

39

# Hallwood Energy Companies

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

April 25, 1996

Mr. William LeMay, Director  
State of New Mexico  
Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87504-2088

RECEIVED  
APR 26 1996  
OIL CONSERV. DIV.  
FEL 3

RE: Form C-108, Application for Authorization to Inject  
Hallwood Petroleum, Inc.  
Proposed USA #1 SWD Well  
Unit P, SE SE, 812' FSL x 804' FEL  
Section 24-T32N-R13W  
San Juan County, New Mexico

Dear Mr. LeMay:

This letter is a follow-up to our March 15, 1996 Application for Authorization to Inject on the captioned well. Attachment 1 is an original of the Affidavit of Publication from The Daily Times newspaper, Farmington, New Mexico. Also enclosed are copies of the mailing notices to offset parties; of the eleven (11) notices mailed out seven (7) were delivered (Attachment 2) and four (4) were un-deliverable (Attachment 3).

With regard to Meridian Oil's April 1, 1996 letter (Attachment 4), Hallwood is currently in discussions with Meridian in an effort to reach mutual agreement on this proposed well. We anticipate this taking another 20-30 days to resolve and will contact you at such time.

Please contact me at (303) 850-6303 with any questions or comments you have on this application for injection, or if you need additional information.

Sincerely,

HALLWOOD PETROLEUM, INC.

*Kevin E. O'Connell*

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

KEO/jea

Attachments

Mr. William LeMay, Director  
State of New Mexico  
April 25, 1996  
Page 2

cc: Oil Conservation Division  
Aztec District III Office  
1000 Rio Brazos Road  
Aztec, NM 87410

Meridian Oil  
P. O. Box 4289  
Farmington, NM 87499-4289  
Attn: Van L. Goebel

KEO96.027

# AFFIDAVIT OF PUBLICATION

No. 36042

STATE OF NEW MEXICO

County of San Juan:

**ROBERT LOVETT** being duly sworn says: That he is the Classified Manager of THE DAILY TIMES, a daily newspaper of general circulation published in English at Farmington, said county and state, and that the hereto attached Legal Notice was published in a regular and entire issue of the said DAILY TIMES, a daily newspaper duly qualified for the purpose within the meaning of Chapter 167 of the 1937 Session Laws of the State of New Mexico for publication on the following day(s):

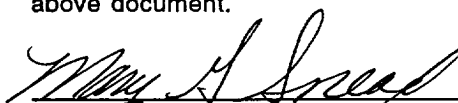
Saturday, March 16, 1996

and the cost of publication is: \$25.93



On 3/20/96 **ROBERT LOVETT**

appeared before me, whom I know personally to be the person who signed the above document.



My Commission Expires March 21, 1998

## COPY OF PUBLICATION



### PROOF OF NOTICE March 13, 1996

Legal Notice: Hallwood Petroleum, Inc. is filing an application for authorization to inject (dispose) of produced water.

- 1) Applicant:  
Hallwood Petroleum Inc.  
P.O. Box 378111  
Denver, CO 80237  
Kevin E. O'Connell  
(303) 850-7373
- 2) The intended purpose of the injection well is to dispose of produced water; with the name and exact location of the well as follows:  
Well Name: USA #1  
812' FSL x 804' FEL  
SE SE, Unit P  
Section 24-T32N-R13W  
San Juan County, New Mexico  
API #30-045-24023
- 3) The formations name and depth: Dakota, Morrison & Bluff, from 6810' to 7800'. Expected maximum injection rate of 1200 BWPD and pressure of 2000 psig.
- 4) Interested parties must file objections or requests for hearing with the Oil Conservation Division, P.O. Box 2088, Santa Fe, NM 87504-2088 within 15 days.

Legal No. 36042 published in The Daily Times, Farmington, New Mexico on Saturday, March 16, 1996.

