



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

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

June 23, 1997

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

Administrative Order NSL-3809

Dear Ms. Coffman:

Reference is made to your application dated May 29, 1997 for a non-standard oil well location for the proposed Ore Ida "14" Federal Well No. 12 (API No. 30-015-29291) to be drilled 1880 feet from the South line and 2480 feet from the West line (Unit K) of Section 14, Township 24 South, Range 29 East, NMPM, East Pierce Crossing-Bone Spring Pool, Eddy County, New Mexico. The NE/4 SW/4 of said Section 14 is to be dedicated to said well to form a standard 40-acre oil 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 oil well location is hereby approved.

Sincerely,

A handwritten signature in black ink, appearing to read "William J. LeMay". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

William J. LeMay
Director

WJL/MES/kv

cc: Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Carlsbad