV. Hallwood Petroleum Inc. is notifying you, as an offset operator of our plans to seek administrative approval for a non-standard location for the subject well. The spot location for this well is at 660' FSL and 1300' FEL (Unit P) and the 40 acre spacing unit to be assigned to this well will be the SE SE of Section 30, Unit P. Our records indicate Meridian is the operator to the southeast of this well with operations in the N/2 of Section 32-T20S-R33E.

Hallwood initiated a Lower Delaware (Brushy Canyon) recompletion in the second half of 1993 and obtained commercial production. Prior to proceeding with an Upper Delaware test we are trying to obtain the Non-Standard Location Approval and production allowable for this well which is to be added to the Hat Mesa Delaware Field. Supporting documentation of this is attached for you information. You will also note that the location of this old Morrow wellbore does not encroach on your acreage but "crowds" Hallwood's own acreage, being the SW SE of Section 30-T20S-R33E.

Thank you for your cooperation on this matter. If you have any questions please contact me at (303) 850-6303 or 1-800-382-4833. If you have no objection to this please sign and return the attached form in the stamped self-addressed envelope.

Sincerely,

HALLWOOD PETROLEUM, INC.

Kevin E. O'Connell

Kevin E. O'Connell
Drilling and Production Manager

P 134 371 384



Receipt for Certified Mail

No Insurance Coverage Provided
Do not use for International Mail
(See Reverse)

Sent to	
Meridian Oil, Inc.	
Street and No.	
P.O. Box 51910	
P.O. State and ZIP Code	
Midland, TX 79710-1810	
Postage	\$ 1.21
Certified Fee	1.00
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	3.21
Postmark or Date	

<p>SENDER:</p> <ul style="list-style-type: none"> • 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 will show to whom the article was delivered and the date delivered. 	<p>I also wish to receive the following services (for an extra fee):</p> <p>1. <input type="checkbox"/> Addressee's Address</p> <p>2. <input type="checkbox"/> Restricted Delivery</p> <p>Consult postmaster for fee.</p>
	<p>3. Article Addressed to:</p> <p>Meridian Oil, Inc. P.O. Box 51910 Midland, TX 79710-1810</p>
<p>5. Signature (Addressee)</p>	<p>7. Date of Delivery</p> <p>2-4-94</p>
<p>6. Signature (Agent)</p> <p><i>Kevin E. O'Connell</i></p>	<p>8. Addressee's Address (Only if requested and fee is paid)</p>

PS Form 3811, December 1991 * U.S.G.P.O.: 1992-307-530

DOMESTIC RETURN RECEIPT

Thank you for using Return Receipt Service.

PS Form 3800, June 1991

19 2/7

WAIVER

WE THE UNDERSIGNED WAIVE ANY OBJECTIONS TO HALLWOOD PETROLEUM, INC.'S APPLICATION FOR A NON-STANDARD WELL LOCATION IN THE SE SE OF SECTION 30-T20S-R33E, LEA COUNTY, NEW MEXICO. THE HALLWOOD PETROLEUM OPERATED - BASS FEDERAL #2 IS THE SUBJECT WELL FOR THIS WAIVER AND IS TO BE INCLUDED IN THE HAT MESA DELAWARE POOL.

NAME _____

TITLE _____

COMPANY _____

DATE _____

Hallwood Energy Companies

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

pg 3/7

CERTIFIED - RETURN RECEIPT

February 9, 1994

Perry R. Bass, Trustee,
 Sid R. Bass, Inc.,
 Thru Line, Inc.,
 Robert M. Bass Group, Inc.,
 Lee M. Bass, Inc.,
 Keystone, Inc.
 First City Bank Tower
 201 Main Street
 Fort Worth, TX 76102

**RE: Waiver Request - Non-Standard Location
 Section 30-T20S-R33E, Lea County, NM
 Hallwood Petroleum-Bass Federal #2
 Hat Mesa Delaware Field**

Gentlemen:

At the request of the State of New Mexico and as a requirement under Rule 104.F.IV. Hallwood Petroleum Inc. is notifying you, as an offset operator of our plans to seek administrative approval for a non-standard location for the subject well. The spot location for this well is at 660' FSL and 1300' FEL (Unit P) and the 40 acre spacing unit to be assigned to this well will be the SE SE of Section 30, Unit P. Our records indicate Perry R. Bass, Trustee et al is the operator to the south of this well with operations in the N/2 NE/4 of Section 31-T20S-R33E, Lease State of NM-E-5231.

