

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

RECEIVED

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

JUL 19 1996

Oil Conservation Division

CASE NO. 11576

APPLICATION OF PENWELL ENERGY, INC.
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

PRE-HEARING STATEMENT

This Prehearing Statement is submitted by Campbell, Carr & Berge & Sheridan, P.A.,
as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

ATTORNEY

Penwell Energy, Inc
c/o Mark Wheeler
600 Marienfeld
Midland, TX 79701
(915) 683-2534

William F. Carr, Esq.
Campbell, Carr, Berge & Sheridan, P.A.
Post Office Box 2208
Santa Fe, New Mexico 87504
(505) 988-4421

name, address, phone and
contact person

INTERESTED PARTY

ATTORNEY

Santa Fe Energy Resources, Inc.

James G. Bruce, Esq.
Hinkle, Cox, Eaton, Coffield & Hensley, L.L.P.
Post Office Box 2268
Santa Fe, New Mexico 87501

STATEMENT OF CASE

APPLICANT

(Please make a concise statement of what is being sought with this application and the reasons therefore.)

Penwell Energy, Inc., applicant in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Bone Spring formation underlying the SW/4 SW/4 of Section 8, Township 23 South, Range 32 East, forming a standard 40-acre oil spacing and proration unit. Applicant proposes to dedicate this pooled unit to its Tomcat 8 Federal Well No. 1 to be drilled at a standard location 430 feet from the South line and 330 feet from the West line (Unit M) of said Section 8. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling and completing said well.

OTHER PARTY

(Please make a concise statement of the basis for opposing this application or otherwise state the position of the party filing this statement.)

PROPOSED EVIDENCE

APPLICANT

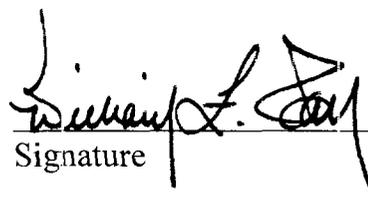
WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
Mark Wheeler, Land	15 Min.	Approximately 5
John Thoma, Geology	10 Min.	Approximately 4
Bill Pierce, Engineer	10 Min.	Approximately 2

OTHER PARTY

WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
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PROCEDURAL MATTERS

(Please identify any procedural matters which need to be resolved prior to hearing)

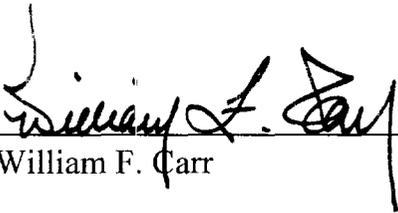


Signature

CERTIFICATE OF SERVICE

I hereby certify that I have caused a true and correct copy of the foregoing Pre-Hearing Statement to be mailed on this 19th day of July, 1996 to the following counsel of record:

James G. Bruce, Esq.
Hinkle, Cox, Eaton, Coffield & Hensley, L.L.P.
Post Office Box 2068
Santa Fe, New Mexico 87504-2068



William F. Carr