

BEFORE THE
OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION
OF PENWELL ENERGY, INC. FOR
COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

RECEIVED

JUN 28 1996

Oil Conservation Division

CASE NO. 11578

APPLICATION

PENWELL ENERGY, INC. ("Penwell"), through its undersigned attorneys, hereby makes application pursuant to the provisions of N.M.Stat.Ann. § 70-2-17, (1978), for an order pooling all mineral interests in the SW/4 SW/4 of Section 8, Township 23 South, Range 32 East, N.M.P.M., Lea County, New Mexico, and in support thereof states:

1. Penwell owns or represents 50% of the working interest in the SW/4 SW/4 of Section 8, and has the right to drill thereon.
2. Penwell proposes to drill its Tomcat "8" Federal No. 1 Well at a standard location 430 feet from the South line and 330 feet from the West line (Unit M) of Section 8 to a depth of approximately 8900 feet to test any and all formations from the surface to the base of the Bone Springs formation, Sand Dunes-Bone Springs Pool.
3. Applicant has sought and been unable to obtain either voluntary agreement for pooling or farmout from certain interest owners in the SW/4 SW/4 of said Section 8.
4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

5. In order to permit Penwell to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and Penwell should be designated the operator of the well to be drilled.

WHEREFORE, Penwell Energy, Inc. prays that this application be set for hearing before an Examiner of the Oil Conservation Division on July 25, 1996 and, after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions designating Penwell Energy, Inc. operator of all pooled units in the SW/4 SW/4 of said Section 8, and authorizing Penwell to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including overhead charges, and imposing a risk factor for the risk assumed by Penwell in drilling, completing and equipping the well.

Respectfully submitted,

CAMPBELL, CARR, BERGE,
& SHERIDAN, P.A.

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