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June 2, 1998

11992

**HAND-DELIVERED**

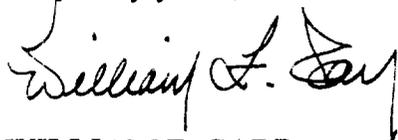
Lori Wrotenbery, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources .  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505

Re: *Application of Penwell Energy, Inc. for Compulsory Pooling, Eddy County,  
New Mexico*

Dear Ms Wrotenbery:

Enclosed in triplicate is the Application of Penwell Energy, Inc. in the above-referenced case as well as a copy of a legal advertisement. Penwell Energy, Inc. respectfully requests that this matter be placed on the docket for the June 25, 1998 Examiner hearings.

Very truly yours,



WILLIAM F. CARR

WFC:mlh

Enclosures

cc: Mark Wheeler (w/enclosures)  
Penwell Energy, Inc.  
1100 ARCO Building  
600 Marienfeld  
Midland, TX 79701

**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. 11992

**APPLICATION**

PENWELL ENERGY, INC. ("Penwell"), through its undersigned attorneys, hereby makes application pursuant to the provisions of NMSA 1978, Section 70-2-17, for an order pooling all mineral interests from the surface to the base of the Wolfcamp formation underlying the SE/4 SW/4 for all formations developed on 40-acre spacing of Section 19, Township 18 South, Range 31 East, N.M.P.M., Eddy County, New Mexico, and in support thereof states:

1. Penwell is a working interest owner in the SE/4 SW/4 of said Section 19 and has the right to drill thereon.
2. Penwell proposes to drill its West Shugart "19" Federal Well No. 1 at a standard location in the SE/4 SW/4 of Section 19 to a depth sufficient to test any and all formations from the surface to the base of the Wolfcamp formation, West Shugart-Wolfcamp Pool.
3. Penwell has sought and been unable to obtain either voluntary agreement for pooling or farmout from Canadian Kenwood Company, 1910 IDS Center, 80 South 8th

Street, Minneapolis, Minnesota 55402 owner of working interest in the SE/4 SW/4 of said Section 19.

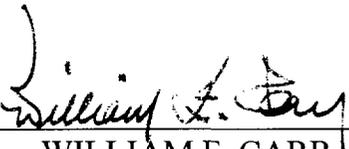
4. Said pooling of interests will be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

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 June 25, 1998 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 the SE/4 SW/4 of said Section 19.

Respectfully submitted,

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

By:   
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WILLIAM F. CARR

Post Office Box 2208

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ATTORNEYS FOR PENWELL ENERGY, INC.

CASE \_\_\_\_\_: Application of Penwell Energy, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests from the surface to the base of the Wolfcamp formation underlying the SE/4 SW/4 for all formations developed on 40-acre spacing in Section 19, Township 18 South, Range 31 East, NMPM. Applicant proposes to dedicate this pooled unit to its West Shugart-Wolfcamp "19" Federal Well No. 1 to be drilled at a standard location in the SE/4 SW/4 of said Section 19 to test any and all formations from the surface to the base of the Wolfcamp formation, West Shugart-Wolfcamp Pool. Also to be considered will be the designation of applicant as operator of the well. Said area is located approximately \_\_\_ miles \_\_\_ of \_\_\_\_\_, New Mexico.

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