Hallwood initiated a Lower Delaware (Brushy Canyon) recompletion in the second half of 1993 and obtained commercial production. Prior to proceeding with an Upper Delaware test we are trying to obtain the Non-Standard Location Approval and production allowable for this well which is to be added to the Hat Mesa Delaware Field. Supporting documentation of this is attached for you information. You will also note that the location of this old Morrow wellbore does not encroach on your acreage but "crowds" Hallwood's own acreage, being the SW SE of Section 30-T20S-R33E.

Thank you for your cooperation on this matter. If you have any questions please contact me at (303) 850-6303 or 1-800-382-4833. If you have no objection to this please sign and return the attached form in the stamped self-addressed envelope.

Sincerely,
 HALLWOOD PETROLEUM, INC.



Kevin E. O'Connell
 Drilling and Production Manager

Attachments

P 134 371 391



Receipt for Certified Mail

No Insurance Coverage Provided
 Do not use for International Mail
 (See Reverse)

Sent to First City Bank Tower	
Street and No 201 Main Street	
P.O. State and ZIP Code Fort Worth, TX 76102	
Postage	\$ 1.21
Certified Fee	1.00
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	1.00
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$ 3.21
Postmark or Date	1994

K. O'Connell
PS Form 3800, June 1991

Thank you for using Return Receipt Service.

<p>SENDER:</p> <ul style="list-style-type: none"> • 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 will show to whom the article was delivered and the date delivered. 	<p>I also wish to receive the following services (for an extra fee):</p> <p>1. <input type="checkbox"/> Addressee's Address</p> <p>2. <input type="checkbox"/> Restricted Delivery</p> <p>Consult postmaster for fee.</p>
	<p>3. Article Addressed to:</p> <p>Perry R. Bass, Trustee et al First City Bank Tower 201 Main Street Fort Worth, TX 76102</p>
<p>5. Signature (Addressee)</p> <p>6. Signature (Agent)</p>	<p>7. Date of Delivery FEB 15 1994</p> <p>8. Addressee's Address (Only if requested and fee is paid)</p>

Hallwood Energy Companies

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

pg 4/7

CERTIFIED - RETURN RECEIPT

February 9, 1994

Exxon Corporation
P.O. Box 2305
Houston, TX 77252

RE: **Waiver Request - Non-Standard Location**
Section 30-T20S-R33E, Lea County, NM
Hallwood Petroleum-Bass Federal #2
Hat Mesa Delaware Field

Gentlemen:

At the request of the State of New Mexico and as a requirement under Rule 104.F.IV. Hallwood Petroleum Inc. is notifying you, as an offset operator of our plans to seek administrative approval for a non-standard location for the subject well. The spot location for this well is at 660' FSL and 1300' FEL (Unit P) and the 40 acre spacing unit to be assigned to this well will be the SE SE of Section 30, Unit P. Our records indicate that Exxon granted a Lease Operating Agreement to Meridian with operations in the N/2 of Section 32-T20S-R33E, Lease State of NM-V-1618. A copy of this letter has also been forwarded to Meridian Oil.

Hallwood initiated a Lower Delaware (Brushy Canyon) recompletion in the second half of 1993 and obtained commercial production. Prior to proceeding with an Upper Delaware test we are trying to obtain the Non-Standard Location Approval and production allowable for this well which is to be added to the Hat Mesa Delaware Field. Supporting documentation of this is attached for you information. You will also note that the location of this old Morrow wellbore does not encroach on your acreage but "crowds" Hallwood's own acreage, being the SW SE of Section 30-T20S-R33E.

Thank you for your cooperation on this matter. If you have any questions please contact me at (303) 850-6303 or 1-800-382-4833. If you have no objection to this please sign and return the attached form in the stamped self-addressed envelope.

Sincerely,

HALLWOOD PETROLEUM, INC.

Kevin E. O'Connell
Kevin E. O'Connell
Drilling and Production Manager

Attachments

P 134 371 393



Receipt for Certified Mail

No Insurance Coverage Provided
Do not use for International Mail
(See Reverse)

Sent to Exxon Corporation	
Street and No. F.O. Box 2305	
P.O. State and ZIP Code Houston, TX 77252	
Postage	\$ 1.21
Certified Fee	1.00
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	1.00
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	10 \$ 3.21
Postmark or Date	1994

K. O'Connell
PS Form 3800, June 1991

Thank you for using Return Receipt Service.

