

M. S.

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March 6, 1996

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In Re: Docket No. 6-96,
March 7, 1996,
Case No. 11464, Penwell
Energy Application for
Pool Creation, Rules, etc.

Mr. Bill LeMay
Oil Conservation Division
2040 S. Pacheco
Santa Fe, NM 87505

Dear Mr. LeMay,

On behalf of a client who owns substantial mineral interest under the NE $\frac{1}{4}$ NE $\frac{1}{4}$ Sec. 7, T-22-S, R-26-E, NMPM, I strongly protest the captioned application of Penwell for 80 acre spacing covering the W $\frac{1}{2}$ NE $\frac{1}{4}$ Sec. 7.

In this instance if 80 acre spacing is granted, the units should be "lay down", N $\frac{1}{2}$ NE $\frac{1}{4}$ and S $\frac{1}{2}$ NE $\frac{1}{4}$.

The Examiner should carefully examine a Topo map of the area and it will be noted that the W $\frac{1}{2}$ NE $\frac{1}{4}$ Sec. 7 is on top of a rather flat hill, but that the E $\frac{1}{2}$ NE $\frac{1}{4}$ Sec. 7 is on the steeply sloping side of the hill.

If the W $\frac{1}{2}$ NE $\frac{1}{4}$ is approved, the E $\frac{1}{2}$ NE $\frac{1}{4}$ will probably not get drilled due to location costs, but will be drained by wells on the W $\frac{1}{2}$ NE $\frac{1}{4}$.

If 80 acre spacing is approved, the units should be, as mentioned, N $\frac{1}{2}$ NE $\frac{1}{4}$ and S $\frac{1}{2}$ NE $\frac{1}{4}$. This would enable fee owners in the NE $\frac{1}{4}$ NE $\frac{1}{4}$ to share in production and would protect their correlative rights and prevent waste. It would also be much cheaper and economical for the operators to avoid high location costs by having to drill on the side of a hill.

Penwell has also staked their Rifleman well on the SW $\frac{1}{4}$ NE $\frac{1}{4}$ which is on the same 80 acre Unit they are seeking your approval on. There is much more to this case than meets the eye and although I cannot be in Santa Fe for the hearing, I do respectfully request that the examiner carefully consider the foregoing and make an effort to protect the rights of the Fee owners under the NE $\frac{1}{4}$ NE $\frac{1}{4}$ Sec. 7.

Sincerely,

R. M. Richardson
R. M. Richardson

P. S. Should also consider 40 acre spacing instead of 80s.

RM