



NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505  
(505) 827-7131

June 29, 1999

Penwell Energy, Inc.  
600 North Marienfield - Suite 1100  
Midland, Texas 79701  
Attention: Bill Pierce, Operations Manager

RECEIVED  
JUL - 1 1999  
OIL CON. DIV.  
DIST. 3

Telefax No. (915) 683-4514

Administrative Order NSL-4322

Dear Mr. Pierce:

Reference is made to the following: (i) your application dated June 8, 1999; and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe: all concerning Penwell Energy, Inc.'s ("Penwell") request for an unorthodox oil well to test the Entrada formation with the proposed Penistaja Federal "23" Well No. 1 (API No. 30-043-20947) to be drilled 1413 feet from the North line and 483 feet from the East line (Unit H) of Section 23, Township 20 North, Range 4 West, NMPM, Sandoval County, New Mexico.

Pursuant to Division Rule 104.B(2)(c) the SE/4 NE/4 of Section 23, being a standard 40-acre oil spacing and proration unit for wildcat Entrada oil production, is to be dedicated to this well.

The subject application has been duly filed under the provisions of Division Rule 104.F.

The geologic interpretation submitted with this application indicates that a well drilled at the proposed unorthodox oil well location will be at a more favorable geologic position within the potentially oil productive interval of the Entrada formation than a well drilled at a location considered to be standard within the subject 40-acre oil spacing and proration unit.

Further, the NE/4 of Section 23 is a single Federal lease (lease No. NM-100800) in which Penwell is the leasehold operator; therefore, there are no effected offsets to the subject 40-acre tract other than Penwell.

By the authority granted me under the provisions of Division Rule 104.F(2), the above-described unorthodox oil well location is hereby approved.

Sincerely,

Lori Wrotenbery  
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec /  
U. S. Bureau of Land Management - Albuquerque

# PENWELL ENERGY, INC.

1100 ARCO BUILDING  
600 N. MARIENFELD  
MIDLAND, TEXAS 79701

OFF: (915) 683-2534  
FAX: (915) 683-4514

June 8, 1999

Mr. David Catanach  
New Mexico Oil Conservation Division  
2040 South Pacheco  
Santa Fe, New Mexico 87505

RECEIVED  
JUN 15 1999

RE: NSL Application for Penistaja Federal "23" #1  
1,413' FNL & 483' FEL  
Unit Letter "H"  
Section 23 - T20N - R4W  
Sandoval County, New Mexico  
API # 30-043-20947

OIL CON. DIV.  
DIST. 3

Dear Mr. Catanach,

Pursuant to New Mexico Oil Conservation Division Rule 104.F, Penwell hereby submits five (5) copies of an application for administrative approval of a non-standard location (NSL) for the above referenced well.

Please contact me at the above letterhead if you have any questions regarding this application.

Sincerely,



Bill Pierce  
Operations Manager

ABOVE THIS LINE FOR DIVISION USE ONLY

## NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

2040 South Pacheco, Santa Fe, NM 87505



## ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATION FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

## Application Acronyms:

[NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]  
 [DD-Directional Drilling] [SD-Simultaneous Dedication]  
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]  
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]  
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]  
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]  
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

## [1] TYPE OF APPLICATION - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Directional Drilling

☒ NSL ☐ NSP ☐ DD ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement

☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery

☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

RECEIVED  
 JUN 15 1999  
 OIL CON. DIV.  
 DIST. 3

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or ☐ Does Not Apply[A] ☐ Working, Royalty or Overriding Royalty Interest Owners[B] ☐ Offset Operators, Leaseholders or Surface Owner[C] ☐ Application is One Which Requires Published Legal Notice
 [D] ☒ Notification and/or Concurrent Approval by BLM or SLO  
 U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
[E] ☒ For all of the above, Proof of Notification or Publication is Attached, and/or,[F] ☐ Waivers are Attached

## [3] INFORMATION / DATA SUBMITTED IS COMPLETE - Certification

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I understand that any omission of data (including API numbers, pool codes, etc.), pertinent information and any required notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

 Bill Pierce  
 Print or Type Name

 Bill Pierce  
 Signature

 Operations Manager  
 Title

 6/8/99  
 Date

# PENWELL ENERGY, INC.

1100 ARCO BUILDING  
600 N. MARIENFELD  
MIDLAND, TEXAS 79701

OFF: (915) 683-2534  
FAX: (915) 683-4514

May 19, 1999

Bureau of Land Management  
435 Montano NE  
Albuquerque, New Mexico 87107-4935

RECEIVED  
JUN 15 1999  
OIL CON. DIV.  
DIST. 3

RE: NSL Application for Penistaja Federal "23" #1

Pursuant to New Mexico Oil Conservation Division Rules, this registered letter shall serve as notification of the following non-standard location for the above referenced well. This letter is strictly for notification purposes only and no action is required by the BLM regarding this matter.

