



NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

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

December 23, 1999

Penwell Energy, Inc.  
1100 Arco Building  
600 N. Marienfeld  
Midland, Texas 79701

RECEIVED  
DEC 29 1999

OIL CON. DIV.  
DIST. 3

Attention: Bill Pierce

**Re:** *Administrative application for an exception to Division Rule 104.B (1), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999, for Penwell Energy, Inc.'s proposed Eagle Springs "8" Federal Well No. 1 (API No. 30-043-20949), to be drilled at an unorthodox Entrada oil well location 263 feet from the North line and 2548 feet from the East line (Unit B) of Section 8, Township 19 North, Range 4 West, NMPM, Sandoval County, New Mexico, whereby the NW/4 NE/4 of Section 8 is to be dedicated to this well in order to form a standard 40-acre oil spacing and proration unit.*

Dear Mr. Pierce:

Your application is hereby denied for the following reasons:

- (1) notification appears to be insufficient pursuant to the Division Rules 104.F (3) and 1207.A (2) (see copies attached); and
- (2) the parameters used for well selection, as shown on the 3-D seismic survey that was submitted with your application (the red area), appear to be no different between the nearest standard oil well location within the NW/4 NE/4 (Unit B) of Section 8, being only 244 feet, and the proposed location.

Sincerely,

Michael E. Stogner  
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division - Aztec  
U. S. Bureau of Land Management - Albuquerque  
Kathy Valdes, NMOCD - Santa Fe

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

[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

Manager of Operations  
 Title

12/13/99  
 Date

# PENWELL ENERGY, INC.

1100 ARCO BUILDING  
600 N. MARIENFELD  
MIDLAND, TEXAS 79701

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

December 13, 1999

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

RE: NSL Application for Eagle Springs "8" Federal #1  
263' FNL & 2,548' FEL  
Unit Letter "B"  
Section 8 - T19N - R4W  
Sandoval County, New Mexico  
API # 30-043-20949

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  
Manager of Operations

# PENWELL ENERGY, INC.

1100 ARCO BUILDING  
600 N. MARIENFELD  
MIDLAND, TEXAS 79701

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

November 10, 1999

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

RE: NSL Application for Eagle Springs "8" Federal

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: Eagle Springs "8" Federal #1  
Lease Number: NM 99705  
Legal Description: 263' FNL & 2,548' FEL, Sec. 8 – T19N – 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  
Manager of Operations

Is your RETURN ADDRESS completed on the reverse side?

5

**ORDER:**

- 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

Z100 664 059

4b. Service Type

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

7. Date of Delivery

11/15/97

5. Received By: (Print Name)

JEANNE HOLTBY

Signature (Addressee or Agent)

X

Jeane Holtby

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.

**REQUEST FOR ADMINISTRATIVE APPROVAL FOR NON-STANDARD  
LOCATION FOR PENWELL ENERGY INC.  
EAGLE SPRINGS "8" FEDERAL #1 OIL WELL  
263' FNL & 2,548' FEL "B"  
Section 8 – T19N – R4W  
Sandoval County, New Mexico  
API # 30-043-20949**

1. The well is on BLM surface and minerals. The BLM lease number for this well is NM 99705 (Approved 3160-3 attached). The existing location is a non-standard (95' from west quarter- quarter line and 263' from north section line of unit letter "B") location as per OCD oil well rules.
2. The attached C-102 shows the well location and proration unit (NW4/NE4 of Sec. 8 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.
4. All offset 40 acre proration units are owned by Penwell Energy as per the attached acreage map. All Penwell / SJJV 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.)

