

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

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:**

**CASE NO. 12387
ORDER NO. R-13374**

01 JUN 11 PM 3:59
OIL CONSERVATION DIV.

**APPLICATION OF PENWELL ENERGY, INC.,
TEMPORARY SPECIAL POOL RULES FOR THE
SOUTHEAST ARENA BLANCA-ENTRADA POOL,
SANDOVAL COUNTY, NEW MEXICO.**

PRE-HEARING STATEMENT

This Prehearing Statement is submitted by Holland & Hart LLP and Campbell & Carr, as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

Penwell Energy, Inc.
Attn: Bill Pierce
600 North Marienfeld, Suite 1100
Midland, TX 79701
(915) 683-2534

ATTORNEY

William F. Carr, Esq.
Holland & Hart LLP and Campbell & Carr
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STATEMENT OF CASE

APPLICANT

Application of Penwell Energy, Inc. for pool creation; special pool rules and a nonstandard spacing and proration unit, Sandoval County, New Mexico. Applicant in the above-styled cause seeks the creation of a new pool for the production of hydrocarbons from the Entrada formation, to include the W/2 NE/4 and the E/2 NE/4 of Section 8, Township 19 North, Range 4 West, NMPM. Applicant also seeks the promulgation of special rules and regulations for this new pool, including provisions for 160-acre spacing and special well location requirements, and the approval of a nonstandard spacing and proration unit comprised of the W/2 NE/4 and the E/2 NW/4 of said Section 8. Said area is located approximately 8 miles northwest of Torreon, New Mexico.

PROPOSED EVIDENCE

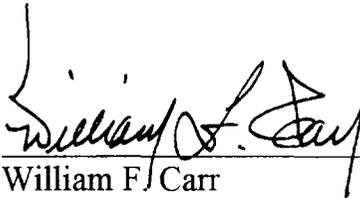
APPLICANT

WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
None		

PROCEDURAL MATTERS

The Southeast Arena Blanca-Estrada Pool is a one-well pool located in Sandoval County, New Mexico. Penwell Energy, Inc., has been unable to obtain electrical power at the well site and, therefore, has not been able to install equipment in the well necessary to increase the production therefrom. Accordingly, the well continues to produce at low rates and no data has been acquired which either confirms or disproves the need for the temporary rules adopted by Order No. R-11374. Penwell Energy, Inc., requests permission to submit an affidavit confirming its efforts to get electrical power extended to the well and requests an additional one-year extension of the temporary Special Pool Rules and Regulations for the Southeast Arena Blanca-Entrada Pool.

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A handwritten signature in black ink, appearing to read "William F. Carr", written over a horizontal line.

William F. Carr
ATTORNEY FOR PENWELL ENERGY, INC.