



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

July 3, 1997

Pennwell Energy, Inc.
1100 ARCO Building
600 N. Marienfeld
Midland, Texas 79701
Attn: Brenda Coffman

Administrative Order NSL-3823

Dear Ms. Coffman:

Reference is made to your application dated June 30, 1997 for a non-standard Morrow and Atoka gas well location for the recently drilled Filaree "24" Federal Com Well No. 1 (API No. 30-015-29280) located 2370 feet from the North line and 660 feet from the East line (Unit H) of Section 24, Township 22 South, Range 25 East, NMPM, East McKittrick Hills-Atoka Gas Pool (refer to Division Case No. 11814) and Undesignated Happy Valley-Morrow Gas Pool, Eddy County, New Mexico. The E/2 of said Section 24 is to be dedicated to said well to form a standard 320-acre gas spacing and proration unit for said pool.

The application has been duly filed under the provisions of Rule 104.F of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10533, issued by the Oil Conservation Commission in Case 11,351 on January 18, 1996.

By the authority granted me under the provisions of Division General Rule 104.F(2), the above-described unorthodox Atoka/Morrow gas well location is hereby approved.

Sincerely,

A handwritten signature in black ink, appearing to read "William J. LeMay".

William J. LeMay
Director

WJL/MES/kv

cc: Oil Conservation Division - Artesia
US Bureau of Land Management - Carlsbad