P 468 649 948

US Postal Service  
**Receipt for Certified Mail**  
No Insurance Coverage Provided.  
Do not use for International Mail (See reverse)

Sent to <b>Frank Schultz, Trustee</b>	
Street & Number <b>500 N. Akard</b>	
Post Office, State, & ZIP Code <b>Dallas, TX 75201</b>	
Postage	\$ <b>2.39</b>
Certified Fee	<b>1.10</b>
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$ <b>3.49</b>
Date	

10, April 1995



0'Connell

USA #1 SWD

USA #1 SWD

Is your RETURN ADDRESS completed on the reverse side?

**SENDER:**

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- 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):

- ☐ Addressee's Address
- ☐ Restricted Delivery

Consult postmaster for fee.

**3. Article Addressed to:**

**Frank Schultz, Trustee  
500 N. Akard  
Dallas, TX 75201**

**4a. Article Number**

**P 468 649 948**

**4b. Service Type**

- |   |   |
|---|---|
| <input type="checkbox"/> Registered                     | <input checked="" type="checkbox"/> Certified |
| <input type="checkbox"/> Express Mail                   | <input type="checkbox"/> Insured              |
| <input type="checkbox"/> Return Receipt for Merchandise | <input type="checkbox"/> COD                  |

**7. Date Received**

**MAR 21 1995**

**5. Received By: (Print Name)**

**6. Signature: (Addressee or Agent)**

**X**

**8. Addressee's Address (Only if requested and fee is paid)**

Thank you for using Return Receipt Service.

P 468 649 953

US Postal Service  
**Receipt for Certified Mail**  
 No Insurance Coverage Provided.  
 Do not use for International Mail (See reverse)

Sent to	
Elizabeth J. Turner Calloway	
Street & Number	
4801 St. Johns	
Post Office, State, & ZIP Code	
Dallas, TX 75205	
Postage	\$ 239
Certified Fee	110
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom Date, & Addressee's Address	
TOTAL Postage & Fees	1998 \$ 5 9
Postmark or Date	USPO

PS Form 3800, April 1995

0'Connell

USA #1 SMD

USA #1 SMD

Is your RETURN ADDRESS completed on the reverse side?

**SENDER:**

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
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I also wish to receive the following services (for an extra fee):

- ☐ Addressee's Address
- ☐ Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Elizabeth J. Turner Calloway  
 4801 St. Johns  
 Dallas, TX 75205

4a. Article Number

P 468 649 953

4b. Service Type

- |   |   |
|---|---|
| <input type="checkbox"/> Registered                     | <input checked="" type="checkbox"/> Certified |
| <input type="checkbox"/> Express Mail                   | <input type="checkbox"/> Insured              |
| <input type="checkbox"/> Return Receipt for Merchandise | <input type="checkbox"/> COD                  |

7. Date of Delivery

3/21/96

5. Received By: (Print Name)

6. Signature of Addressee or Agent

X

*Elizabeth J. Turner Calloway*

8. Addressee's Address (Only if requested and fee is paid)

Domestic Return Receipt

PS Form 3811, December 1994

Thank you for using Return Receipt Service.

2/7

P 468 649 947

US Postal Service

# Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Sent to	
Meridian Oil, Inc.	
Street & Number	
P. O. Box 4289	
Post Office, State, & ZIP Code	
Farmington, NM 87499	
Postage	\$ 2.39
Certified Fee	1.10
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	1.10
Return Receipt Showing to Whom & Date / Addressee's Address	
TOTAL Postage & Fees	4.59
Postmark or Date	1996

PS Form 3800, April 1995

O'Connell

USA #1 SWD

USA #1 SWD

Is your RETURN ADDRESS completed on the reverse side?

## SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- 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):

- ☐ Addressee's Address
- ☐ Restricted Delivery

Consult postmaster for fee.

