

PENWELL ENERGY, INC.

1100 ARCO BUILDING
600 N. MARIENFELD
MIDLAND, TEXAS 79701

OFF: (915) 683-2534
FAX: (915) 683-4514

*Fax when
done*

see NSL-PENW

API No.

30-015 -

VIA FACSIMILE

December 20, 1995

Mr. Michael E. Stogner
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

*original
received
date
12/20/95*

DEC 22 1995

Re: **Request for Administrative Approval
of an Unorthodox Location
Rookie State #1 Well
150' FNL & 2056' FEL
Section 7, T-22-S, R-26-E
Rifleman Prospect (NM-003)
Eddy County, New Mexico**

Dear Mr. Stogner:

Pursuant to your recent telephone conversation with Meg Mullinghouse of Santa Fe Energy Resources, Inc., Penwell Energy, Inc. as Operator of the captioned well would like to request administrative approval for an unorthodox location of 150' FNL & 2056' FEL of Section 7, T-22-S, R-26-E, Eddy County, New Mexico. Our objective is to re-enter the existing well bore and complete a 7050' Bone Spring oil and/or gas well. Due to the fact that the Bone Spring Formation has the capability of being an oil or a gas well, and there are no special pool rules for Bone Spring wells in T-22-S, R-26-E, Eddy County, New Mexico, Penwell requests an exception for a 40 acre (oil) or 160 acre (gas) proration unit. Said 40 acres is the NW/4 NE/4 and 160 acres is the NE/4, of the captioned land.

The above referenced location has been previously approved as an unorthodox location for the following:

1. 1962 - Gulf Oil Corporation's Hackberry Hills Unit No. 2, which was an undesignated Cisco Canyon test drilled to a total depth of 10,050'.

2. 1980 - E. L. Latham, Jr. & Roy G. Barton, Jr.'s Eddy State Com No. 1, which was a Happy Valley Morrow test drilled to a total depth of 11,600'

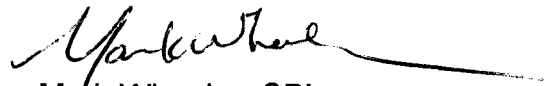
Enclosed please find the following information that you requested be sent:

1. Penwell's Sundry notice filed this date.
2. Letter sent on this date to offset owners that are not within our voluntary working interest unit. Waivers to this notice will be forwarded to you if they are received prior to the 20 day waiting period.
3. Plats showing the voluntary working interest unit and offsetting owners.

Penwell would greatly appreciate your review of the enclosed materials. Should you need anything additional please feel free to contact the undersigned at (915) 683-2534. Thank you in advance for your favorable consideration to this matter.

Yours truly,

PENWELL ENERGY, INC.


Mark Wheeler, CPL
Land Manager
Permian Basin

CM/tb
enclosure

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-101
Revised February 10, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 6 Copies
Fee Lease - 5 Copies

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

Operator Name and Address. PENWELL ENERGY, INC. 600 N. Marienfeld, Suite 1100 Midland, Texas 79701		OGRID Number
		API Number 30 - 0
Property Code	Property Name Rookie State	Well No. 1

Surface Location

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
B	7	22-S	26E		150	North	2056	East	Eddy

Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County

Proposed Pool 1

Proposed Pool 2

Work Type Code E	Well Type Code O	Cable/Rotary R	Lease Type Code S	Grossed Level Elevation 3660
Multiple No	Proposed Depth 7050	Formation Bone Spring	Contractor To be determined	Spud Date 12-28-95

Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
17 1/2"	13 3/8"	48.0	118'	225	surf.-csg. in place
12 1/4"	9 5/8"	36.0	2585'	650 + 7 yds.	surf.-csg. in place
8 3/4"	5 1/2"	15.5	7050'	900	2500'

Describe the proposed program. If this application is to DEEPEN or PLUG BACK give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

We propose to re-enter the former Latham and Barton, Eddy State #1 to test the Bone Spring formation for oil. A 3000 psi double ram BOP will be installed on the existing 9 5/8" casing. The cement plugs will be drilled out to 7050' for testing.

