

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

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

CASE NO. 11854

**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 from the surface to the base of the Morrow formation underlying the E/2 for all formations developed on 320-acre spacing, the NE/4 for all formations developed on 160-acre spacing, the S/2 NE/4 for all formations developed on 80-acre spacing, and the SE/4 NE/4 for all formations developed on 40-acre spacing, all in Section 14, Township 21 South, Range 27 East, NMPM, Eddy County, New Mexico, and in support thereof states:

1. Penwell owns or represents working interest in the E/2 of Section 28, and has the right to drill thereon.
2. Penwell proposes to drill its Lonetree "14" State Com Well No. 1 as a wildcat well at a standard location 1980 feet from the North line and 660 feet from the East line (Unit H) of Section 14 to a depth of approximately 12,000 feet to test any and all formations from the surface to the base of the Morrow formation.

3. Penwell has tried to reach voluntary agreement for the development with all owners of interest in the E/2 of said Section 14 but has been unable to reach agreement with Texaco Exploration and Production Inc., Post Office Box 2100, Denver, Colorado 80201 and Unit Petroleum Company, Attn: Naughton Leslie, Post Office Box 702500, Tulsa, OK 74170.

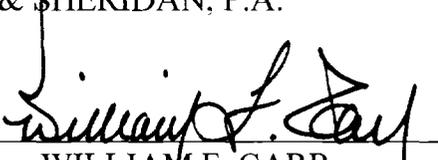
4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

5. In order to permit Penwell to proceed with its efforts 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 September 18, 1997 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 E/2 of said Section 14.

Respectfully submitted,

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

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