### 3. Article Addressed to:

Meridian Oil, Inc.  
P. O. Box 4289  
Farmington, NM 87499

### 4a. Article Number

P 468 649 947

### 4b. Service Type

- |   |   |
|---|---|
| <input type="checkbox"/> Registered                     | <input checked="" type="checkbox"/> Certified |
| <input type="checkbox"/> Express Mail                   | <input type="checkbox"/> Insured              |
| <input type="checkbox"/> Return Receipt for Merchandise | <input type="checkbox"/> COD                  |

### 7. Date of Delivery

03-21-96 RB

### 5. Received By: (Print Name)

Judith Dee

### 6. Signature: (Addressee or Agent)

X Judith Dee

### 8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1994

Domestic Return Receipt

Thank you for using Return Receipt Service.

3/7

P 468 649 952

US Postal Service

# Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Sent to Frederick E. Turner	
Street & Number 4925 Greenville Ave.	
Post Office, State, & ZIP Code Dallas, TX 75208	
Postage	\$ 239
Certified Fee	110
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom It Was Delivered	110
Return Receipt Showing to Whom It Was Delivered, Date, & Addressee's Address	
TOTAL Postage & Fees	459
Postmark or Date	

01 Connett

USA #1 SWD

PS Form 3800, April 1995

USA #1 SWD

## SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- 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):

- ☐ Addressee's Address
- ☐ Restricted Delivery

Consult postmaster for fee.

### 3. Article Addressed to:

Frederick E. Turner  
4925 Greenville Ave.  
Dallas, TX 75208

### 4a. Article Number

P 468 649 952

### 4b. Service Type

- |   |   |
|---|---|
| <input type="checkbox"/> Registered                     | <input checked="" type="checkbox"/> Certified |
| <input type="checkbox"/> Express Mail                   | <input type="checkbox"/> Insured              |
| <input type="checkbox"/> Return Receipt for Merchandise | <input type="checkbox"/> COD                  |

### 7. Date of Delivery

3/22/96

### 5. Received By: (Print Name)

Frederick E. Turner

### 8. Addressee's Address (Only if requested and fee is paid)

### 6. Signature: (Addressee or Agent)

X FREDERICK E. TURNER

Is your RETURN ADDRESS completed on the reverse side?

Thank you for using Return Receipt Service.

PS Form 3811, December 1994

Domestic Return Receipt

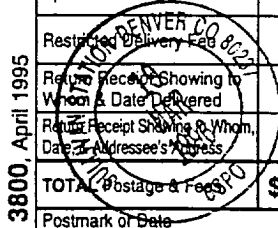
4/7

P 468 649 955

US Postal Service  
**Receipt for Certified Mail**  
 No Insurance Coverage Provided.  
 Do not use for International Mail (*See reverse*)

Sent to <b>M. Trust Corp., NA, Dallas</b>	
Street & Number <b>Box 2320</b>	
Post Office, State, & ZIP Code <b>Dallas, TX 75202</b>	
Postage	\$ <b>239</b>
Certified Fee	<b>110</b>
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	<b>110</b>
Return Receipt Showing to Whom, Date of Addressee's Address	
TOTAL Postage & Fees	\$ <b>459</b>
Postmark or Date	

APR 1995



O'Connell

USA #1 SWD

USA #1 SWD

Is your RETURN ADDRESS completed on the reverse side?

**SENDER:**

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- 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. ☐ Addressee's Address
2. ☐ Restricted Delivery

Consult postmaster for fee.

**3. Article Addressed to:**

**M. Trust Corp., NA, Dallas  
 Trustee for Mary Frances  
 Turner, Jr. Trust  
 Box 2320  
 Dallas, TX 75202**

**4a. Article Number**

**P 468 649 955**

**4b. Service Type**

- |   |   |
|---|---|
| <input type="checkbox"/> Registered                     | <input checked="" type="checkbox"/> Certified |
| <input type="checkbox"/> Express Mail                   | <input type="checkbox"/> Insured              |
| <input type="checkbox"/> Return Receipt for Merchandise | <input type="checkbox"/> COD                  |

**7. Date of Delivery**

**MAR 25 1995**

**5. Received By: (Print Name)**

**6. Signature: (Addressee or Agent)**

**X**

*[Signature]*

**8. Addressee's Address (Only if requested and fee is paid)**

Thank you for using Return Receipt Service.