I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Signature:

Gordon Barker

Printed name:

Gordon Barker

Title:

Engineer

Date:

12/20/95

Phone:

915/683-2534

OIL CONSERVATION DIVISION

Approved by:

Title:

Approval Date:

Expiration Date:

Conditions of Approval:

Attached ☐

Owner E.L. Latham, Jr. & Roy G. Barton, Jr.			Lease Eddy State		Well No. #1
Unit Letter B	Section 7	Township 22S	Range 26E	County Eddy	
Actual Location of Well: 2056' feet from the East line and 150' feet from the North line					
Ground Level Elev. 3660 GL	Producing Formation Morrow		Pool Wildcat		Dedicated Acres 320

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☒ No If answer is "yes" type of consolidation Communitization Pending

If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.

Superior Arco David Fasken Tom Brown	L-4863	 L-4863	Inexco
L-4863	Superior Arco David Fasken Tom Brown	Union Oil Arco David Fasken Tom Brown	

CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature
E. L. Latham, Jr.

Position
Operator

Company
Latham & Barton

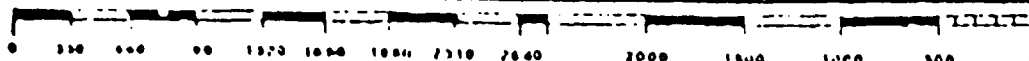
Date
Sept. 11, 1980

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed

Registered Professional Engineer
and/or Land Surveyor

Certificate No.



PENWELL ENERGY, INC.

1100 ARCO BUILDING
600 N. MARIENFELD
MIDLAND, TEXAS 79701

OFF: (915) 683-2534
FAX: (915) 683-4514

CERTIFIED MAIL - RETURN RECEIPT

December 20, 1995

TO: Offset Operators/
Leasehold Owners

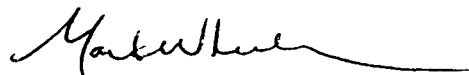
DEC 22 1995 Re: **Rookie State #1 Well**
Section 7, T-22-S, R-26-E
Rifleman Prospect (NM-003)
Eddy County, New Mexico
NEW MEXICO OIL CONSERVATION DIVISION

Gentlemen:

Penwell Energy, Inc. has filed an application with the New Mexico Oil Conservation Division for administrative approval of an unorthodox location for its proposed Rookie State #1 Well located 150 feet from the North line and 2056 feet from the East line of Section 7, Township 22 South, Range 26 East, N.M.P.M., Eddy County, New Mexico. Said well will be drilled to test the Bone Spring Formation and will have 40 acres (NW/4NE/4) for oil and 160 acres (NE/4) for gas, dedicated to the proration unit for this well. This particular location has been approved for an unorthodox location two times prior to this request. Therefore, Penwell is requesting administrative approval for said location, which would not necessitate a formal hearing unless there are objections from offset leasehold owners. Should you have any objections to the above mentioned unorthodox location, please notify Mr. Michael E. Stogner at the New Mexico Oil Conservation Division within twenty (20) days from the date of this letter, at 2040 South Pacheco, Santa Fe, New Mexico, 87505.

Yours very truly,

PENWELL ENERGY, INC.