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 will show to whom the article was delivered and the date delivered.		I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.	
3. Article Addressed to: Exxon Corporation P.O. Box 2305 Houston, TX 77252		4a. Article Number P 134 371 393	
		4b. Service Type <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise	
		7. Date of Delivery FEB 14 1994	
5. Signature (Addressee)		8. Addressee's Address (Only if requested and fee is paid)	
6. Signature (Agent) <i>[Signature]</i>			

is your RETURN ADDRESS completed on the reverse side?

Hallwood Energy Companies

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

Pg 5/7

CERTIFIED - RETURN RECEIPT

February 22, 1994

Enron Oil & Gas Company
 1400 Smith
 Houston, TX 77002

RE: **Waiver Request - Non-Standard Location
 Section 30-T20S-R33E, Lea County, NM
 Hallwood Petroleum-Bass Federal #2
 Hat Mesa Delaware Field**

Gentlemen:

At the request of the State of New Mexico and as a requirement under Rule 104.F.IV. Hallwood Petroleum Inc. is notifying you, as an offset operator of our plans to seek administrative approval for a non-standard location for the subject well. The spot location for this well is at 660' FSL and 1300' FEL (Unit P) and the 40 acre spacing unit to be assigned to this well will be the SE SE of Section 30, Unit P. Our records indicate Enron Oil & Gas Company is the operator to the east of this well with operations in the W/2 SW/4 of Section 29-T20S-R33E, Lease USA NM-16640A.

Hallwood initiated a Lower Delaware (Brushy Canyon) recompletion in the second half of 1993 and obtained commercial production. Prior to proceeding with an Upper Delaware test we are trying to obtain the Non-Standard Location Approval and production allowable for this well which is to be added to the Hat Mesa Delaware Field. Supporting documentation of this is attached for you information. You will also note that the location of this old Morrow wellbore does not encroach on your acreage but "crowds" Hallwood's own acreage, being the SW SE of Section 30-T20S-R33E.

Thank you for your cooperation on this matter. If you have any questions please contact me at (303) 850-6303 or 1-800-382-4833. If you have no objection to this please sign and return the attached form in the stamped self-addressed envelope.

Sincerely,

HALLWOOD PETROLEUM, INC.

Kevin E. O'Connell
 Kevin E. O'Connell
 Drilling and Production Manager
 Rockies & Mid-Continent District

P 134 371 405



Receipt for Certified Mail

No Insurance Coverage Provided
 Do not use for International Mail
 (See Reverse)

Sent to Enron Oil & Gas Company	
Street and No. 1400 Smith	
P.O., State and ZIP Code Houston, TX 77002	
Postage	\$ 1.21
Certified Fee	1.00
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt & Shipping to Addressee	1.00
Return Receipt Showing to Whom Delivered and Addressee's Address	
Postage	\$ 3.21
Postmark or Date	

K. O'Connell

PS Form 3800, June 1991

Thank you for using Return Receipt Service.

<p>SENDER:</p> <ul style="list-style-type: none"> • 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 will show to whom the article was delivered and the date delivered. 	<p>I also wish to receive the following services (for an extra fee):</p> <p>1. <input type="checkbox"/> Addressee's Address</p> <p>2. <input type="checkbox"/> Restricted Delivery</p> <p>Consult postmaster for fee.</p>
	<p>3. Article Addressed to:</p> <p>Enron Oil & Gas Company 1400 Smith Houston, TX 77002</p>
<p>5. Signature (Addressee)</p>	<p>7. Date of Delivery</p> <p>2/22/94</p>
<p>6. Signature (Agent)</p>	<p>8. Addressee's Address (Only if requested and fee is paid)</p>

Hallwood Energy Companies

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

1/96/7

CERTIFIED - RETURN RECEIPT

February 9, 1994

Belco Petroleum North America, Inc.
1000 Old Katy Road
Houston, TX 77055

RE: **Waiver Request - Non-Standard Location**
Section 30-T20S-R33E, Lea County, NM
Hallwood Petroleum-Bass Federal #2
Hat Mesa Delaware Field

Gentlemen:

At the request of the State of New Mexico and as a requirement under Rule 104.F.IV. Hallwood Petroleum Inc. is notifying you, as an offset operator of our plans to seek administrative approval for a non-standard location for the subject well. The spot location for this well is at 660' FSL and 1300' FEL (Unit P) and the 40 acre spacing unit to be assigned to this well will be the SE SE of Section 30, Unit P. Our records indicate Belco Petroleum North America, Inc. is the operator to the east of this well with operations in the W/2 SW/4 of Section 29-T20S-R33E, Lease USA NM-16640A.