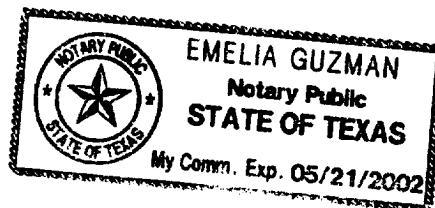
Signature: Bill Pierce  
Name & Title: Bill Pierce – Manager of Operations  
Date: December 13, 1999

STATE OF TEXAS       )  
                                  ) SS:  
COUNTY OF MIDLAND)

The foregoing instrument was acknowledged before me on this 13<sup>th</sup> day of  
DECEMBER, 1999 by Bill Pierce  
Witness my hand and seal.

Emelia Guzman  
Notary Public – Emelia Guzman

My commission expires: 5-21-02



DISTRICT I  
P.O. Box 1980, Hobbs, N.M. 88241-1980

State of New Mexico  
Energy, Minerals & Natural Resources Department

Form C-102  
Revised February 21, 1994  
Instructions on back

Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

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

OIL CONSERVATION DIVISION

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

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

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30-043-20949	<sup>2</sup> Pool Code	<sup>3</sup> Pool Name Wildcat - Entrada
<sup>4</sup> Property Code	<sup>5</sup> Property Name EAGLE SPRINGS 8 FEDERAL	<sup>6</sup> Well Number 1
<sup>7</sup> GRID No. 147380	<sup>8</sup> Operator Name PENWELL ENERGY, INC.	<sup>9</sup> Elevation 6717'

<sup>10</sup> Surface Location

UL or lot no. B	Section 8	Township 19-N	Range 4-W	Lot Idn	Feet from the 263	North/South line NORTH	Feet from the 2545	East/West line EAST	County SANDOVAL
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<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
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<sup>12</sup> Dedicated Acres	<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  
S 89-57 W (1924 U.S.G.L.O.)


16	STATE PLANE COORDINATES NEW MEXICO CENTRAL ZONE X = 194604.0 Y = 1783813.0 NAD 1927 DATUM	263'	2545'	FD. 1923 U.S.G.L.O. BC.	17	OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.  Signature <u>Bill Pierce</u> Printed Name <u>Bill Pierce</u> Manager of Operations Title December 13, 1999 Date
		8		FD. 1923 U.S.G.L.O. BC.	18	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.  9-20-ROYA RUSH Date of Survey Signature and Seal of Professional Surveyor 8894 Certificate Number

