

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)

RECEIVED

SEP 11 1992

TELEPHONE (505) 982-4285
TELEFAX (505) 982-4285
OIL CONSERVATION DIV.
SANTA FE

September 11, 1992

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

HAND DELIVERED

Re: [REDACTED]
Application of Hallwood Petroleum Inc
for an Unorthodox Coal Gas Well Location
San Juan County, New Mexico

Dear Mr. LeMay:

On behalf of Hallwood Petroleum Inc., please find enclosed our First Amended Application which moves the location identified in the original application because of a BLM archeological survey.

While the amended footage location is still standard for a coal gas well, it is in the wrong quarter section and therefore requires a hearing. In addition, the amended location is closer to one of the outer boundaries of the spacing unit than originally advertised.

This matter is now docketed for hearing on the September 17, 1992 Examiner's docket. Although the case will have to be re-advertised for the October 15, 1992 docket, we would like to make our technical presentation on September 17, 1992. We are unaware of any opposition to this application. However, if opposition does come forth, we recognize that those parties may require us to bring our technical witnesses back to the subsequent hearing.

Very truly yours,


W. Thomas Kellahin

WTK/jcl/ltrt911.629

cc: Hallwood Petroleum Inc.

By Certified Mail Return Receipt

To parties listed on Exhibit B of application

RECEIVED

SEP 11 1992

OIL CONSERVATION DIV.
SANTA FE

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

CASE NO.: 10557

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

F I R S T A M E N D E D
A P P L I C A T I O N

Comes Now HALLWOOD PETROLEUM INC., by its attorneys, KELLAHIN and KELLAHIN, and for its First Amended Application applies to the New Mexico Oil Conservation Division for approval of an unorthodox well location in the Basin Fruitland Coal Gas Pool for its USA #5 well to be drilled at an amended location 947 feet FSL and 800 feet FEL (Unit P) Section 24, Township 32 North, Range 13 West, NMPM, San Juan County, New Mexico, and in support states:

1. Applicant is a working interest owner in the E/2 of Section 24, T32N, R13W, NMPM, San Juan County, New Mexico and proposes to consolidate the interests in this one-half section for the drilling of the subject well.

2. Meridian Oil Inc. is the operator in the W/2 of Section 24.

3. Section 24 is located at the northwestern edge of the Basin Fruitland Coal Gas Pool near the outcrop of the Fruitland formation and Kirkland shale where the potential for coal gas production is more speculative than other more prolific areas of the pool. See Exhibit A.

4. In order to diminish the risk of drilling an uneconomic well, the Applicant originally proposed to drill its USA #5 well at a location 818 feet FSL and 1099 feet FEL (Unit P) of Section 24.

5. Because of a Bureau of Land Management archeological survey, applicant has had to move its original location to the amended location 947 feet FSL and 800 feet FEL of Section 24.

6. With the concurrence of Meridian Oil Inc. as to the appropriate orientation of the spacing unit for the proper development of the section, Applicant proposes to dedicate the E/2 of Section 24 to the well as a standard spacing unit for production from the Fruitland Coal Gas Pool.

7. Because of geology, an unorthodox location in the SE/4 of the Section is better than a standard

location in the NE/4 of said Section.

8. The well location in the SE/4 of Section 24 requires an exception to Rule 7 of the Basin Fruitland Coal Gas Pool Rules (Order R-8768).

9. Meridian Oil Inc. has no objection to the Applicant's proposed well location as the preferred location to properly explore and develop the coal gas reserves that may be productive in the E/2 of Section 24.

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

WHEREFORE, Applicant requests that this matter be set for hearing on October 15, 1992 before the Division's Examiner and that after notice and hearing the application be granted.