Hallwood initiated a Lower Delaware (Brushy Canyon) recompletion in the second half of 1993 and obtained commercial production. Prior to proceeding with an Upper Delaware test we are trying to obtain the Non-Standard Location Approval and production allowable for this well which is to be added to the Hat Mesa Delaware Field. Supporting documentation of this is attached for you information. You will also note that the location of this old Morrow wellbore does not encroach on your acreage but "crowds" Hallwood's own acreage, being the SW SE of Section 30-T20S-R33E.

Thank you for your cooperation on this matter. If you have any questions please contact me at (303) 850-6303 or 1-800-382-4833. If you have no objection to this please sign and return the attached form in the stamped self-addressed envelope.

Sincerely,

HALLWOOD PETROLEUM, INC.

Kevin E. O'Connell
Kevin E. O'Connell
Drilling and Production Manager

Attachments

KEOV195.pp

P 134 371 392



Receipt for Certified Mail

No Insurance Coverage Provided
Do not use for International Mail
(See Reverse)

K. O'Connell
PS Form 3800, June 1991

Sent to	
Belco Petroleum	
Street and No.	
1000 Katy Road	
P. O., State and ZIP Code	
Houston, TX 77055	
Postage	\$ 1.21
Certified Fee	1.00
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	1.00
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$ 3.21
Postmark	FEB 9 1994

Kevin -
Belco merged into
Enron - who did not
convey this acreage to
us ... perhaps they
intended to. Nonetheless,
their address:

Enron Oil & Gas Company
1400 Smith ~~Road~~
Houston, TX. 77002

Chris 2/17/94

Energy Companies
Ord Place III • Suite 1700 • Post Office Box 378
80237 • (303) 850-7373

Standard Location
County, NM
Federal #2

of New Mexico and as a
Petroleum Inc. is notif
to seek administrative
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Section 29-T20S-R33E, L

HALLWOOD initiated a Lower Delaware (Brushy Canyon) rec
the second half of 1993 and obtained commercial produc
to proceeding with an Upper Delaware test we are tryi
the Non-Standard Location Approval and production a
this well which is to be added to the Hat Mesa Del
Supporting documentation of this is attached for you
You will also note that the location of this old Mor
does not encroach on your acreage but "crowds" Ha
acreage, being the SW SE of Section 30-T20S-R33E.

Thank you for your cooperation on this matter. If
questions please contact me at (303) 850-6303 or 1-
If you have no objection to this please sign an
attached form in the stamped self-addressed envelope

Sincerely,

HALLWOOD PETROLEUM, INC.

Kevin E. O'Connell
Drilling and Production Manager
Rockies & Mid-Continent District

Attachments

MERIDIAN OIL

Attachment #5

pg 1/2

March 2, 1994

RECEIVED
MAR 7 1994
KANSAS REGION

Mr. Kevin C. O'Connell
Drilling and Production Manager
Hallwood Energy Companies
P. O. Box 378111
Denver, Colorado 80237

Re: Waiver Request
Section 30, T-20-S, R-33-E
Lea County, New Mexico
Hallwood Petroleum-Bass Federal #2
Hat Mesa Delaware Field
NM35816

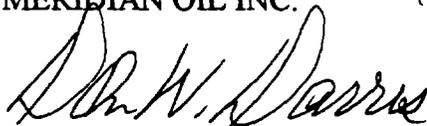
Dear Mr. O'Connell:

Reference is made to your letter dated January 31, 1994. Attached, please find one executed original of a WAIVER concerning the non-standard location for your Hallwood Petroleum-Bass Federal #2 well.

If anything additional is needed concerning this matter, please contact the undersigned.

Very truly yours,

MERIDIAN OIL INC.



Don W. Davis
Area Landman

DWD/cs
Encl.

cc: Dennis Maiorino
Rich Smiley

WAIVER

WE THE UNDERSIGNED WAIVE ANY OBJECTIONS TO HALLWOOD PETROLEUM, INC.'S APPLICATION FOR A NON-STANDARD WELL LOCATION IN THE SE SE OF SECTION 30-T20S-R33E, LEA COUNTY, NEW MEXICO. THE HALLWOOD PETROLEUM OPERATED - BASS FEDERAL #2 IS THE SUBJECT WELL FOR THIS WAIVER AND IS TO BE INCLUDED IN THE HAT MESA DELAWARE POOL.