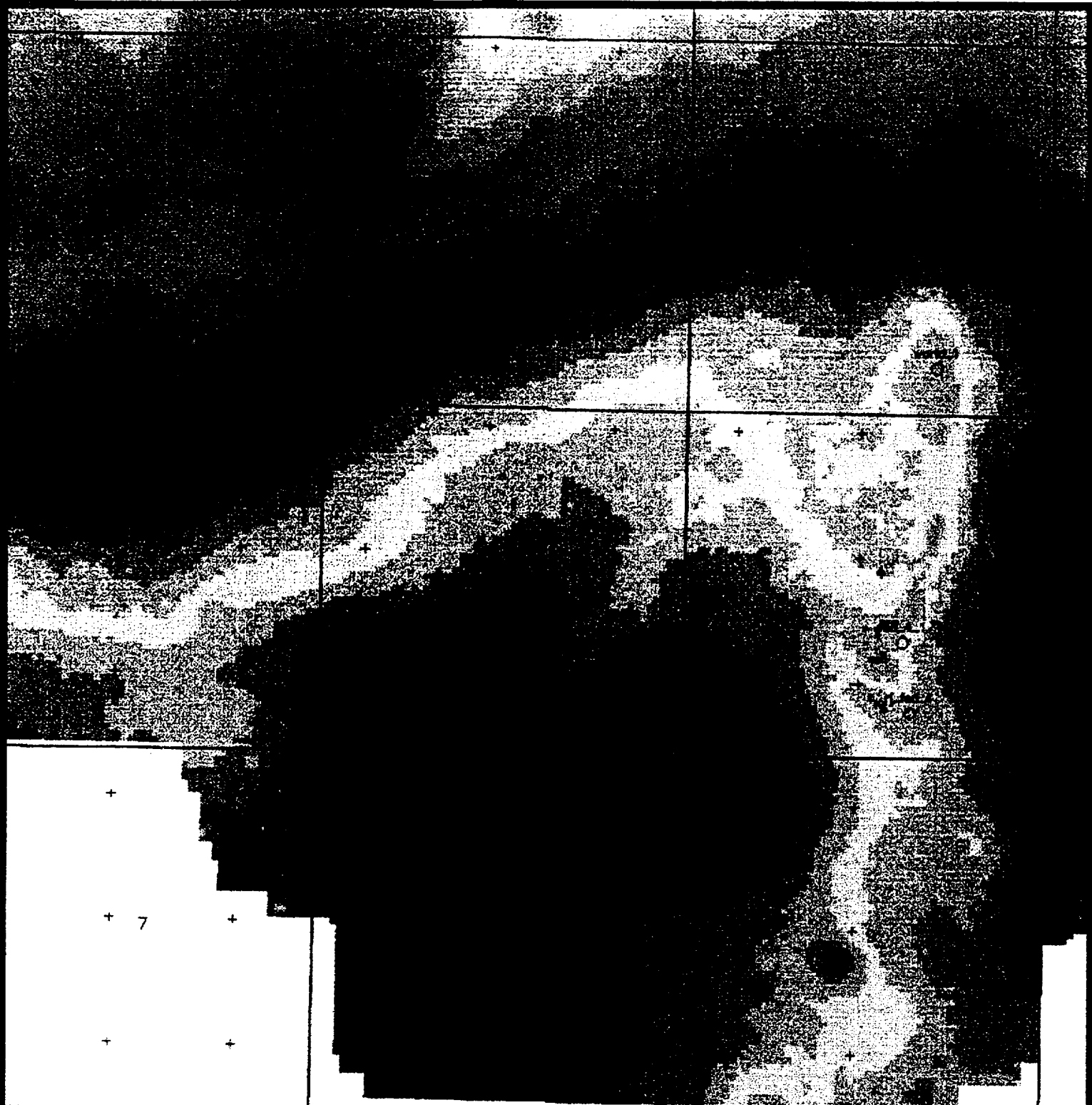




# SANDOVAL COUNTY, NEW MEXICO

SAN JUAN JOINT VENTURE		
PENWELL ENERGY EAGLE SPRINGS 8 FED. #1 DRILLSITE T-19-N, R-4-W, SEC. 8 (263 FNL, 2545 FEL)		
P. B.		11/10/1999
C. P.		SCALE 1" = 3000'

 Penwell Energy / SJJV Acreage position



+  
+ 7 +  
+ +

+ +  
+ 18 -

PENWELL ENERGY, INC.  
EAGLE SPRINGS '8' FED #1  
263' FNL & 2545' FEL  
SECTION 8, T19N, R4W  
SANDOVAL COUNTY, NEW MEXICO

+ +  
+16 +

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPLICATE\*  
(Other instructions on  
reverse side)

FORM APPROVED  
OMB NO. 1004-0136  
Expires: February 28, 1995

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK

DRILL ☒

DEEPEN ☐

b. TYPE OF WELL

OIL  
WELL ☒

GAS  
WELL ☐

OTHER

SINGLE  
ZONE ☒

MULTIPLE  
ZONE ☐

2. NAME OF OPERATOR

Penwell Energy, Incorporated

3. ADDRESS AND TELEPHONE NO.

600 N. Marienfeld, Suite 1100; Midland, Texas 79701 915 683-2534

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)

At surface 263' FNL & 2,545' FEL Unit Letter "B"

At proposed prod. zone

SAME

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE\*

23 miles southwes of Cuba, New Mexico

15. DISTANCE FROM PROPOSED\*  
LOCATION TO NEAREST  
PROPERTY OR LEASE LINE, FT  
(Also to nearest drilg. unit line, if any)

263'

16. NO. OF ACRES IN LEASE

640

17. NO. OF ACRES ASSIGNED  
TO THIS WELL

40

18. DISTANCE FROM PROPOSED LOCATION\*  
TO NEAREST WELL, DRILLING, COMPLETED,  
OR APPLIED FOR, ON THIS LEASE, FT.

NA

19. PROPOSED DEPTH

6,000'

20. ROTARY OR CABLE TOOLS

Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)

6,717' GR

22. APPROX. DATE WORK WILL START\*

11/15/99

23.