KELLAHIN AND KELLAHIN

BY: 

W. Thomas Kellahin

P. O. Box 2265

Santa Fe, New Mexico 87504

(505) 982-4285

ATTORNEYS FOR APPLICANT

EXHIBIT "A"

Range 13 West

Range 12 West

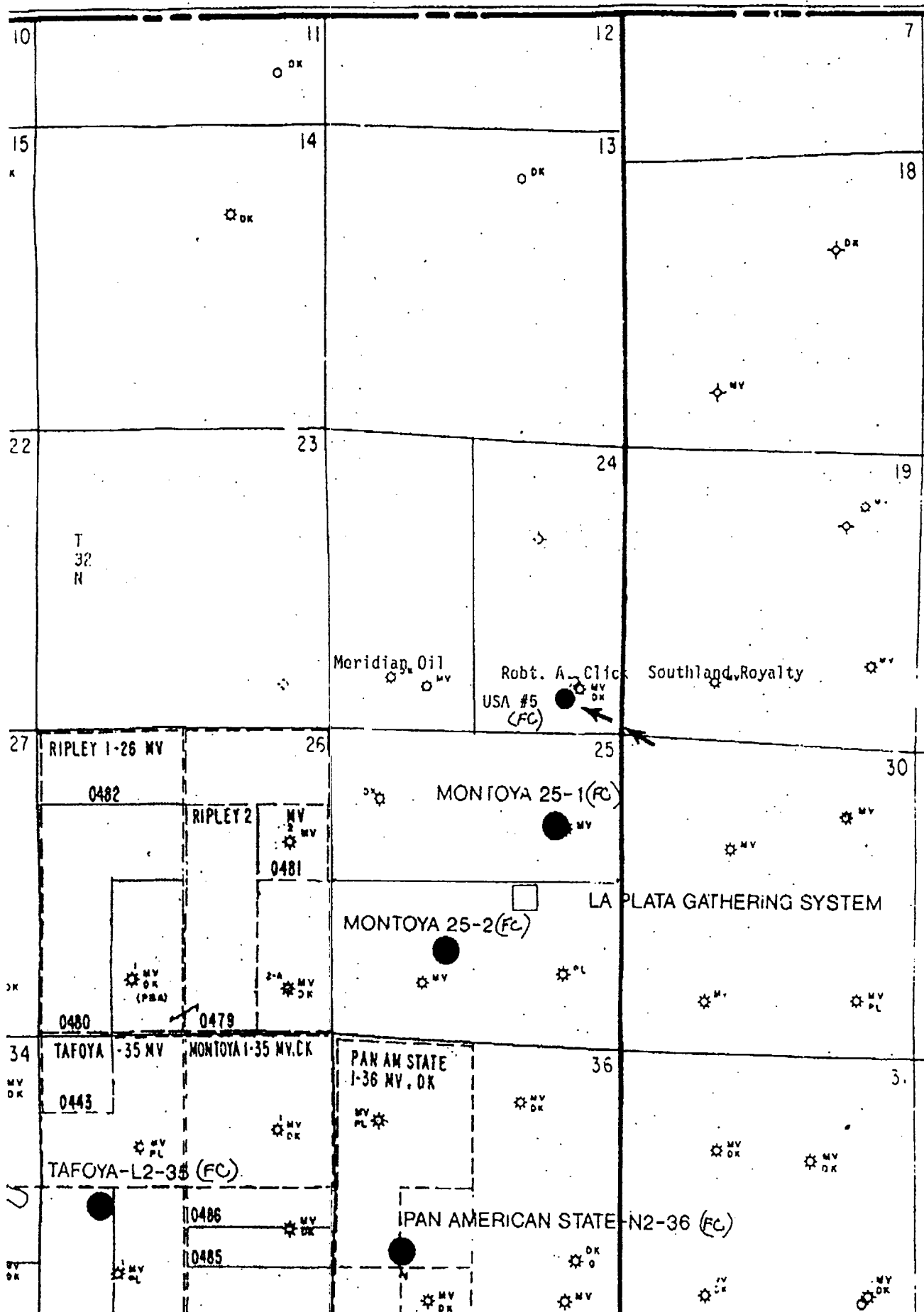


EXHIBIT "B"