Mark Wheeler, CPL
Land Manager
Permian Basin

MW/tb:pnm.003 (4T)

Offset Operators/Leasehold Owners

**Rifleman Prospect (NM-003)
NE/4 Section 7, T-22-S, R-26-E
Eddy County, New Mexico**

Amoco Production Company
P. O. Box 3092
Houston, Texas 77253
Attention: Mr. Jerry D. West

Tom Brown, Inc.
508 West Wall, Suite 500
Midland, Texas 79702
Attention: Mr. Dennis J. Hopkins

Union Oil Company of California
P. O. Box 3100
Midland, Texas 79702
Attention: Mr. Mike Nixon

Marshall & Winston, Inc.
P. O. Box 50880
Midland, Texas 79710-0880
Attention: Mr. Kevin Hammitt

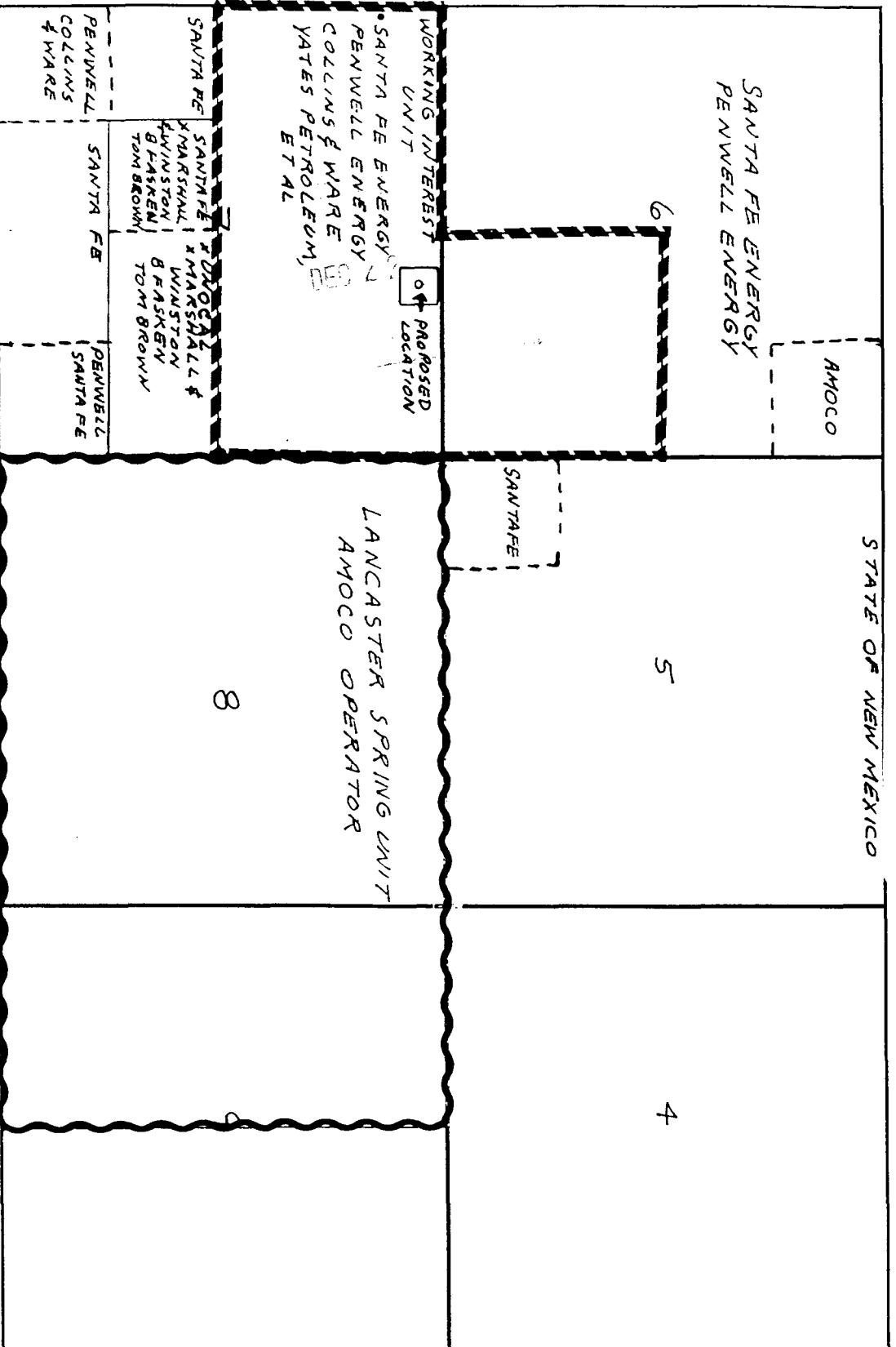
Barbara Fasken
303 West Wall, Suite 1900
Midland, Texas 79701-5116
Attention: Ms. Sally Kvasnicka