PS Form 3811, December 1994

Domestic Return Receipt

5/7



P 468 649 946

US Postal Service

# Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Sent to Federal Government  
C/O BLM

Street & Number Farmington Dist Office  
1235 LaPlata Highway

Post Office, State, & ZIP Code  
Farmington, NM 87401

Postage \$ 2.39

Certified Fee 1.10

Special Delivery Fee

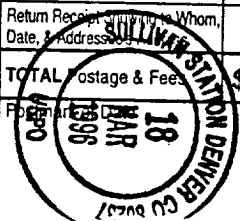
Restricted Delivery Fee

Return Receipt Showing to Whom & Date Delivered 1.10

Return Receipt Showing to Whom, Date, & Address

TOTAL Postage & Fees \$ 4.59

PS Form 3800, April 1995



O'Connell

USA #1 SMD

Is your RETURN ADDRESS completed on the reverse side?

## SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- 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.

USA #1 SWD

I also wish to receive the following services (for an extra fee):

- ☐ Addressee's Address
- ☐ Restricted Delivery

Consult postmaster for fee.

### 3. Article Addressed to:

Federal Government  
C/O Bureau of Land Management  
Farmington District Office  
1235 LaPlata Highway  
Farmington, NM 87401

### 4a. Article Number

P 468 649 946

### 4b. Service Type

- ☐ Registered ☒ Certified  
☐ Express Mail ☐ Insured  
☐ Return Receipt for Merchandise ☐ COD

### 7. Date of Delivery

3-20-96

### 5. Received By: (Print Name)

Leo George

### 6. Signature: (Addressee or Agent)

X Leo George

### 8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1994

Domestic Return Receipt

Thank you for using Return Receipt Service.

6/7

P 468 649 945

US Postal Service

# Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Sent to Mr. Wm. LeMay, Dir. State of NM, UCD	
Street & Number P. O. Box 2088	
Post Office, State, & ZIP Code Santa Fe, NM 87504-2088	
Postage	\$ 4 00
Certified Fee	1 10
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	1 10
Return Receipt Showing to Addressee Date, & Addressee's Address	
TOTAL Postage & Fees	6.20
Postmark or Date 1996 USPO	

PS Form 3800, April 1995

O'Connell

USA #1 SMD

USA #1

## SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- 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):

- ☐ Addressee's Address
- ☐ Restricted Delivery

Consult postmaster for fee.

### 3. Article Addressed to:

Mr. William LeMay, Director  
State of New Mexico  
Oil Conservation Division  
P. O. Box 2088  
Santa Fe, NM 87504-2088

### 4a. Article Number

P 468 649 945

### 4b. Service Type

- |   |   |
|---|---|
| <input type="checkbox"/> Registered                     | <input checked="" type="checkbox"/> Certified |
| <input type="checkbox"/> Express Mail                   | <input type="checkbox"/> Insured              |
| <input type="checkbox"/> Return Receipt for Merchandise | <input type="checkbox"/> COD                  |

### 7. Date of Delivery

3/20

### 5. Received By: (Print Name)

### 8. Addressee's Address (Only if requested and fee is paid)

### 6. Signature: (Addressee or Agent)

*[Signature]*

Is your RETURN ADDRESS completed on the reverse side?

PS Form 3811, December 1994

Domestic Return Receipt

Thank you for using Return Receipt Service.