NOTIFICATION LIST FOR USA #5 WELL
APPLICATION OF HALLWOOD PETROLEUM, INC. FOR
AN UNORTHODOX WELL LOCATION,
SAN JUAN COUNTY, NEW MEXICO

Kent Beers
Southland Royalty Company
P.O. Box 4289
3535 East 30th
Farmington, NM 87499

Robert Click
Suite 230 - Pecan Creek
8340 Meadow Road
Dallas, TX 75231

Meridian Oil, Inc.
P.O. Box 4289
3535 East 30th
Farmington, NM 87499

RECEIVED

SEP 11 1992

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

OIL CONSERVATION DIV.
SANTA FE

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

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)

September 11, 1992

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

HAND DELIVERED

Re: NMOCD Case 10557
Application of Hallwood Petroleum Inc
for an Unorthodox Coal Gas Well Location
San Juan County, New Mexico

Dear Mr. LeMay:

On behalf of Hallwood Petroleum Inc., please find enclosed our First Amended Application which moves the location identified in the original application because of a BLM archeological survey.

While the amended footage location is still standard for a coal gas well, it is in the wrong quarter section and therefore requires a hearing. In addition, the amended location is closer to one of the outer boundaries of the spacing unit than originally advertised.

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Very truly yours,


W. Thomas Kellahin

WTK/jcl/ltrt911.629

cc: Hallwood Petroleum Inc.

By Certified Mail Return Receipt

To parties listed on Exhibit B of application

RECEIVED

SEP 11 1992

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

CASE NO.: 10557

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

**F I R S T A M E N D E D
A P P L I C A T I O N**

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1. Applicant is a working interest owner in the E/2 of Section 24, T32N, R13W, NMPM, San Juan County, New Mexico and proposes to consolidate the interests in this one-half section for the drilling of the subject well.

2. Meridian Oil Inc. is the operator in the W/2 of Section 24.

3. Section 24 is located at the northwestern edge of the Basin Fruitland Coal Gas Pool near the outcrop of the Fruitland formation and Kirkland shale where the potential for coal gas production is more speculative than other more prolific areas of the pool. See Exhibit A.

4. In order to diminish the risk of drilling an uneconomic well, the Applicant originally proposed to drill its USA #5 well at a location 818 feet FSL and 1099 feet FEL (Unit P) of Section 24.

5. Because of a Bureau of Land Management archeological survey, applicant has had to move its original location to the amended location 947 feet FSL and 800 feet FEL of Section 24.

6. With the concurrence of Meridian Oil Inc. as to the appropriate orientation of the spacing unit for the proper development of the section, Applicant proposes to dedicate the E/2 of Section 24 to the well as a standard spacing unit for production from the Fruitland Coal Gas Pool.

7. Because of geology, an unorthodox location in the SE/4 of the Section is better than a standard

location in the NE/4 of said Section.

8. The well location in the SE/4 of Section 24 requires an exception to Rule 7 of the Basin Fruitland Coal Gas Pool Rules (Order R-8768).

9. Meridian Oil Inc. has no objection to the Applicant's proposed well location as the preferred location to properly explore and develop the coal gas reserves that may be productive in the E/2 of Section 24.

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

WHEREFORE, Applicant requests that this matter be set for hearing on October 15, 1992 before the Division's Examiner and that after notice and hearing the application be granted.

KELLAHIN AND KELLAHIN

BY: 

