

July 20, 1998

State of New Mexico  
Energy, Minerals and Natural Resources Department  
Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87504-2088

Gentlemen:

I own an interest in the mineral estate in the SW/4 Section 30, T20S-R33E, Lea County, New Mexico. Hallwood Petroleum, Inc. has proposed drilling two wells to test the Delaware formation in the SW/4 to further develop the Hat Mesa Delaware field. I understand there are State and Federal wells producing from the Delaware formation in the E/2 and NW/4 of Section 30 and that development of the SW/4 is being prevented due to the refusal of a potash mining company to grant waivers for Hallwood's proposed wells. While the mining company does not own potash minerals in the SW/4, I do. As an owner, I hereby waive any objection to Hallwood's proposed drilling activities.

I request that the State of New Mexico protect my correlative rights in the SW/4 by allowing development drilling as proposed by Hallwood Petroleum, Inc. under the Bass #5 and Bass # 6 wells, and that the State not allow the taking of my mineral rights by an arbitrary application of potash regulations.

Sincerely,

Elliott Hallwood  
Name Elliott Hallwood  
PO Box 1231  
Coden #1 + 8000  
Address

Hallwood Petroleum, Inc.  
Before Examiner Catanach  
NMOCD Cases 12,055 & 12,056  
November 5, 1998  
Exhibit No. 8

# PETCO LIMITED

P.O. BOX 911  
BRECKENRIDGE, TEXAS 76424-0911  
817-559-3355

July 13, 1998

State of New Mexico  
Energy, Minerals and Natural Resources Department  
Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87504-2088

Re: Monteith Mineral (3233)  
Lea County, New Mexico


Gentlemen:


I own an interest in the mineral estate in the SW/4 of Section 30, T20S-R33E, Lea County, New Mexico. Hallwood Petroleum, Inc. has proposed drilling two wells to test the Delaware formation in the SW/4 to further develop the Hat Mesa Delaware field. I understand there are State and Federal wells producing from the Delaware formation in the E/2 and NW/4 of Section 30 and that development of the SW/4 is being prevented due to the refusal of a potash mining company to grant waivers for Hallwood's proposed wells. While the mining company does not own potash minerals in the SW/4, I do. As an owner, I hereby waive any objection to Hallwood's proposed drilling activities.

I request that the State of New Mexico protect my correlative rights in the SW/4 by allowing development drilling as proposed by Hallwood Petroleum, Inc. under the Bass #5 and Bass #6 wells, and that the State not allow the taking of my mineral rights by an arbitrary application of potash regulations.



Yours very truly,

Petco Limited

By:   
General Partner

By:   
General Partner

P. O. Box 911  
Breckenridge, Texas 76424-0911

APPROVED  
AS TO FORM  
  
AS TO CONTENT  
AS TO INTEREST  
ADMINISTRATION  


**BASS ENTERPRISES PRODUCTION CO.**

201 MAIN ST.  
FORT WORTH, TEXAS 76102-3131  
817/380-8400

October 22, 1998

New Mexico Oil Conservation Division  
2040 S. Pacheco  
Santa Fe, New Mexico 87505

Attention: Mr. Michael Stogner - Chief Examiner

Re: Case Nos. 12055 and 12056  
Hallwood - Bass Nos. 5 and 6  
SW/4 Sec. 30, T20S-R33W  
Hat Mesa (Delaware) Field  
Lea County, New Mexico

Gentlemen:

Bass Enterprises Production Co. will not be represented at the hearing currently scheduled for November 5, 1998 to consider the proposed Bass No. 5 and Bass No. 6 Wells. By this letter, Bass fully supports the application of Hallwood Petroleum Inc. for the drilling of the above wells. As an owner of the rights to oil and gas production from the drillsite tract, Bass (as well as other mineral interest owners and oil and gas lessees) will suffer the loss of correlative rights and will be adversely affected by their inability to produce oil and gas from the subject wells.

It is our understanding that Bass and other mineral rights owners have the legal authority to drill and produce oil and gas from this tract. These operations should not be precluded by the potential conflict with potash operations as evidenced by the lack of a potash lease thereon. We appreciate the OCD's cooperation by the granting of a permit to drill the above wells.

Very truly yours,

J. Wayne Bailey

JWB:ca

RECEIVED  
OCT 16 1998  
LAND

July 30, 1998

State of New Mexico  
Energy, Minerals and Natural Resources Department  
Oil Conservation Division  
P.O. Box 2088  
Santa Fe, New Mexico 87504-2088

Gentlemen:

I own an interest in the mineral estate in the SW/4 Section 30, T20S-R33E, Lea County, New Mexico. Hallwood Petroleum, Inc. has proposed drilling two wells to test the Delaware formation in the SW/4 to further develop the Hat Mesa Delaware field. I understand there are State and Federal wells producing from the Delaware formation in the E/2 and NW/4 of Section 30 and that development of the SW/4 is being prevented due to the refusal of a potash mining company to grant waivers for Hallwood's proposed wells. While the mining company does not own potash minerals in the SW/4, I do. As an owner, I hereby waive any objection to Hallwood's proposed drilling activities.