MAP

0765356
HBP
Monaghan Pl.
0765356

9-11-85
15884
2 W. CONRAD W.

OFFSET OPERATORS/LEASEHOLD OWNERS OF
 PROPOSED ROOKIE STATE #1 WELL
 T-22-S, R-26-E, EDDY COUNTY, NEW MEXICO



X FARMED OUT TO SANTA FE
 • PART OF SANTA FE'S INTEREST IN THE WORKING INTEREST UNIT
 IS FROM FARMOUTS FROM MARSHALL & WINSTON AND UNOCAL

PENWELL ENERGY, INC.

1100 ARCO BUILDING
800 N. MARIENFELD
MIDLAND, TEXAS 79701

OFF: (915) 683-2534
FAX: (815) 683-4514

FAX TRANSMITTAL

TO: FAX #505/827-8177
ATTENTION: MR MICHAEL E. STOGNER
COMPANY: OIL CONSERVATION DIVISION
FROM: MARK WHEELER
DATE SENT: DECEMBER 20, 1995
NUMBER OF PAGES (Including this Transmittal Page): 9

IF PROBLEMS ARISE IN RECEIPT OF THIS TRANSMISSION, PLEASE CALL (915) 683-2534, THANK YOU.

PENWELL ENERGY, INC.

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Santa Fe, New Mexico 87505

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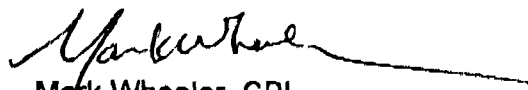
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Mark Wheeler, CPL
Land Manager
Permian Basin

CM/tb
enclosure

All distances must be from the outer boundaries of the basin.

Owner E.L. Latham, Jr. & Roy G. Barton, Jr.		Lease Eddy State		Well No. #1
Unit Lease B	Section 7	Township 22S	Range 26E	County Eddy
Actual Location of Well				
2056'		East		150'
Ground Level Elev. 3660 GL		Producing Formation Morrow		Indicated Acceptor Wildcat
				320