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12 1/4"	9 5/8", J-55	36#	350'+/-	210 sacks
8 3/4"	7", J-55	23#	6,000'+/-	900 sacks

\* Cement program shows 400 sacks  
stage 1 & 700 sacks stage 2 & 1100 sacks  
Volumes will be verified per caliper log.

SEE ATTACHED APD

IN ABOVE SPACE DESCRIBE PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24.

SIGNED

*Bill Rin*

TITLE Manager of Operations

DATE 10/22/99

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.  
CONDITIONS OF APPROVAL, IF ANY:

*OK*

*Attended*

*NSC*

APPROVED BY

*BA*

TITLE

*AAFO*

DATE

*12/13/99*

\*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

DISTRICT I  
P.O. Box 1980, Hobbs, N.M. 88241-1980

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

State of New Mexico  
Energy, Minerals & Natural Resources Department

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

*API Number 30-043-20949	*Pool Code WC 03	*Pool Name <del>Wellhead</del> Entrada
*Property Code 25148	*Property Name EAGLE SPRINGS 8 FEDERAL	*Well Number 1
*GRID No. 147380	*Operator Name PENWELL ENERGY, INC.	*Elevation 6717'

<sup>10</sup> Surface Location

UL or lot no. B	Section 8	Township 19-N	Range 4-W	Lot Idn	Feet from the 263	North/South line NORTH	Feet from the 2545	East/West line EAST	County SANDOVAL
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<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
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*Dedicated Acres	*Joint or Infill	*Consolidation Code	*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  
S 89-57 W (1924 U.S.G.L.O.)

STATE PLANE COORDINATES  
NEW MEXICO CENTRAL ZONE  
X = 194604.0  
Y = 1783813.0  
NAD 1927 DATUM

FD. 1923  
U.S.G.L.O. BC.

17 OPERATOR CERTIFICATION

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

Signature  
*Bill Pierce*

Printed Name  
Bill Pierce

Title  
Manager of Operations

Date  
10/22/99

Signature

FD. 1923  
U.S.G.L.O. BC.

18 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.

