

*Hallwood Exhibits 1 and 2
Complete Set*

STATE OF NEW MEXICO

Oil Conservation Division

*February 27, 1992 Hearing
for
Prorated Gas Allowables For
April 1992 - September 1992*

FEBRUARY 27 1992	
OIL CONSERVATION DIVISION	
STATE OF NEW MEXICO	
Case No. <i>10450</i>	<i>1</i>
Produced by <i>HALLWOOD</i>	
Hearing Date <i>2/27/92</i>	

Summary Comments and Exhibits

By

Hallwood Petroleum, Inc.

CATCLAW DRAW UNIT #1Y AND #13
Proration Unit
Catclaw Draw (Morrow) Field

- This proration unit currently meets the requirements for reclassification to a marginal unit.
- This proration unit was last in a zero over-under status in April 1989. The unit was overproduced as much as 226,500 MCF since then, but has "worked off" all overproduction and went into an underproduced status in October 1991.
- This proration unit's production is now less than assigned monthly allowables.
- Due to higher F1 factors this proration unit is now 396,191 MCF underproduced as of 3/1/92.
- This proration unit is a good example of the positive effect of raising field allowables, as the proration unit is now producing at full capacity (unrestricted rates average 1166 MCFD) where as previously, (1/90 to 3/91) production time only averaged 44%. This has increased total revenue to the working interest owners and the state.

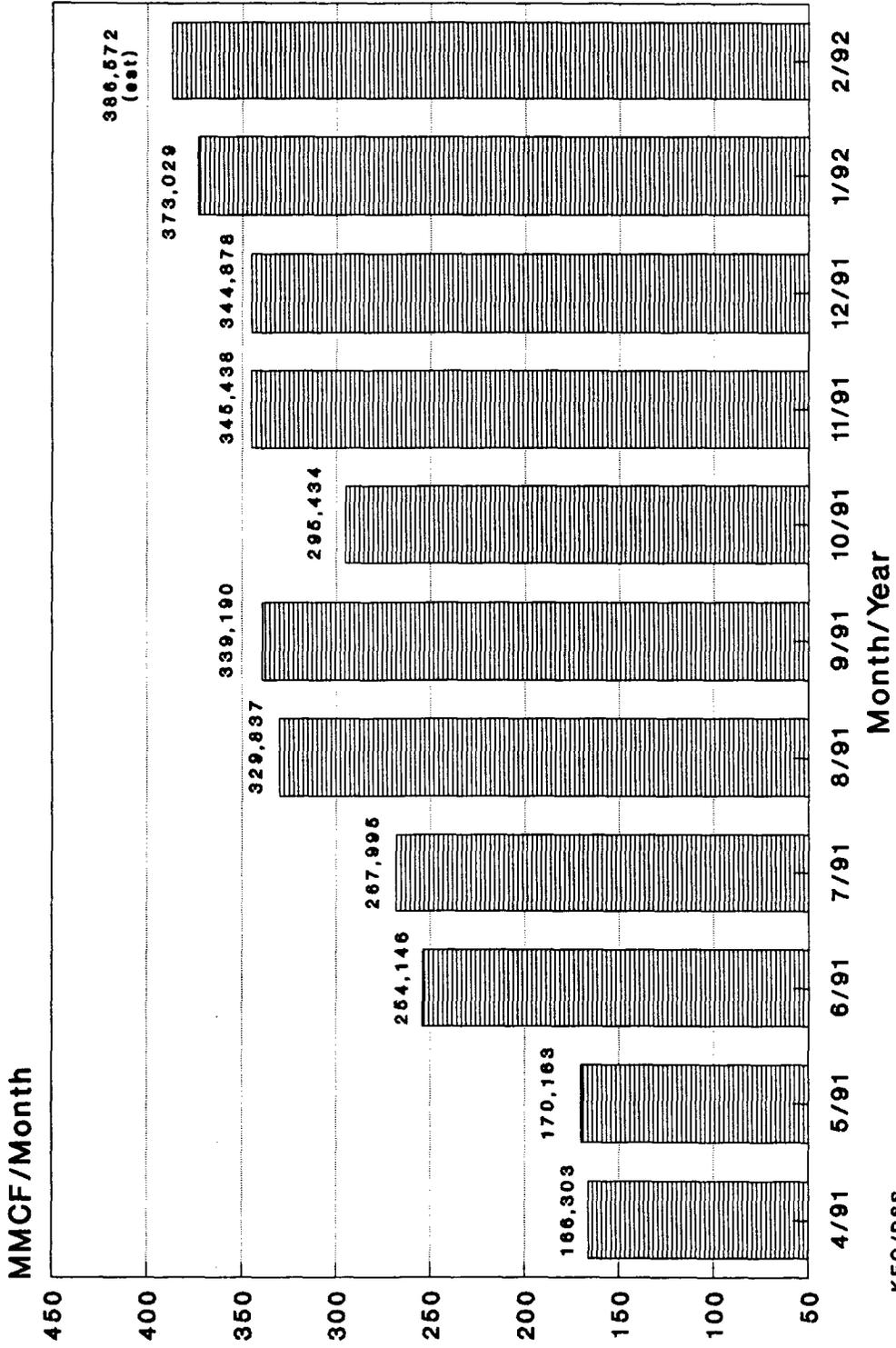
CATCLAW DRAW (MORROW) FIELD
Comparison of Preliminary Allowable Estimate

