

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. 11619
ORDER NO. R-10685

**APPLICATION OF PENWELL ENERGY, INC. FOR SPECIAL POOL RULES,
EDDY COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on October 3, 1996, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 11th day of October, 1996, the Division Director, having considered the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) By Order No. R-10234, dated November 7, 1994 and made effective retroactive to November 1, 1994, the Division created and defined the East Pierce Crossing-Bone Spring Pool for the production of oil from the Bone Spring formation. The horizontal limits for said pool as currently designated, include the following described lands in Eddy County, New Mexico:

TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM

Section 23:	N/2 and SE/4
Section 26:	NE/4.

(3) The East Pierce Crossing-Bone Spring Pool is governed by the general Statewide Rules and Regulations with development on standard 40-acre spacing and proration units each having a top unit depth bracket allowable of 230 barrels of oil per day and a limiting gas/oil ratio of 2,000 cubic feet of gas per barrel of oil which results in a

casinghead gas allowable of 568 MCF per day. This depth bracket allowable was established and set by said Order No. R-10234 to correspond with the top most perforation in the discovery well for the pool, being 8,780 feet in the Pogo Producing Company River Bend Federal Well No. 7 (API No. 30-015-27994) located in the SW/4 NW/4 (Unit E) of Section 23, Township 24 South, Range 29 East, NMPM, Eddy County, New Mexico [see Finding Paragraph No. (4) on page 2 of said Order No. R-10234].

(4) At this time the applicant, Penwell Energy, Inc., seeks the adoption of special rules and regulations for the East Pierce Crossing-Bone Spring Pool, as described above, establishing a limiting gas-oil ratio of 10,000 cubic feet of gas per barrel of oil resulting in an increased casinghead gas allowable of 2,300 MCF per day.

(5) Prior to the hearing, the applicant requested this matter be dismissed.

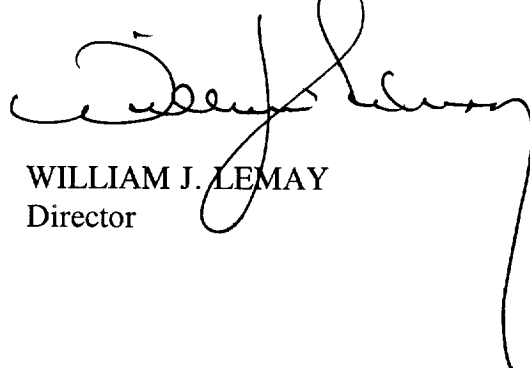
(6) Dismissal of this case should therefore be granted.

IT IS THEREFORE ORDERED THAT:

Case No. 11619 is hereby dismissed.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

S E A L