NAME Don W. Darrin
TITLE Area Landman
COMPANY Meridian Oil Inc.
DATE 3-1-94

RWD
2/25/94

STATE/FEDERAL
OR
STATE/FEDERAL/FEE
REV. 2/92

COMMUNITIZATION AGREEMENT

Contract No. _____

THIS AGREEMENT, entered into as of the date shown in Section 10 hereof by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto,"

W I T N E S S E T H:

WHEREAS, the Act of February 25, 1920, 41 Stat. 437, as amended and supplemented, authorizes communitization or drilling agreements communitizing or pooling a federal oil and gas lease, or any portions thereof, with other lands, whether or not owned by the United States, when separate tracts under such federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area, and such communitization or pooling is determined to be in the public interest; and,

WHEREAS, the Commissioner of Public Lands of the State of New Mexico, herein called "the Commissioner", is authorized to consent to and approve agreements pooling state oil and gas leases or any portion thereof, when separate tracts under such state leases cannot be independently developed and operated economically in conformity with well-spacing and gas proration rules and regulations established for the field or area and such pooling is determined to be in the public interest; and,

WHEREAS, the parties hereto own working, royalty, or other leasehold interests, or operating rights under the oil and gas leases and land subject to this agreement which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and,

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing communitized substances in accordance with the terms and conditions of the agreement;

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. The lands covered by this agreement (hereinafter referred to as "communitized area") are described as follows:

Township 20 South, Range 33 East, N.M.P.M.

Section 30

Lea County, New Mexico

containing 80 acres, more or less, and this agreement shall include only the Delaware formation underlying said lands and the Crude oil & assoc. natural gas (hereinafter referred to as "communitized substances") producible from such formation.

2. Attached hereto, and made a part of this agreement for all purposes, is Exhibit "B" designating the operator of the communitized area and

showing the acreage, percentage, and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.

3. All matters of operation shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area and three (3) executed copies of a designation of successor operator shall be filed with the Authorized Officer and three (3) additional executed copies thereof shall be filed with the Commissioner.
4. Operator shall furnish the Secretary of the Interior, or his authorized representative, and the Commissioner, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties, and such other reports as are deemed necessary to compute monthly the royalty due the United States and the State of New Mexico, as specified in the applicable oil and gas operating regulations.
5. The communitized area shall be developed and operated as an entirety with the understanding and agreement between the parties hereto that all communitized substances produced therefrom shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of leasehold bears to the entire acreage interest committed to this agreement.
6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any federal lease bearing a sliding-or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any noncommunitized lease production, provided, however, as to leases where the rate of royalty for gas is based on total lease production per day such rate shall be determined by the sum of all communitized production allocated to such a lease plus any noncommunitized lease production.
7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.
8. The commencement, completion, continued operation or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation or production on each and all of the lands

within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.

9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules, and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or is such failure results from, compliance with any such laws, orders, rules or regulations.
10. The date of this agreement is September 29, 1993,
(Month) (day) (year),
and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution of the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of Interior, or his duly authorized representative, and by the Commissioner or his duly authorized representative, and shall remain in force and effect for a period of two (2) years and so long thereafter as communitized substances are produced or can be produced from the communitized area in paying quantities; provided, that the two-year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period; provided further that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of Interior, or his duly authorized representative, and all requirements of the Commissioner, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of the capability of production if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted and prosecuted with reasonable diligence. As to lands owned by the State of New Mexico, written notice of intention to commence such operations shall be filed with the Commissioner within thirty (30) days after the cessation of such capability of production, and a report of the status of such operations shall be made by the Operator to the Commissioner every thirty (30) days, and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to any lease from the State of New Mexico included in this agreement.
11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interest until this agreement terminates, and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal lands shall be subject to approval by the Secretary of the Interior, and as to State of New Mexico lands shall be subject to approval by the Commissioner.
12. It is agreed by the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all operations within the communitized area to the same extent and degree as provided in the oil and gas

leases under which the United States of America is lessor, and in the applicable oil and gas operating regulations of the Department of the Interior. It is further agreed between the parties hereto that the Commissioner shall have the right of supervision over all operations to the same extent and degree as provided in the oil and gas leases under which the State of New Mexico is lessor and in the applicable oil and gas statutes and regulations of the State of New Mexico.