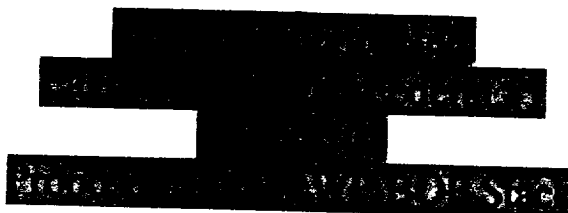
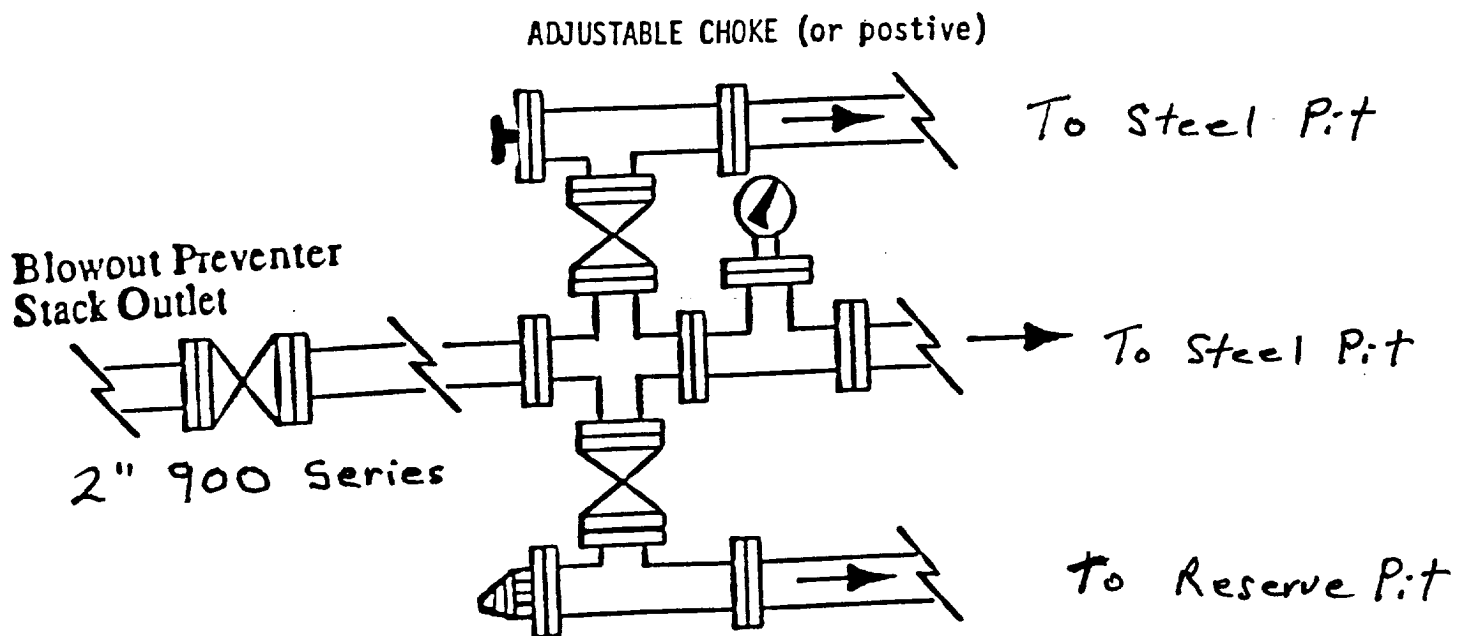
Date of Survey  
9-20-88