7/7

468 649 951  
Postal Service  
Receipt for Certified Mail  
Insurance Coverage Provided.  
not use for International Mail (See reverse)

To  
C. W. Murchison Estate  
Street & Number  
1201 Main St.  
Post Office, State, & ZIP Code  
Dallas, TX 75202

Postage	\$ 239
Certified Fee	110
Special Delivery Fee	
Insurance Fee	110
Signature Required Fee	
Postage & Fees	\$ 459

**CERTIFIED**

P 468 649 951

**MAIL**

O'Connell

USA #1 SMD

**First Class  
Mail**

MS ADD  
ANK  
NS #  
FOE  
RT # 251  
3-21-91

4150 Name O'Connell

- ☐ Overnight - 10:30 ☐ First Class  
☐ Overnight - 3:00 ☐ UPS  
☐ Two Day

**Hallwood Energy Companies**

4582 South Ulster Street Parkway • Stanford Place III • Suite 1700  
Post Office Box 378111 • Denver, Colorado 80237

C. W. Murchison Estate  
1201 Main St.  
Dallas, TX 75202

ATTEMPTED  
RETURNED TO SENDER  
PRIMA TRASA  
MS ADD  
ANK  
NS #  
FOE  
RT # 251  
3-21-91

FIRST-CLASS

CERTIFIED

P 468 649 954

MAIL

2/4



INS ADD \_\_\_\_\_  
AN# \_\_\_\_\_  
NS # \_\_\_\_\_  
FOE \_\_\_\_\_  
RT # 4730 *W*  
DATE *3-2-95*

P 468 649 954

US Postal Service  
**Receipt for Certified Mail**  
No Insurance Coverage Provided.  
Do not use for International Mail (See reverse)

Sent to	
John Lee Turner	
Street & Number	
8585 N. Stemmons, #925	
Post Office, State, & ZIP Code	
Dallas, TX 75247	
Postage	\$ 2.39
Certified Fee	1.10
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	1.10
Return Receipt Showing to Whom, Date, & Addressee's Address	
Postage & Fees	\$ 4.59

O'Connell

USA #1 SMD

Dept. 4150 Name O'Connell

- ☐ Overnight - 10:30 ☐ First  
☐ Overnight - 3:00 ☐ UPS  
☐ Two Day

## Hallwood Energy Companies

4582 South Ulster Street Parkway • Stanford Place III • Suite 1700  
Post Office Box 378111 • Denver, Colorado 80237

John Lee Turner  
8585 N. Stemmons, #925  
Dallas, TX 75247

FIRST-CLASS

FIRST-CLASS

FIRST-CLASS

FIRST-CLASS

FIRST-CLASS

FIRST-CLASS

CERTIFIED

P 468 649 950

MAIL

3/4

O'Connell

USA #1 SWD

P 468 649 950

US Postal Service  
Receipt for Certified MailNo Insurance Coverage Provided.  
Do not use for International Mail (See reverse)

Sent to Wm. G. Webb	Street & Number 1704 Main St.	Post Office, State, & ZIP Code Dallas, TX 75206	Postage \$ 2 39	Certified Fee 1 10	Special Delivery Fee	Restricted Delivery Fee	Return Receipt, Showing to Whom & Date Delivered	Return Receipt, Showing to Whom & Date, & Address (Address/PAID)	TOTAL Postage & Fees \$ 4 59	Postmark or Date USPO
------------------------	----------------------------------	--	--------------------	-----------------------	----------------------	-------------------------	--	--	------------------------------	--------------------------

APR 1995 3800

First Class Mail

Dept. 4150

Name O'Connell

- ☐
- Overnight - 10:30
- 
- ☐
- Overnight - 3:00
- 
- ☐
- Two Day

- ☐
- First Class
- 
- ☐
- UPS

*Hallwood Energy Companies*4582 South Ulster Street Parkway • Stanford Place III • Suite 1700  
Post Office Box 378111 • Denver, Colorado 80237Attempted Not Known  
From 752 -9993Wm. G. Webb  
1704 Main St.  
Dallas, TX 75206

Unknown

FIRST-CLASS

FIRST-CLASS

FIRST-CLASS

FIRST-CLASS

FIRST-CLASS

FIRST-CLASS

FIRST-CLASS

CERTIFIED

P 468 649 949

MAIL

4/4

O'Connell

USA #1 SWD

P 468 649 949

US Postal Service

## Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Sent to James Glenn Turner, Jr.

