

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENTOIL CONSERVATION DIVISION
HOBBS DISTRICT OFFICE

July 27, 1997

POST OFFICE BOX 1880
HOBBS, NEW MEXICO 88241-1880
(505) 393-8161

GOVERNOR

BUREAU OF LAND MANAGEMENT
P.O. Box 1778
Carlsbad, NM 88221STATE LAND OFFICE
Attn: Joe Mraz
P.O. Box 1148
Santa Fe, NM 87504

RE: APPLICATION FOR PERMIT TO DRILL IN POTASH AREA

OPERATOR Hallwood Energy Co

LEASE NAME Bas6 #3-J

PROPOSED LOCATION 1980/S & 1980/E Sec. 30, T-20s, R-33e

PROPOSED DEPTH 8300'

Gentlemen:

The application for permit to drill identified above has been filled with this office of the New Mexico Oil Conservation Division. Pursuant to the provisions of Oil Conservation Division Order R-111-P, please advise this office whether the location is within an established Life-of-Mine-Reserve area filed with and approved by your office. If not, please advise whether it is within the buffer zone established by the order.

Thank you for your assistance. Please return as soon as possible.

Very truly yours,

OIL CONSERVATION DIVISION

Chris Williams
Supervisor, District 1

NOTE: The Operator has received
waivers from Mississippi Potash Inc.
Letter attached.

RESPONSE:The above-referenced location is in LMR ----- Yes ___ No *The above-referenced location is within the buffer zone----- Yes * No ___Signed [Signature]
Representing BLMDate 7-4-97

- 1) THIS PROPOSED LOCATION FALLS IN THE
1/2 MILE BUFFER ZONE FOR WHICH PREVIOUS
WELLS DRILLED BELOW 5,000'
R111P SEC. D. 1 aeb
G. 3 aeb
- 2) THE LMR SUBMITTED FOR THIS AREA IS
FROM MISSISSIPPI POTASH.



**Mississippi
Potash, Inc.**

RECEIVED
JUL 11 1997
LAND

July 8, 1997

ATTACHMENT NO. 3

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

Attention: Ms. Robin Benko, CPL

Re: Proposed Bass #3 Well
Section 30, T20S-R33E
Lea County, New Mexico

Dear Robin:

In accordance with the State of New Mexico, Energy, Minerals and Natural Resources Department Oil Conservation Commission Order R-111-P, Article III-1-2, Mississippi Potash, Inc. offers no objection to the proposed Bass #3 Well.

Sincerely,

Jill Farnsworth
Chief Mine Engineer

P.O. Box 101 • 1996 Potash Mines Road • Carlsbad, New Mexico 88220
Phone (505) 887-5591 • FAX (505) 887-0705