Well Name: Penistaja Federal "23" #1  
Lease Number: NM 100800  
Legal Description: 1,413' FNL & 483' FEL, Sec. 23 - T20N - R4W  
Sandoval County, New Mexico.  
Applicant's Name: Penwell Energy, Inc.  
Applicant's Address: 600 N. Marienfeld Ste. 1100  
Midland, TX. 79701

Additional Information: An application for a non-standard location will be filed with the NMOCD this week. If they determine the application complies with the applicable administrative regulations, approval will be granted.

The New Mexico Oil Conservation Division address is:

2040 S. Pacheco  
Santa Fe, New Mexico 87504

Sincerely,



Bill Pierce  
Operations Manager

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:**

Bureau of Land Management  
435 Montano NE  
Albuquerque, New Mexico 87107-4935

**4a. Article Number**

Z 137 524 400

**4b. Service Type**

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

**7. Date of Delivery**

6/1/99

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

Shane Nally

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

X

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

PS Form 3811, December 1994

102595-97-B-0179

Domestic Return Receipt

UNITED STATES POSTAL SERVICE



First-Class Mail  
Postage & Fees Paid  
USPS  
Permit No. G-10

• Print your name, address, and ZIP Code in this box •

Cathy Livingston  
Penwell Energy, Inc.  
600 N. Marienfeld, Ste 1100  
Midland, Texas 79701

**REQUEST FOR ADMINISTRATIVE APPROVAL FOR NON-STANDARD  
LOCATION FOR PENWELL ENERGY'S  
PENISTAJA FEDERAL "23" #1 OIL WELL  
1,413' FNL & 483' FEL "H"  
Section 23 – T20N – R4W  
Sandoval County, New Mexico  
API # 30-043-20947**

1. The well is on BLM surface and minerals. The BLM lease number for this well is NM 100800 (Approved 3160-3 attached). The existing location is a non-standard (93' from north quarter- quarter line of unit letter "H") location as per OCD rules.
2. The attached C-102 shows the well location and proration unit (SE4/NE4 of Sec. 23 which is a standard 40 acre oil-proration unit).
3. According to NMOCD records, there is no production within a one (1) mile radius of the location. There is a NSL oil well located in the NW4/SE4 of section 27 of the same township and range. This well is the Limark Corporation Federal "27" #1 well.
4. All offset 40 acre proration units are owned by Penwell Energy as per the attached acreage map. All Penwell held acreage is colored yellow.
5. The location was selected based on a 1998 3-D seismic survey with lines spaced @ quarter mile intervals. A standard drilling unit does not allow drilling at the highest point of the structure as evidenced by the attached 3-D seismic image for this section.
6. Directional drilling is not feasible because it is not cost effective for this wildcat well.

7. I hereby certify that notice has been sent to the surface management and mineral management agency responsible for this acreage, there are no off-setting operators on one or more sides which adjoin the applicant's spacing unit, or the single closest corner to the location and that the information presented is true and correct to the best of my knowledge. (Bureau of Land Management Albuquerque field office.)

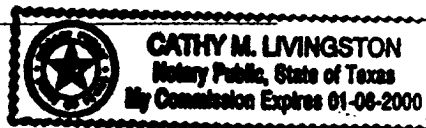
Signature: Bill Pierce  
Name & Title: Bill Pierce - Operations Manager  
Date: June 8, 1999

STATE OF TEXAS       )  
                                  ) SS:  
COUNTY OF MIDLAND)

The foregoing instrument was acknowledged before me on this 8<sup>th</sup> day of June, 1999 by Bill Pierce.  
Witness my hand and seal.

Cathy M. Livingston  
Notary Public – Cathy Livingston

My commission expires: \_\_\_\_\_



DISTRICT II  
P.O. Drawer DD, Artesia, N.M. 88211-0719

DISTRICT III  
1000 Rio Brazos Rd., Aztec, N.M. 87410

DISTRICT IV  
PO Box 2088, Santa Fe, NM 87504-2088

## OIL CONSERVATION DIVISION

P.O. Box 2088  
Santa Fe, NM 87504-2088

Form C-102  
Revised February 21, 1994  
Instructions on back  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

☐ AMENDED REPORT

## WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-043-20947		2 Pool Code	3 Pool Name
4 Property Code	5 Property Name PENISTAJA FEDERAL 23 #1		6 Well Number 1
7 OGRID No. 147380	8 Operator Name PENWELL ENERGY INCORPORATED		9 Elevation 6909'

<sup>10</sup> Surface Location

Surface Location									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	23	20-N	4-W		1413	NORTH	483	WEST	Sandoval New Mexico

<sup>11</sup> Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
14. Dedicated to...	13. E. 1/4 of...	5. 20N	11. 20E						

<sup>12</sup> Dedicated Acres 40	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

N 89-32-15 W 2647.05'