I request that the State of New Mexico protect my correlative rights in the SW/4 by allowing development drilling as proposed by Hallwood Petroleum, Inc. under the Bass #5 and Bass # 6 wells, and that the State not allow the taking of my mineral rights by an arbitrary application of potash regulations.

Sincerely,

Angel D. Powell  
Name

P.O. Box 1665  
Los Alamos, NM 87502  
Address

RECEIVED

JUL 20 1998

LAND

July 14, 1998

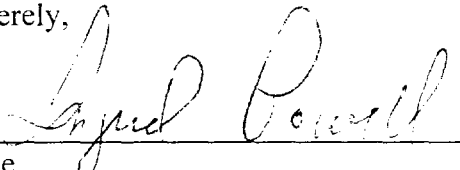
State of New Mexico  
Energy, Minerals and Natural Resources Department  
Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87504-2088

Gentlemen:

I own an interest in the mineral estate in the SW/4 Section 30, T20S-R33E, Lea County, New Mexico. Hallwood Petroleum, Inc. has proposed drilling two wells to test the Delaware formation in the SW/4 to further develop the Hat Mesa Delaware field. I understand there are State and Federal wells producing from the Delaware formation in the E/2 and NW/4 of Section 30 and that development of the SW/4 is being prevented due to the refusal of a potash mining company to grant waivers for Hallwood's proposed wells. While the mining company does not own potash minerals in the SW/4, I do. As an owner, I hereby waive any objection to Hallwood's proposed drilling activities.

I request that the State of New Mexico protect my correlative rights in the SW/4 by allowing development drilling as proposed by Hallwood Petroleum, Inc. under the Bass #5 and Bass # 6 wells, and that the State not allow the taking of my mineral rights by an arbitrary application of potash regulations.

Sincerely,

  
Name

P.O. Box 416  
LOS ALAMOS, NM 87542  
Address

~~July~~ Sept 29, 1998

State of New Mexico  
Energy, Minerals and Natural Resources Department  
Oil Conservation Division  
P.O. Box 2088  
Santa Fe, New Mexico 87504-2088

Gentlemen:

I own an interest in the mineral estate in the SW/4 Section 30, T20S-R33E, Lea County, New Mexico. Hallwood Petroleum, Inc. has proposed drilling two wells to test the Delaware formation in the SW/4 to further develop the Hat Mesa Delaware field. I understand there are State and Federal wells producing from the Delaware formation in the E/2 and NW/4 of Section 30 and that development of the SW/4 is being prevented due to the refusal of a potash mining company to grant waivers for Hallwood's proposed wells. While the mining company does not own potash minerals in the SW/4, I do. As an owner, I hereby waive any objection to Hallwood's proposed drilling activities.

I request that the State of New Mexico protect my correlative rights in the SW/4 by allowing development drilling as proposed by Hallwood Petroleum, Inc. under the Bass #5 and Bass # 6 wells, and that the State not allow the taking of my mineral rights by an arbitrary application of potash regulations.

Sincerely,

Henry Lawson Monteth  
Name

301 W Ave N  
Lawington, N.M. 88260  
Address

# Case 12055  
# Case 12056

July \_\_\_\_\_, 1998

State of New Mexico  
Energy, Minerals and Natural Resources Department  
Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87504-2088

Gentlemen:

I own an interest in the mineral estate in the SW/4 Section 30, T20S-R33E, Lea County, New Mexico. Hallwood Petroleum, Inc. has proposed drilling two wells to test the Delaware formation in the SW/4 to further develop the Hat Mesa Delaware field. I understand there are State and Federal wells producing from the Delaware formation in the E/2 and NW/4 of Section 30 and that development of the SW/4 is being prevented due to the refusal of a potash mining company to grant waivers for Hallwood's proposed wells. While the mining company does not own potash minerals in the SW/4, I do. As an owner, I hereby waive any objection to Hallwood's proposed drilling activities.

I request that the State of New Mexico protect my correlative rights in the SW/4 by allowing development drilling as proposed by Hallwood Petroleum, Inc. under the Bass #5 and Bass # 6 wells, and that the State not allow the taking of my mineral rights by an arbitrary application of potash regulations.