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

San Juan County, New Mexico
T 32 N - R 12, 13 W

Range 13 West

Range 12 West

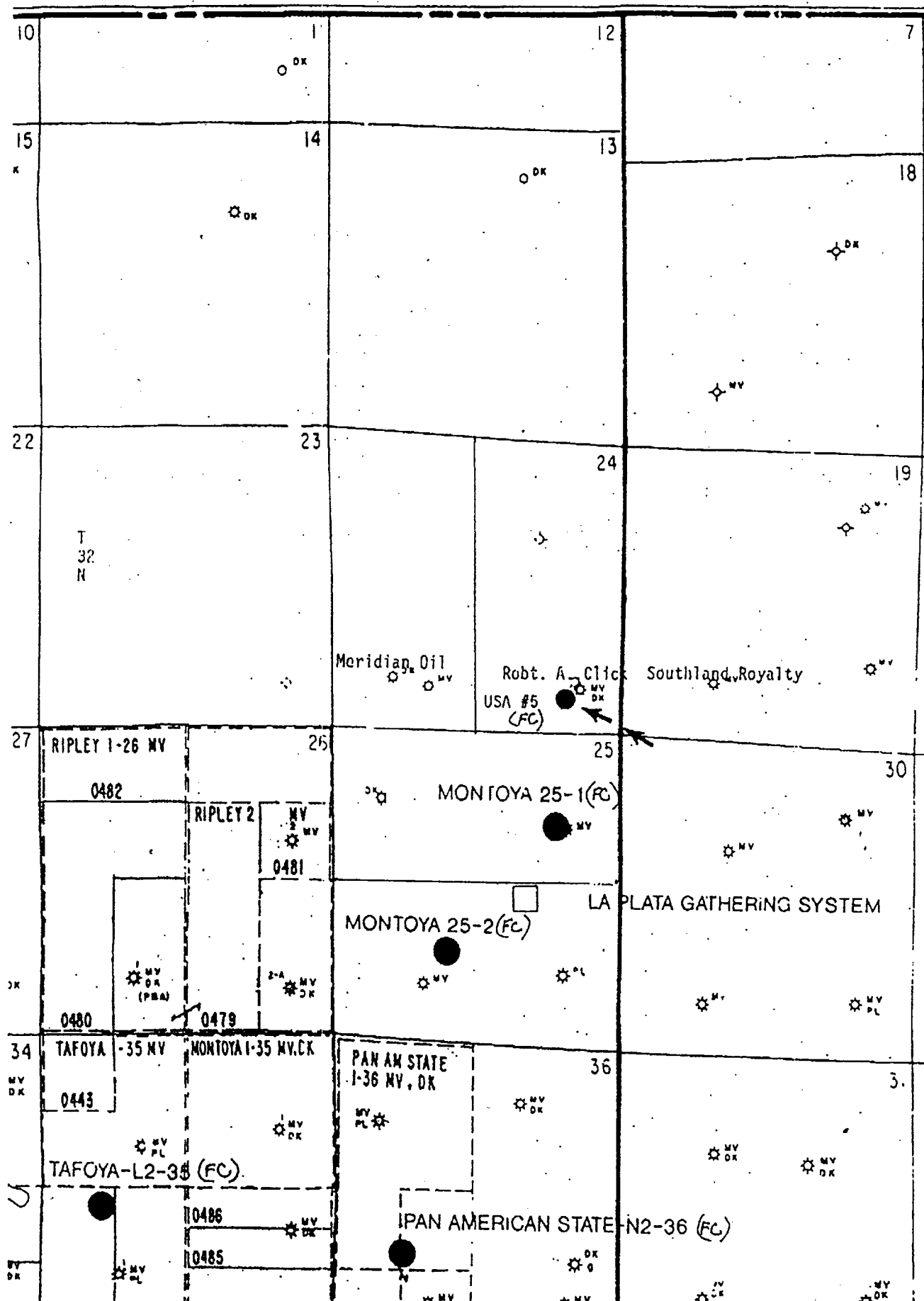


EXHIBIT "B"

NOTIFICATION LIST FOR USA #5 WELL
APPLICATION OF HALLWOOD PETROLEUM, INC. FOR
AN UNORTHODOX WELL LOCATION,
SAN JUAN COUNTY, NEW MEXICO

Kent Beers
Southland Royalty Company
P.O. Box 4289
3535 East 30th
Farmington, NM 87499

Robert Click
Suite 230 - Pecan Creek
8340 Meadow Road
Dallas, TX 75231

Meridian Oil, Inc.
P.O. Box 4289
3535 East 30th
Farmington, NM 87499

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

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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