Street &amp; Number 500 Trammel Crow Center

Post Office, State, &amp; ZIP Code Dallas, TX 75206

Postage

\$ 2.39

Certified Fee

1.10

Special Delivery Fee

Restricted Delivery Fee

Return Receipt Showing Whom &amp; Date Delivered

Return Receipt Showing Whom, Date, &amp; Addressee

TOTAL Postage &amp; Fees

\$4.59

Postmark or Date

3800, April 1995

First Class Mail

Dept. 4150 Name O'Connell

☐ Overnight - 10:30  
☐ Overnight - 3:00  
☐ Two Day

☐ First Class  
☐ UPS

## Hallwood Energy Companies

 4582 South Ulster Street Parkway • Stanford Place III • Suite 1700  
 Post Office Box 378111 • Denver, Colorado 80237

 James Glenn Turner, Jr.  
 500 Trammel Crow Center  
 Dallas, TX 75206

 Forwarding Order Expired  
 From 75201-9998

X09

FIRST-CLASS

FIRST-CLASS

FIRST-CLASS

FIRST-CLASS

FIRST-CLASS

**MERIDIAN OIL**

April 1, 1996

**CERTIFIED MAIL-RETURN RECEIPT REQUESTED**

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

RECEIVED RM & MC

APR 3 1996

OPER. HPI DENVER

**RE: REQUEST POSTPONEMENT OF ADMINISTRATIVE  
APPROVAL PENDING ADDITIONAL INFORMATION  
FORM C-108, APPLICATION FOR AUTHORIZATION  
TO INJECT  
HALLWOOD PETROLEUM, INC.  
PROPOSED USA #1 SWD WELL  
UNIT P, SE/4 SE/4, 812' FSL X 804' FEL  
SECTION 24, T32N, R13W  
SAN JUAN COUNTY, NEW MEXICO**

Gentlemen:

Meridian Oil Inc, respectfully requests that Hallwood Petroleum, Inc's Application for the referenced Water disposal well not be approved at this time. Meridian has offset acreage and operates Dakota wells in the surrounding area of the proposed disposal well. Meridian has the following concerns in regards to this application:

1. Meridian holds significant acreage surrounding the subject well with 12 wells currently producing from the Dakota. We feel that there is potential of significantly harming production from the current Dakota wells in addition to adding risk to potential new Dakota locations.
2. The subject well is located adjacent to the Hogback monocline which has resulted in significant fracturing and faulting within the entire section of rock including the Dakota therefore making it impossible to predict the path and velocity of the injected water. This situation may result in wells being affected by injection at much greater distances than predicted by the proposal.
3. The proximity of the subject well to the Hogback and the related stresses will likely cause induced fractures to propagate parallel to the Hogback (ENE-WSW) towards existing Dakota wells.
4. Injection into the openhole portion of the Morrison and Bluff formations is also unacceptable because the path of the injected water will not be predictable and may result in the same potential problems predicted in the Dakota.

*State of New Mexico*

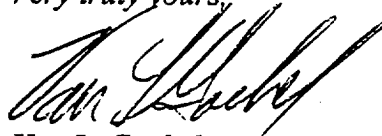
*April 1, 1996*

*Page 2*

*We request that the Application not be approved at this time so we may have the opportunity to discuss our concerns with Hallwood.*

*If I can be of further assistance please let me know. My telephone number is (505) 326-9759.*

*Very truly yours,*



*Van L. Goebel  
Senior Landman*

*VLG/dmg*

*vlgapr96*

*Hallwood Petroleum, Inc.*

*Certified Mail-Return Receipt Requested*

*cc: Hallwood Petroleum, Inc.*

*Attn: Mr. Kevin E. O'Connell*

*4582 S. Ulster Street Pkwy., Ste. 1700*

*Denver, CO 80237*

*Todd Mushovic*

*Glen Christiansen*

*Alan Alexander*