13. The agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.
14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.
15. Nondiscrimination: In connection with the performance of work under this agreement, the Operator agrees to comply with all of the provisions of Section 202 (1) to (7) inclusive, of Executive Order 11246 (30 F. R. 12319), as amended which are hereby incorporated by reference in this agreement.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first written and have set opposite their respective names the date of execution.

(SEE SIGNATURE PAGE ATTACHED)

DATE: _____

BY: _____

ATTEST:

BY: _____

DATE: _____

TITLE: _____

Signature Page

Attached to and made a part of Communitization Agreement dated September 29, 1993, covering (S/2SE/4) of Section 30, Township 20 South, Range 33 East, N.M.P.M., Lea County New Mexico

(OPERATOR)

ATTEST:

HALLWOOD PETROLEUM, INC.

Diane M. Blieszner
By: Diane M. Blieszner
Assistant Secretary

Cathleen M. Osborn
By: Cathleen M. Osborn *DMB*
Vice President

(RECORD TITLE OWNER)

ATTEST:

TEXACO, INC.

By: _____

By: _____

(WORKING INTEREST OWNER)

ATTEST:

BASS ENTERPRISE PRODUCTION CO.

By: _____

By: _____

ATTEST:

HALLWOOD CONSOLIDATED PARTNERS, L.P.
BY HALLWOOD CONSOLIDATED RESOURCES CORPORATION

Diane M. Blieszner
By: Diane M. Blieszner
Assistant Secretary

Cathleen M. Osborn
By: Cathleen M. Osborn *DMB*
Vice President

WITNESS:

Doty J. TerBush
Sheldon K. Beren

Robert M. Beren

WITNESS:

Sheldon K. Beren

Signature Page

Attached to and made a part of Communitization Agreement dated September 29, 1993, covering (S/2SE/4) of Section 30, Township 20 South, Range 33 East, N.M.P.M., Lea County New Mexico

(OPERATOR)

ATTEST:

HALLWOOD PETROLEUM, INC.

Diane M. Blieszner
By: Diane M. Blieszner
Assistant Secretary

Cathleen M. Osborn
By: Cathleen M. Osborn *and*
Vice President

(RECORD TITLE OWNER)

ATTEST:

TEXACO, INC.

By: _____

By: _____

(WORKING INTEREST OWNER)

ATTEST:

BASS ENTERPRISE PRODUCTION CO.

By: _____

By: _____

ATTEST:

HALLWOOD CONSOLIDATED PARTNERS, L.P.
BY HALLWOOD CONSOLIDATED RESOURCES CORPORATION

Diane M. Blieszner
By: Diane M. Blieszner
Assistant Secretary

Cathleen M. Osborn
By: Cathleen M. Osborn *and*
Vice President

WITNESS:

Robert M. Beren

WITNESS:

Sheldon K. Beren

ATTEST:

ELLIOT OIL COMPANY

By: _____

By: _____

WITNESS:

Therese Gadomski

ATTEST:

G. Oil L. P.

By: _____

By: _____

ATTEST:

Frits Oil L. P.

By: _____

By: _____

ATTEST:

Texaco Exploration

By: _____

By: _____

ATTEST:

Southwest Royalties, Inc.

By: _____

By: _____

ATTEST:

Mid-Continent Energy, Inc.

By: _____

By: _____

ATTEST:

EM Nominee Partnership Company
By: ~~Hickwood G.P., Inc.~~ GENERAL PARTNER

D M Bleszner
By: Diana M. Bleszner
Assistant Secretary

Cathleen M Osborn
By: Cathleen M. Osborn *AMB*
Vice President

ACKNOWLEDGEMENTS

STATE OF COLORADO)
) ss.
CITY AND COUNTY OF DENVER)

On the 8th day of March, 1994, personally appear before me, Cathleen M. Osborn, who, being by me dully sworn, did say that she is the Vice-President of Hallwood Petroleum, Inc., and that said instrument was signed on behalf of said corporation by authority of a resolution of its Board of Directors and said Cathleen M. Osborn acknowledged to me that said corporation executed the same.

Cindy P. Rodriguez
Notary Public

My Commission expires:
7/30/96

STATE OF)
) ss. (Texaco)
COUNTY OF)

On the _____ day of _____, 1994, personally appear before me, _____, who, being by me dully sworn, did say that he is the _____ of _____, and that said instrument was signed on behalf of said corporation by authority of a resolution of its Board of Directors and said _____ acknowledged to me that said corporation executed the same.