August 25, 1992

Mr. William J. LeMay
Oil Conservation Division
310 Old Santa Fe Trail, Room 219
Post Office Box 2088
Santa Fe, New Mexico 87501

HAND DELIVERED

Re: Application of Hallwood Petroleum,
Inc. for Approval of an Unorthodox
Well Location, San Juan County,
New Mexico

Case 10557 RECEIVED

AUG 26 1992

OIL CONSERVATION DIVISION

Dear Mr. LeMay:

On behalf of Hallwood Petroleum, Inc., please find enclosed our application for an Unorthodox Well Location for the referenced well which we request be set for hearing on the next available Examiner's docket now scheduled for September 17, 1992.

By copy of this letter, including the application, to all affected 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.

Very truly yours,



W. Thomas Kellahin

WTK/jcl

Enclosure

cc: Kevin O'Connell
Kathleen Volk

BY CERTIFIED MAIL - RETURN RECEIPT REQUESTED

All Parties Listed on Exhibit B of Application

1trt817.629

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

CASE NO.: 10557

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

RECEIVED

APR 21 1962

OIL CONSERVATION DIVISION

A P P L I C A T I O N

Comes Now HALLWOOD PETROLEUM INC., by its attorneys, KELLAHIN and KELLAHIN, and applies to the New Mexico Oil Conservation Division for approval of an unorthodox well location in the Basin Fruitland Coal Gas Pool for its USA #5 well to be drilled 818 feet FSL and 1099 feet FEL (Unit P) Section 24, Township 32 North, Range 13 West, NMPM, San Juan County, New Mexico, and in support states:

1. Applicant is a working interest owner in the E/2 of Section 24, T32N, R13W, NMPM, San Juan County, New Mexico and proposes to consolidate the interests in this one-half section for the drilling of the subject well.

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4. In order to diminish the risk of drilling an uneconomic well, the Applicant proposes to drill its USA #5 well at a location 818 feet FSL and 1099 feet FEL (Unit P) of Section 24.

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

WHEREFORE, Applicant requests that this matter be set for hearing on September 17, 1992 before the Division's Examiner and that after notice and hearing the application be granted.

KELLAHIN AND KELLAHIN

BY: 

W. Thomas Kellahin

P. O. Box 2265

Santa Fe, New Mexico 87504

(505) 982-4285

ATTORNEYS FOR APPLICANT

Hallwood Petroleum, Inc.
Unorthodox well location application
USA # 5 818' FSL, 1099' FEL, Sec. 24, T32N-R13W

San Juan County, New Mexico
T 32 N - R 12, 13 W

EXHIBIT "A"

