

**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. 12540 (Reopened)
ORDER NO. R-11526-A**

**IN THE MATTER OF CASE NO. 12540 BEING REOPENED PURSUANT TO
THE PROVISIONS OF ORDER NO. R-11526, WHICH ORDER
PROMULGATED TEMPORARY SPECIAL POOL RULES FOR THE ARENA
BLANCA-ENTRADA POOL IN MCKINLEY COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on April 18, 2002, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 17th day of June, 2002, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given, and the Division has jurisdiction of this case and its subject matter.

(2) By Order No. R-11526 issued in Case No. 12540 on January 31, 2001, the Division, upon application of Penwell Energy, Inc., established temporary special pool rules for the Arena Blanca-Entrada Pool, McKinley County, New Mexico, including a provision for 160-acre spacing and proration units and designated well location requirements.

(3) Pursuant to the provisions of Order No. R-11526, this case was reopened to allow Penwell Energy, Inc. ("Penwell") and other interested parties to appear and present evidence in order to determine whether the *Special Pool Rules for the Arena Blanca-Entrada Pool* should be permanently adopted.

(4) Penwell appeared at the hearing through legal counsel.

(5) No other operator or interest owner appeared at the hearing.

(6) The Arena Blanca-Entrada Pool currently comprises the S/2 NE/4 and the N/2 SE/4 of Section 36, Township 20 North, Range 5 West, NMPM.

(7) Penwell, through legal counsel, stated that:

- (a) the Arena Blanca-Entrada Pool is located in a remote area of McKinley County, New Mexico. During the past several months, Penwell has been attempting, through negotiations with Jemez Mountain Electrical Co-op, to obtain electric power in Section 36 at the site it proposes to drill its Torreon Wash "36" Well No. 1;
- (b) Penwell has thus far been unable to obtain electric power; and
- (c) since the initial hearing to establish special pool rules in November, 2000, no additional drilling or other activity has taken place within the Arena Blanca-Entrada Pool.

(8) Penwell requested that:

- (a) the *Temporary Special Pool Rules for the Arena Blanca-Entrada Pool* be continued in effect until such time as it is able to obtain electric power and drill its Torreon Wash "36" Well No. 1;
- (b) the *Temporary Special Pool Rules for the Arena Blanca-Entrada Pool* be rescinded. If the Division prefers this option, Penwell will seek to re-establish the special pool rules at such time as it is able to drill the Torreon Wash "36" Well No. 1.

(9) There are no other operators or interest owners affected by this application.

(10) The *Temporary Special Pool Rules for the Arena Blanca-Entrada Pool* should be continued in effect until further order by the Division.

IT IS THEREFORE ORDERED THAT:

(1) The *Temporary Special Pool Rules for the Arena Blanca-Entrada Pool*, located in Section 36, Township 20 North, Range 5 West, NMMP, McKinley County, New Mexico, as established by Division Order No. R-11526, are hereby continued in effect until further order by the Division.

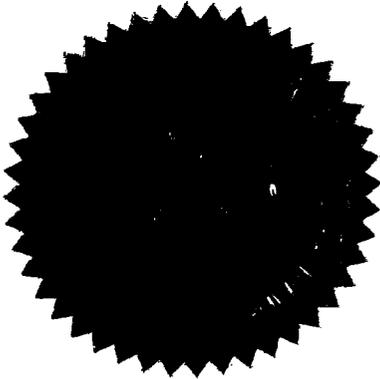
(2) Penwell Energy, Inc. shall advise the Santa Fe office of the Division at such time as it is able to drill its Torreon Wash "36" Well No. 1. The Division will then determine how to proceed with regards to re-opening this case to allow the presentation of additional data to support the continuation of special pool rules for the Arena Blanca-Entrada Pool.

(3) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


LORI WROTENBERY
Director



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