In Witness whereof, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

Notary Public

My Commission expires:

STATE OF)
)
COUNTY OF)

ss. (Bass Enterprise Production Co.)

On the _____ day of _____, 1994, personally appear before me, _____, who, being by me dully sworn, did say that he is the _____ of _____, and that said instrument was signed on behalf of said corporation by authority of a resolution of its Board of Directors and said _____ acknowledged to me that said corporation executed the same.

In Witness whereof, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

Notary Public

My Commission expires:

STATE OF COLORADO)
) ss.
CITY AND COUNTY OF DENVER)

On the 8th day of March, 1994, personally appear before me, Cathleen M. Osborn, who, being by me dully sworn, did say that she is the Vice-President of Hallwood Consolidated Resources Corporation, general partner of Hallwood Consolidated Partners, L.P., and that said instrument was signed on behalf of said corporation by authority of a resolution of its Board of Directors and said Cathleen M. Osborn acknowledged to me that said corporation executed the same.

Carly P. Rodriguez
Notary Public

My Commission expires:
7/30/96

STATE OF KANSAS)
) ss.
COUNTY OF SEDGWICK)

(Robert M. Beren)

The foregoing instrument was acknowledged before me this 21st day of March, 1994, by Robert M. Beren

Ladeane M. Reese
Notary Public Ladeane M. Reese

My Commission expires:
March 2, 1997

THE STATE OF _____)
) ss. (G. Oil L.P.)
COUNTY OF _____)

On the _____ day of _____ in the year 19____, before me, _____, a Notary Public of said State, duly commissioned and sworn, personally appeared _____, known to me to be the _____, of the corporation that executed the within instrument on behalf of the corporation therein names, and acknowledged to me that such corporation executed the same.

In Witness whereof, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

My commission expires:

_____ Notary Public

THE STATE OF _____)
) ss. (Frits Oil L.P.)
COUNTY OF _____)

On the _____ day of _____ in the year 19____, before me, _____, a Notary Public of said State, duly commissioned and sworn, personally appeared _____, known to me to be the _____, of the corporation that executed the within instrument on behalf of the corporation therein names, and acknowledged to me that such corporation executed the same.

In Witness whereof, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

My commission expires:

_____ Notary Public

THE STATE OF _____)
) ss. (Texaco Exploration)
COUNTY OF _____)

On the ____ day of _____ in the year 19__, before me, _____, a Notary Public of said State, duly commissioned and sworn, personally appeared _____, known to me to be the _____, of the corporation that executed the within instrument on behalf of the corporation therein names, and acknowledged to me that such corporation executed the same.

In Witness whereof, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

My commission expires:

_____ Notary Public

THE STATE OF _____)
) ss. (Southwest)
COUNTY OF _____)

On the ____ day of _____ in the year 19__, before me, _____, a Notary Public of said State, duly commissioned and sworn, personally appeared _____, known to me to be the _____, of the corporation that executed the within instrument on behalf of the corporation therein names, and acknowledged to me that such corporation executed the same.

In Witness whereof, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

My commission expires:

_____ Notary Public

THE STATE OF _____)
) ss. (Mid-Continent Energy, Inc.)
COUNTY OF _____)

On the _____ day of _____ in the year 19____, before me, _____, a Notary Public of said State, duly commissioned and sworn, personally appeared _____, known to me to be the _____, of the corporation that executed the within instrument on behalf of the corporation therein names, and acknowledged to me that such corporation executed the same.

In Witness whereof, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

My commission expires:

Notary Public

STATE OF COLORADO)
) ss.
CITY AND COUNTY OF DENVER)

On the 8th day of March, 1994, personally appear before me, Cathleen M. Osborn, who, being by me duly sworn, did say that she is the Vice-President of Hallwood G.P., Inc., general partner of EM Nominee Partnership Company, and that said instrument was signed on behalf of said corporation by authority of a resolution of its Board of Directors and said Cathleen M. Osborn acknowledged to me that said corporation executed the same.

Cathleen M. Osborn
Notary Public / J

My Commission expires:

7/30/96

EXHIBIT "A"

To Communitization Agreement dated September 29, 1993.
Plat of Communitization area covering S $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 30,
Township 20 South, Range 33 East, NMPM, Delaware Formation, Lea
County, New Mexico.