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DEFINITION			

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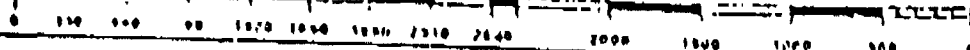
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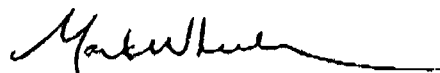
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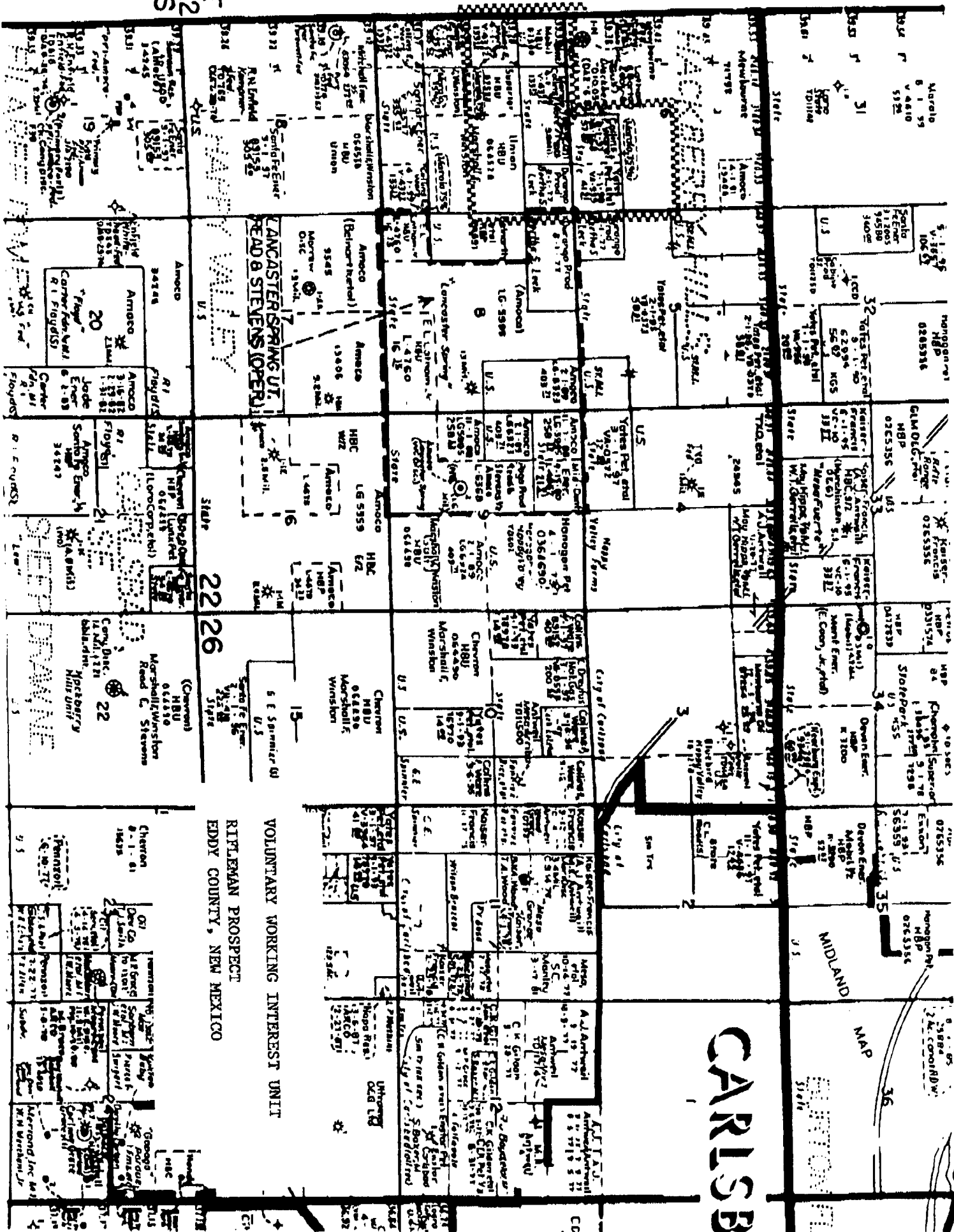
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Barbara Fasken
303 West Wall, Suite 1900
Midland, Texas 79701-5116
Attention: Ms. Sally Kvasnicka

सिंह



STATE OF NEW MEXICO

AMOCO

SANTA FE ENERGY
PENWELL ENERGY

6

WORKING INTEREST UNIT

PROPOSED LOCATION

SANTA FE ENERGY
PENWELL ENERGY
COLLINS & WARE
YATES PETROLEUM,
ET AL

5

SANTAFE

LANCASTER SPRING UNIT
AMOCO OPERATOR

8

SANTA FE ENERGY
PENWELL ENERGY
COLLINS & WARE

SANTA FE ENERGY
PENWELL ENERGY
COLLINS & WARE

SANTA FE ENERGY
PENWELL ENERGY
COLLINS & WARE

4

- PART OF SANTA FE'S INTEREST IN THE WORKING INTEREST UNIT IS FROM FARMOUTS FROM MARSHALL & WINSTON AND UNOCAL