Range 13 West

Range 12 West

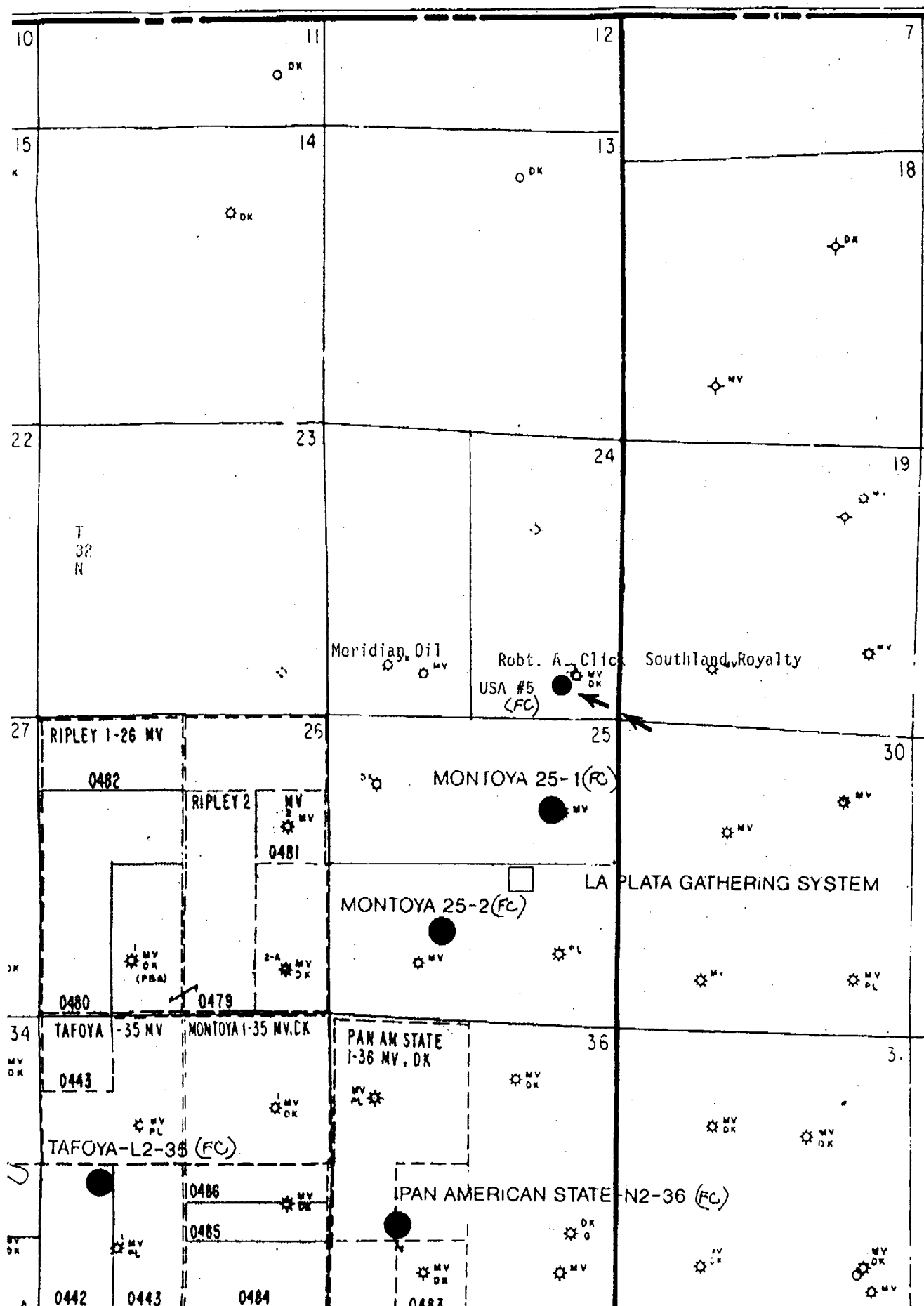


EXHIBIT "B"

**NOTIFICATION LIST FOR USA #5 WELL
APPLICATION OF HALLWOOD PETROLEUM, INC. FOR
AN UNORTHODOX WELL LOCATION,
SAN JUAN COUNTY, NEW MEXICO**

Kent Beers
Southland Royalty Company
P.O. Box 4289
3535 East 30th
Farmington, NM 87499

Robert Click
Suite 230 - Pecan Creek
8340 Meadow Road
Dallas, TX 75231

Meridian Oil, Inc.
P.O. Box 4289
3535 East 30th
Farmington, NM 87499

CASE NO.

**Application of Hallwood Petroleum, Inc.
for an unorthodox coal gas location, San
Juan County, New Mexico.**

Applicant, in the above-styled cause, seeks approval to complete the USA Well No. 5 at an unorthodox coal gas well location 818 feet from the South line and 1099 feet from the East line (Unit P) of Section 24, Township 32 North, Range 13 West, NMPM, San Juan County, New Mexico. Said well to be completed in the Basin Fruitland Coal Gas Pool. The E/2 of said Section 24 shall be dedicated to the well forming a standard 320-acre spacing and proration unit. Said unit is located approximately 3.2 miles northeast-north of La Plata, New Mexico.

Proposed SPN6 Decm Do. 301			Existing SPN6 Decm #300
			1

SECTION 36

TOWNSHIP 30 N.

RANGE 8 W.