NWSE	NESE
For W.I. SEE EX."B" TRACT NO. 2 40.00 ACRES ST NM L 907-3	For W.I. SEE EX."B" TRACT NO. 1 40.00 ACRES U.S.A. NM 03023-A Bass Fed. #2 Well

NOTE: Said spacing unit comprises 80.00 acres M/L

OPERATOR: Hallwood Petroleum, Inc.

WELL: Bass Federal #2 Well
Located at 1300' FEL X 660' FSL
Sec. 30-T20S-R33E
Lea County, New Mexico

Bass Federal #2 Well

To Communitization Agreement dated September 29, 1993, embracing S $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 30, T 20S R 33E, N.M.P.M., Lea County, New Mexico

OPERATOR of Communitized Area: Hallwood Petroleum, Inc.

DESCRIPTION OF LEASES COMMITTED

TRACT NO. 1

LEASE Serial No.: U.S.A. NM 03023-A

LEASE DATE: May 1, 1952

LEASE TERM: Five years plus extension and as long thereafter.

LESSORS: United States of America

ORIGINAL LESSEE: Howard W. Jennings

PRESENT LESSEE: Texaco Inc. (Record Title)

Description of Land Committed: SE $\frac{1}{4}$ SE $\frac{1}{4}$

Township 20 South, Range 33 East, Section 30

NUMBER OF ACRES: 40.00 gross and 40.00 net acres

BASIC ROYALTY: 12.50%

NAME AND PERCENT OF ORRI OWNERS: Howard W. Jennings 2.00% of
8/8ths and Pauline V. Trigg
1.50% of 8/8ths

NAME AND PERCENT OF W.I. OWNERS:

The working interests listed for the well and spacing unit are pursuant to that Certain Operating Agreement dated April 1, 1974.

BASS ENTERPRISE PRODUCTION CO.	27.83593%
HALLWOOD CONSOLIDATED PARTNERS, L.P.	25.62800%
Robert M. Beren	0.85427%
Sheldon K. Beren	0.85427%
ELLIOT OIL COMPANY	0.43829%
Therese Gadomski	0.34171%

G. Oil L. P.	0.68342%
Frits Oil L. P.	0.68342%
Texaco Exploration	14.92363%
Southwest Royalties, Inc.	1.37869%
Mid-Continent Energy, Inc.	0.75035%
EM Nominee Partnership Company	25.62802%

TRACT NO. 2

LEASE SERIAL No.: ST NM L 907-3

LEASE DATE: May 21, 1968

LEASE TERM: Five years plus extension and as long thereafter.

LESSORS: State of New Mexico

Lessee on effective date of Agreement if different from present lessee: N/A.

PRESENT LESSEE: Hallwood Consolidated Partners, L.P.
 EM Nominee Partnership Company
 G Oil L.P.
 Fritz Oil L.P.
 Therese Gadomski
 Robert M. Beren
 Sheldon K. Beren

Description of Land Committed: SW $\frac{1}{4}$ SE $\frac{1}{4}$ Township 20 South, Range 33 East, Section 30

NUMBER OF ACRES: 40.00 gross and 40.00 net acres

POOLING Clause: No

BASIC ROYALTY: 12.50%

NAME AND PERCENT OF ORRI OWNERS: Sol WEST III 4/5 of 5.00% and
Michael Shearn 1/5 of 5.00%

NAME AND PERCENT OF W.I. OWNERS:

The working interests listed for the well and spacing unit are pursuant to that Certain Operating Agreement dated April 1, 1974.

BASS ENTERPRISE PRODUCTION CO.	27.83593%
HALLWOOD CONSOLIDATED PARTNERS, L.P.	25.62800%
Robert M. Beren	0.85427%
Sheldon K. Beren	0.85427%
ELLIOT OIL COMPANY	0.43829%
Therese Gadomski	0.34171%
G. Oil L. P.	0.68342%
Frits Oil L. P.	0.68342%
Texaco Exploration	14.92363%
Southwest Royalties, Inc.	1.37869%
Mid-Continent Energy, Inc.	0.75035%
EM Nominee Partnership Company	25.62802%

Pooling Provisions:

RECAPITULATION

<u>TRACT NO.</u>	<u>NO. OF ACRES COMMITTED</u>	<u>PERCENTAGE OF INTEREST IN COMMUNITIZED AREA</u>
1	40.00	50.00%
2	40.00	50.00%
	<u>80.00</u>	<u>100.00%</u>