16		17	
FD. BLM BRASS CAP 1923		FD. BLM BRASS CAP 1923	
NM 100800		1413'	
NM 98712		483'	
23		1319.75'	
NM 98712		5279.05'	
N.M. STATE PLANE COORDINATES CENTRAL ZONE, NAD 1927 X 212708 Y 1803317		N 0-33-53 E 2639.53'	
FD. BLM BRASS CAP 1922		FD. BLM BRASS CAP 1922	

### OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Bill Pierce  
Signature  
Bill Pierce  
Printed Name  
Operations Manager  
Title  
March 30, 1999  
Date

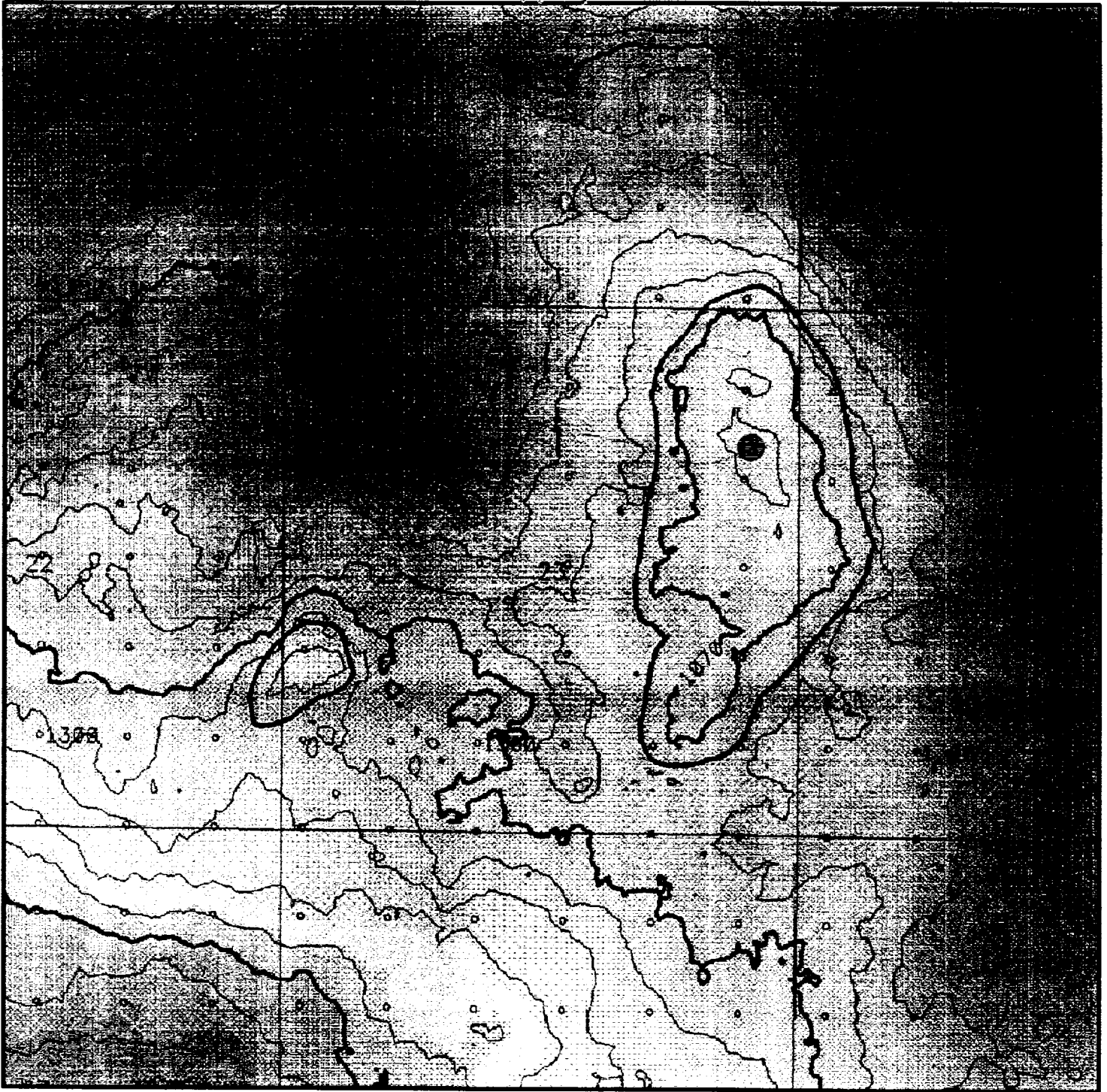
### SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

3-11-99  
Date of Survey  
A. RUSH  
Signature and Seal of Professional Surveyor  
8894  
REGISTERED PROFESSIONAL LAND SURVEYOR  
8894  
Certificate Number







PENISTAJA FEDERAL "23" #1  
1,413' FNL & 483' FEL  
Section 23 - T20N - R4W  
Sandoval County, New Mexico  
Federal Lease #NM-100800