	OCD No's <u>MCF/Month</u>	Hallwood No's <u>MCF/Month</u>
(1) Average Monthly Pool Sales, 4/91 - 9/91	179,266	254,604
(2) Total Nominations	-	383,500 (Ave)
(3) Adjustments	242,634	174,183
(4) Monthly Pool Allowable, 4/92 - 9/92	421,900	428,787
(5) Monthly Marginal Pool Allowable, 10/91 - 12/91	152,800	279,020
(6) Monthly Non-Marginal Pool Allowable, 4/92 - 9/92	269,100	149,767
(7) Number of Non-marginal Acreage Factors	2.99 (Incorrect)	1.00 (CCD #9)
(8) Monthly Acreage Factor (F1) 4/92 - 9/92	90,000	149,767

from e-111 (not e-110)

*127,000 now (high demand)
4.2 mcf/day*

Recent Total Field Production Catclaw Draw (Morrow) Field



KEO/DSS
CCDPROD.CHT
2/26/92

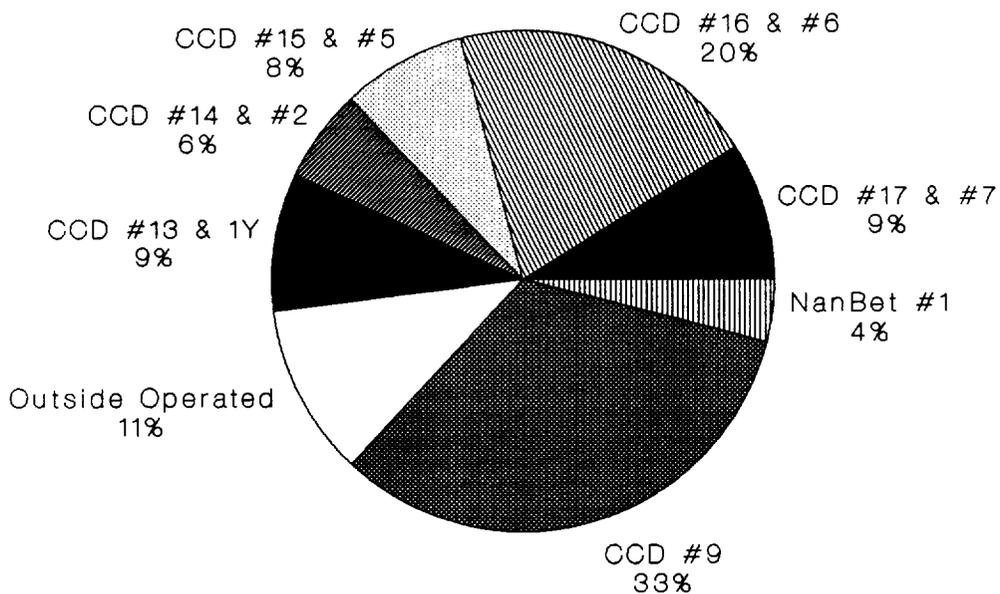
copy to SE

Hallwood Petroleum, Inc. Typical Make-Up of Monthly Gas Sales