Signature and Seal of Professional Surveyor

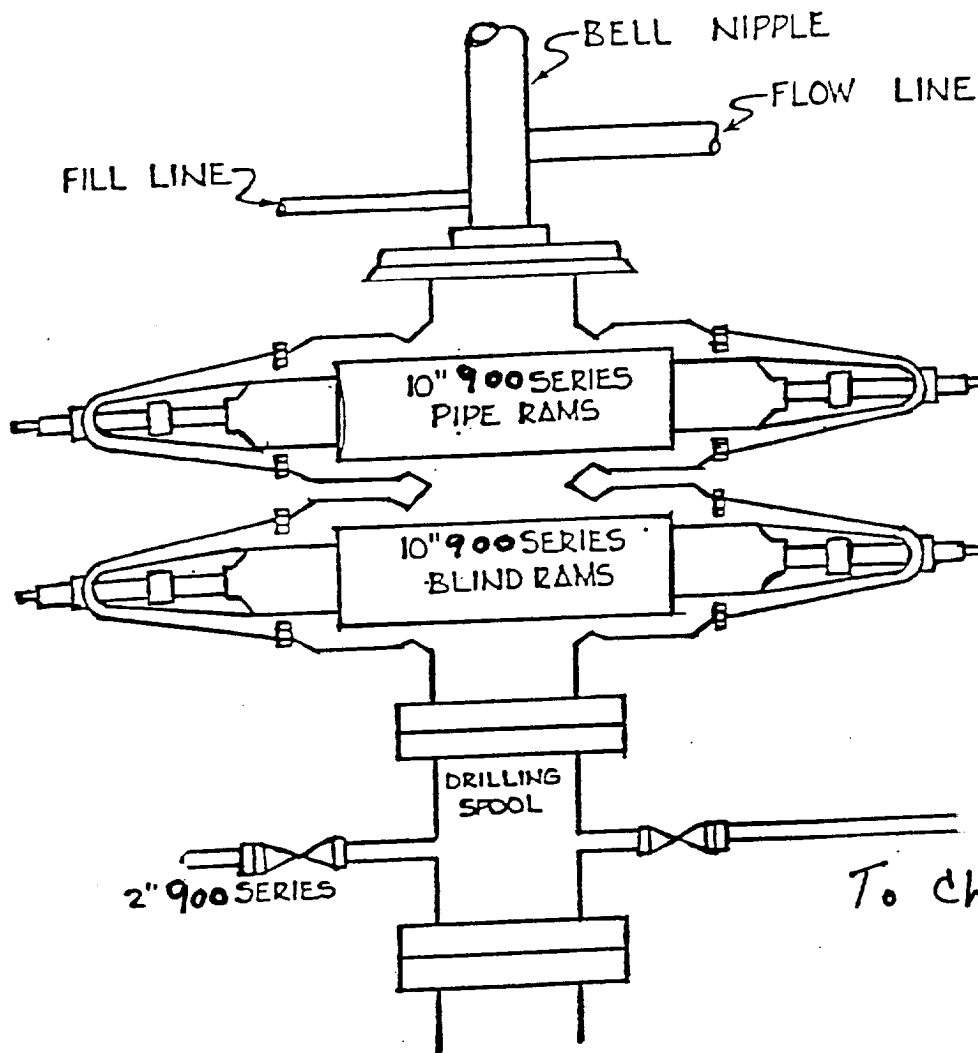
8894

Certificate Number

**EXHIBIT "A"**



**EXHIBIT "B"**

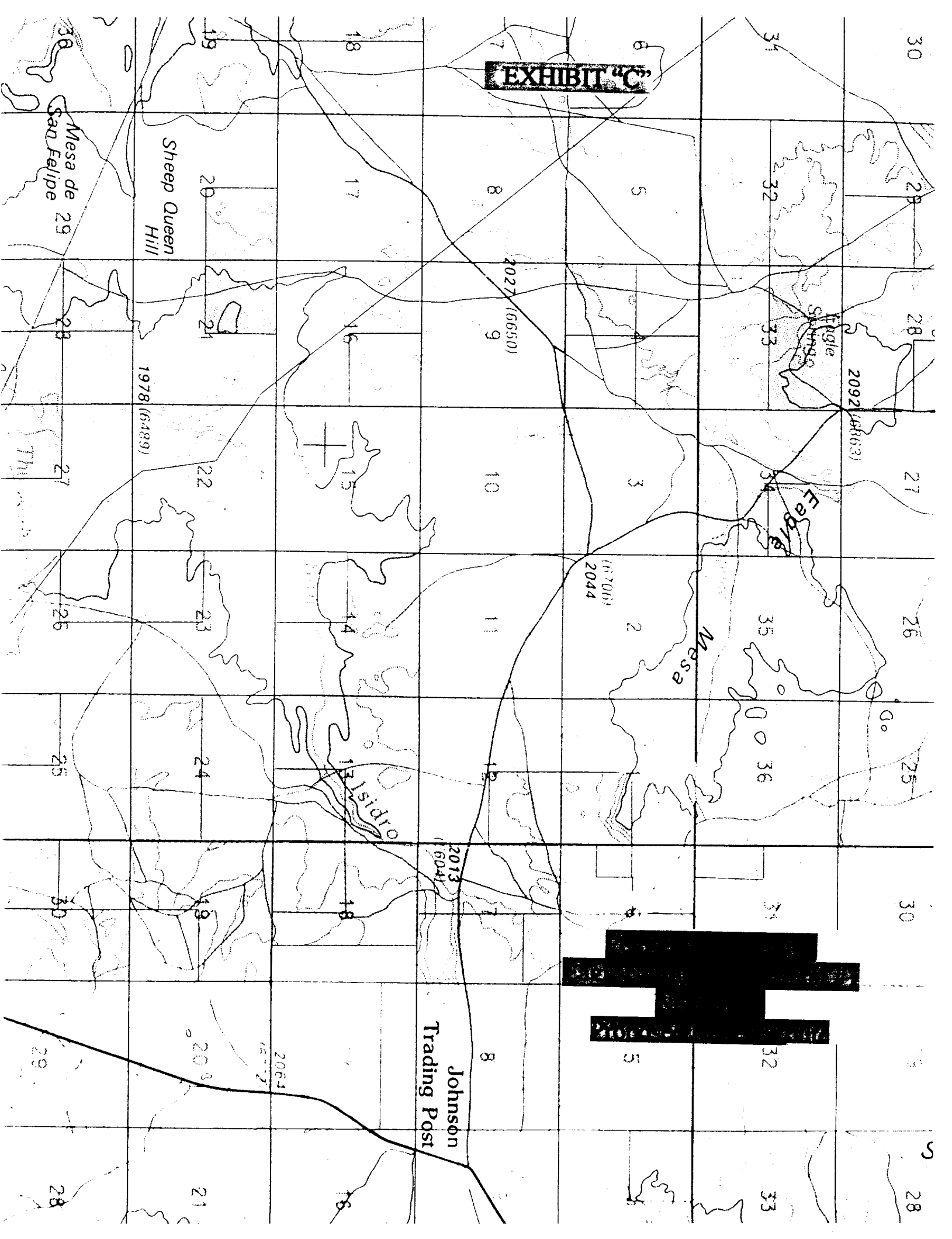


Fill Line

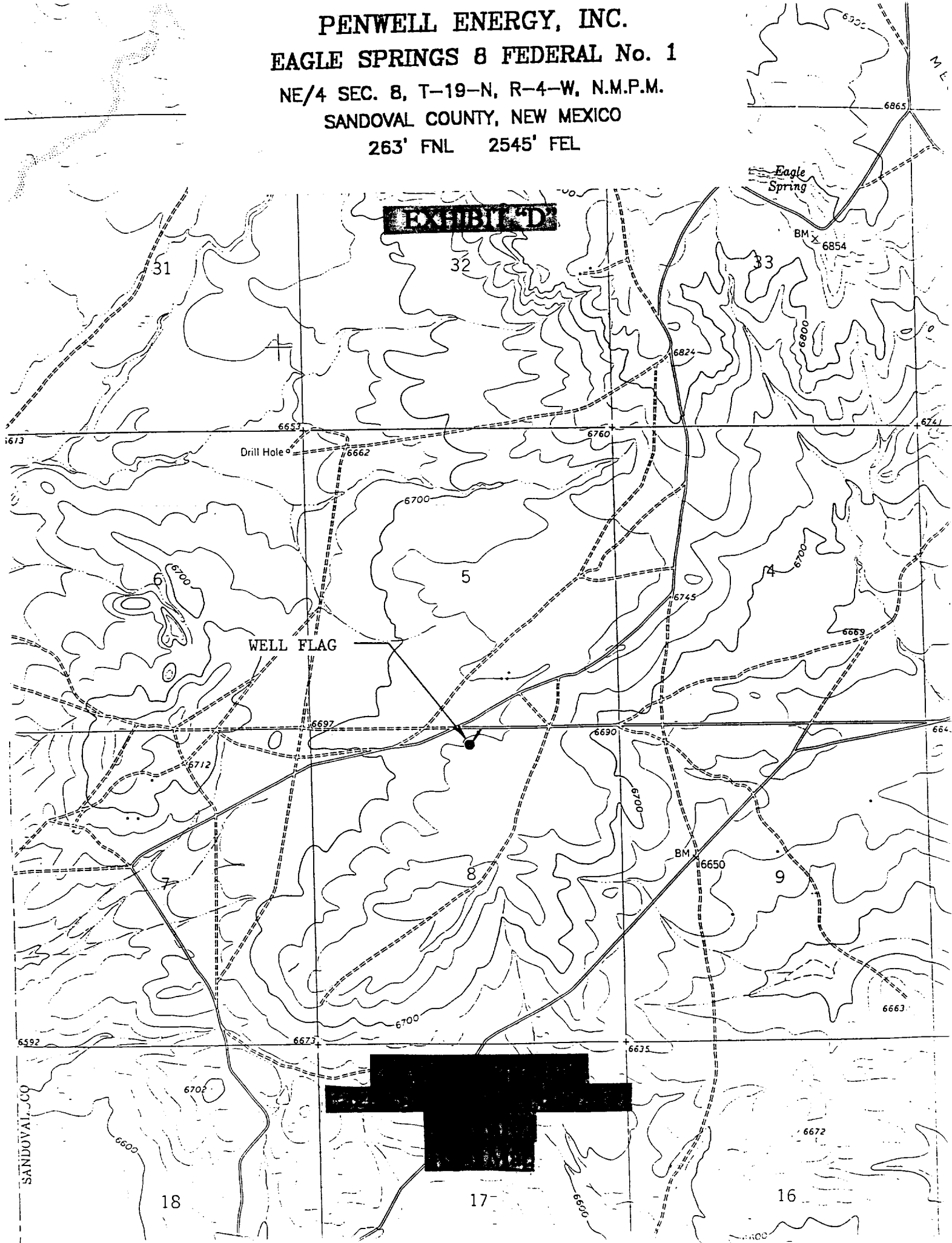
To Choke Manifold

**Exhibit B**  
**Wellhead Assembly**  
**1970**  
**Proposed Wellhead Choke Manifold**

EXHIBIT "C"



PENWELL ENERGY, INC.  
EAGLE SPRINGS 8 FEDERAL No. 1  
NE/4 SEC. 8, T-19-N, R-4-W, N.M.P.M.  
SANDOVAL COUNTY, NEW MEXICO  
263' FNL 2545' FEL





5608 6648

36

Merrion O.B.G.  