Sincerely,



Name

P.O. Box 864 Ripon Ca. 95346

Address

RECEIVED  
JUL 17 1998  
LANI

July 14, 1998

State of New Mexico  
Energy, Minerals and Natural Resources Department  
Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87504-2088

Gentlemen:

I own an interest in the mineral estate in the SW/4 Section 30, T20S-R33E, Lea County, New Mexico. Hallwood Petroleum, Inc. has proposed drilling two wells to test the Delaware formation in the SW/4 to further develop the Hat Mesa Delaware field. I understand there are State and Federal wells producing from the Delaware formation in the E/2 and NW/4 of Section 30 and that development of the SW/4 is being prevented due to the refusal of a potash mining company to grant waivers for Hallwood's proposed wells. While the mining company does not own potash minerals in the SW/4, I do. As an owner, I hereby waive any objection to Hallwood's proposed drilling activities.

I request that the State of New Mexico protect my correlative rights in the SW/4 by allowing development drilling as proposed by Hallwood Petroleum, Inc. under the Bass #5 and Bass # 6 wells, and that the State not allow the taking of my mineral rights by an arbitrary application of potash regulations.

Sincerely,

Vera Albene Briggs  
Name

1403 Sears St  
Artesia, N.M. 88210  
Address



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

**IN THE MATTER OF THE HEARING CALLED BY  
THE OIL CONSERVATION DIVISION FOR THE  
PURPOSE OF CONSIDERING:**

APPLICATION OF HALLWOOD PETROLEUM, INC.  
FOR ORDER ALLOWING DRILLING IN POTASH  
AREA, LEA COUNTY, NEW MEXICO.

Case Nos. 12,055 & 12,056

**AFFIDAVIT OF STEPHEN L. ELLIOTT**

STATE OF NEW MEXICO    )  
  )  
COUNTY OF CHAVES        )       ss.

Having first been duly sworn and upon my oath, I, Stephen L. Elliott do hereby state as follows:

1.       I am over the age of majority and I make this affidavit upon my personal knowledge, except where noted, and then I make such statements upon information and belief. I am President of Elliott management Company, managing general partner of Elliott Industries. I also have discussed this matter with the managing general partners of Elliott-Hall Company and am authorized to make the statements contained herein on their behalf as well.

2.       I am unable to attend the hearing scheduled for November 5, 1998 due to previously scheduled commitments related to my family ranching business.

3.       Both Elliott Industries and Elliott-Hall Company (collectively referred to herein as the "Elliott Parties") own an undivided mineral interest in the lands underlying the SW¼ of Section 30, Township 20 South, Range 33 East, N.M.P.M.

4. By virtue of their oil and gas mineral interest in the above lands, the Elliot Parties are owners of both a contractual working interest and a royalty interest in such oil and gas minerals, and it is their desire that such resources be developed. The Elliott Parties have not executed a potash mineral lease for these same lands. No one has approached the Elliott Parties for a lease on any potassium resources that may exist on these lands. At the present time the Elliott Parties would not execute a potash lease if such potash lease would inhibit or restrict the development of oil and gas. The Elliott Parties would consider a potash lease that provided for concurrent development of both resources and specifically recognized the existing rights of their oil and gas lessee to drill for and develop oil and gas on the above described land.

5. To my knowledge, no mineral interest owner in the described lands has executed a potash lease which is currently in force and effect.

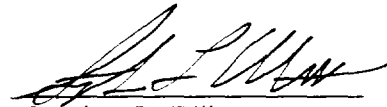
6. It is my understanding that Mississippi Potash, Incorporated is opposing the development of the Elliott Parties' oil and gas so that Mississippi Potash, Inc. can protect what it claims is an area of potash mineralization that it may some day desire to mine. The Elliott Parties do not believe possible future mining activity on adjacent land should preclude the development of resources, whether similar or different, on the land in which they own an undivided mineral interest. The State's refusal to permit oil and gas development on the Elliott Parties' mineral estate would effectively take their mineral interest without compensation. The proposed wells would not restrict potash mining on nearby lands and there are already producing oil and gas wells in this area.

7. To my knowledge, all mineral interest owners in the above described land support Hallwood's proposed development of their oil and gas resources even though such development requires the drilling of well bores through any potash that may be located in our mineral estate.

8. The Elliott Parties believe that their mineral interests are currently being drained and reservoir energy is being depleted by nearby producing oil and gas wells. Allowing the proposed oil and gas development will prevent waste of oil and gas resources and protect correlative rights of all mineral interest owners and their lessees in these lands.

9. On behalf of the Elliott Parties, I respectfully ask the State of New Mexico to approve the proposed wells as soon as possible.

Further Affiant Saith Not.

  
Stephen L. Elliott

The foregoing instrument was acknowledged before me this 30<sup>th</sup> day of October 1998,  
by Stephen L. Elliott

  
Notary Public

My commission expires:  
Mar 2, 2000