Catclaw Draw Morrow Field 4/92 Through 9/92 Period

Hallwood Petroleum, Inc. - Avg Nominations 383,500 MCF/Mo

Other Operators - Average Sales - 45,287 MCF/Mo
.....
428,787 MCF/Mo



**Note: CCD #12 & #4 Proration Unit is Shut-In
(Temporarily Abandoned) therefore 0%.**

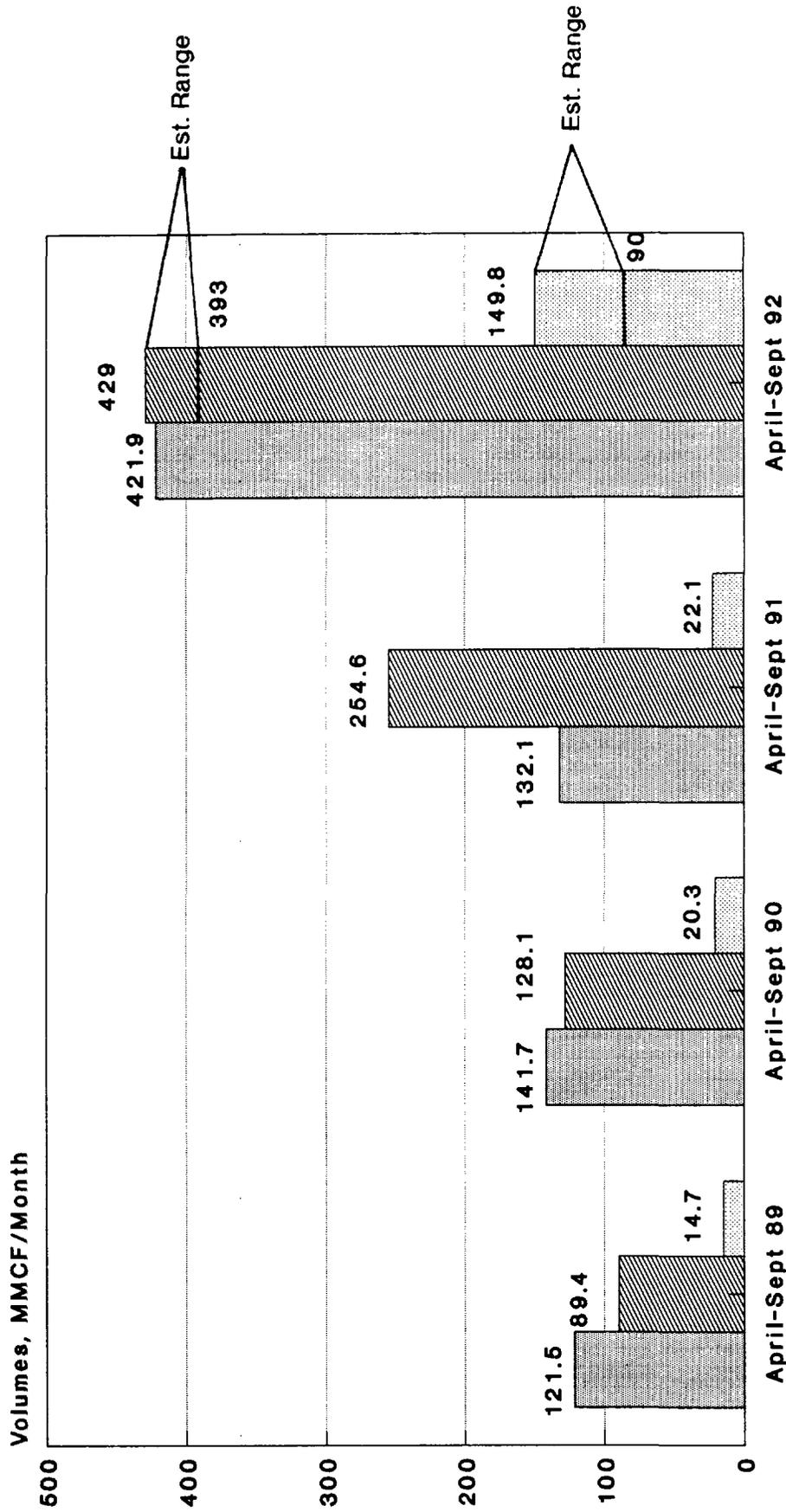
Total number of OPU = 11 or 12

KEO 2/25/92

Catclaw Draw (Morrow) Field

Comparison of Monthly Average

Pool Allowable, Sales & F1 Factor for "Summer" Period



2/26/92
 KEO/DSS
 CCDPOOL.CHT

Hallwood Energy Companies

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

February 24, 1992

State of New Mexico
Oil Conservation Division
Attn: Larry VanRyan
P.O. Box 2088
Land Office Building
Santa Fe, NM 87504-2088