Zeno Blanca

5614  
Filon 5740 6629  
Lewis

Union Pacific 75%  
R.Chorney 25%  
50990  
6-1-92

32

NAVAJO

NAVAJO

33

Yates Drig etal  
83016  
1-1-95

Worldview  
5678 6280  
82809  
(10)

STATE K2391 STATE L61094

Union Pacific  
60751  
4-24-89

Union Pacetal  
50990 5-31-92

EASTERN  
3723

85808  
(8)

Yates Pet  
86860  
8-31-96

Diamond Oil  
80474  
2-1-94

Union Pac.  
61255  
11-1-96

6

5

NAVAJO

80474

Filon  
5802 6696

Reese & Jones  
5650, 6605

U.S.

50990  
(6)

86860  
(7)

86860  
(5)

86860  
(5)

TESORO  
Seabrook  
etal  
85808  
12-31-95

NAVAJO

85808  
(8)

86860  
(5)

Yates Drig etal  
76825  
9-1-93

NAVAJO

MCKINLEY  
SANDOVAL

7

8

9

J.Chorney  
83675  
3-1-2000

86860  
(5)

85808

EASTERN  
4587

NAVAJO

LOWREY  
4696

Bird Oil  
50988  
5-1-92

Yates Pet  
90-VA-326  
7-17-95

86860  
(5)

NAVAJO

NAVAJO

16

Yates Drig etal  
83676 3-1-2000

LOWREY  
1605  
CANNEDY  
1688

GILMORE  
1783

50988  
(17)

NAVAJO

NAVAJO

STATE

FILON  
9-29-85  
5552

Yates Drig etal  
76824  
9-1-93

NAVAJO

NAVAJO

Chorney Oil  
80475

21

76824

ERV