BEFORE THE	
OIL CONSERVATION COMMISSION	
Santa Fe, New Mexico	
Case No. <u>10450</u>	<u>2</u>
Submitted by <u>Hallwood Pet. Inc</u>	
Hearing Date <u>2/27/92</u>	

Re: **Catclaw Draw Morrow Field
Purchaser Gas Nominations
Form C-121-A
April 1992 - September 1992**

Dear Sir:

Attached for your use and records is Hallwood Petroleum's Purchaser Gas Nomination Form (C-121-A) for the upcoming 6-month proration period for Catclaw Draw Morrow Field. This information should be valuable in calculating the field allowables and represents a reasonably accurate volume of gas that Hallwood can and anticipates producing from our wells in the Catclaw Draw Morrow Field over the 6-month "Summer" period of April 1992 through September 1992.

It should also be mentioned that Hallwood is the first purchaser on nine (9) of the thirteen (13) currently pipeline connected wells we operate in Catclaw Draw Morrow Field, and Gas Company of New Mexico is first purchaser on four (4) wells, being:

1. Catclaw Draw Unit #7
2. Catclaw Draw unit Com #16
3. Catclaw Draw Unit Com #17
4. Nan-Bet Com #1

Hallwood is nominating gas for all thirteen (13) connected wells for this period and has discussed this with Gas Company of New Mexico to avoid duplicate reporting by two parties (see Attachment #2).

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Oil Conservation Division
February 24, 1992
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We hope this information is useful in establishing pool allowables that will enable Hallwood and other operators in the field to produce their non-marginal wells at reasonable rates relative to the well's capacity while still allowing the marginal wells to produce at their full capacity. We look forward to the February 27, 1992 hearing. Should you have any questions please call Kevin O'Connell at (303) 850-6303 or 1-800-388-4833.

Sincerely,

HALLWOOD PETROLEUM, INC.



Kevin E. O'Connell
Drilling & Production Supervisor
Western District

KEO:pp

cc: Bruce Bowman
Mike Gregory
Eva Kardas
Gas Company of New Mexico - P.O. Box 26400
Albuquerque, NM 87125
Attn: Paul Mollo
Tom Kellahin - P.O. Box 2265
Santa Fe, NM 87504-2265

KEO#38.pp

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-121-A
Revised 4-1-91

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

PURCHASER'S GAS NOMINATIONS

COMPANY HALLWOOD PETROLEUM, INC.	ADDRESS P.O. Box 378111, Denver, CO 80237
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In accordance with the Rules and Regulations of the Oil Conservation Division of the State of New Mexico, the above named company herewith submits its nominations for the purchase of gas from the Catclaw Draw Morrow (Prorated Gas)

Pool for the month shown below: (insert in appropriate month)

MONTH	YEAR	NOMINATION, MCF
APRIL	1992	390,000
MAY	1992	384,000
JUNE	1992	380,000
JULY	1992	377,000
AUGUST	1992	380,000
SEPTEMBER	1992	390,000
OCTOBER		
NOVEMBER		
DECEMBER		
JANUARY		
FEBRUARY		
MARCH		

NOTE: All Volumes are to be MCF at 15.025 psia and 60° F.



Kevin E. O'Connell - Drilling & Production (303)850-6303
Signature Printed Name & Title Supervisor Date 2/24/92 Telephone No.

FILING INSTRUCTIONS: One copy of this form must be filed with the Santa Fe Office of the Division by the first day of the month during which the nominations are to be considered at public hearing.

ATTACHMENT #2

Nominations from four (4) wells connected to Gas Company of New Mexico. These volumes are included in C-121-A nomination by Hallwood.

<u>Well Name</u>	<u>Daily Rate (MCFD)</u>	<u>Monthly Volume (MCF)</u>
Catclaw Draw Unit #7	330	10,032
Catclaw Draw Unit Com #6	580	17,632
Catclaw Draw Unit Com #17	900	27,360
Nan-Bet Com #1	620	<u>18,848</u>
	TOTAL	73,872 MCF