

FASKEN OIL AND RANCH, LTD.
303 West Wall, Suite 1900
Midland, Texas 79701
915/687-1777
fax 915/687-0669

March 13, 1997

Penwell Energy, Inc.
Attention: Mark Wheeler
600 No. Marienfeld, Suite 1100
Midland, Texas 79701

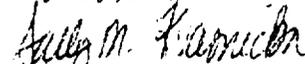
RE: Offset Operator Waiver
Application of Fasken Oil and Ranch, Ltd.
for approval of an unorthodox gas well
location for its Avalon "1" Federal Com.
Well No.2, 750 feet from west line and
2080 feet from south line of Irregular
Section 1, T21S, R25E, Eddy County, New
Mexico

Dear Mr. Wheeler:

Fasken Oil and Ranch, Ltd plans to drill its Avalon "1" Federal Com. Well No. 2, 750 feet from west line and 2080 feet from south line of Irregular Section 1, T21S, R25E, Eddy County, New Mexico to be dedicated to a 297.88-acre non standard gas spacing unit consisting of the southern portion of Irregular Section 1. This location is unorthodox and therefore we have applied to the New Mexico Oil Conservation Division for an exception which has been docketed from hearing on April 3, 1997.

According to our information, Penwell Energy, Inc. is the offset operator who this location encroaches. If you have no objection to this unorthodox gas well location, please signify your approval by signing one copy of this letter in the space provided below and returning it to me.

Very truly yours,


Sally M. Kvasnicka
Land Manager

The undersigned hereby WAIVES OBJECTION to the New Mexico Oil Conservation Division granting approval to drill this requested unorthodox well location without penalty.

Company: PENWELL ENERGY, INC.
By: C. Mark Wheeler
Title: LAND MANAGER - PERMIAN BASIN
Date: 3-27-97

Avalon waiver

BEFORE THE
OIL CONSERVATION DIVISION
Case No. 11755 Exhibit No. 18
Submitted By:
Fasken Oil & Ranch, Ltd.
Hearing Date: April 3, 1997

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FASKEN OIL AND RANCH, LTD.
303 West Wall, Suite 1900
Midland, Texas 79701
915/687-1777
fax 915/687-0669

March 14, 1997

Texaco, Inc.
P. O. Box 3109
Midland, Texas 79702

CASE No. 11723

RE: Offset Operator Waiver
Application of Fasken Oil and Ranch, Ltd.
for approval of an unorthodox gas well
location for its Avalon "1" Federal Com
Well No.2, 750 feet from west line and
2080 feet from south line of Irregular
Section 1, T21S, R25E, Eddy County, New
Mexico

Gentlemen:

Fasken Oil and Ranch, Ltd plans to drill its Avalon "1" Federal Com. Well No. 2, 750 feet from west line and 2080 feet from south line of Irregular Section 1, T21S, R25E, Eddy County, New Mexico to be dedicated to a 297.88-acre non standard gas spacing unit consisting of the southern portion of Irregular Section 1. This location is unorthodox and therefore we have applied to the New Mexico Oil Conservation Division for an exception which has been docketed from bearing on April 3, 1997.

According to our information, Texaco, Inc. is the offset operator who this location encroaches. If you have no objection to this unorthodox gas well location, please signify your approval by signing one copy of this letter in the space provided below and returning it to me.

Very truly yours,

Sally M. Kvasnicka
Sally M. Kvasnicka
Land Manager

The undersigned hereby WAIVES OBJECTION to the New Mexico Oil Conservation Division granting approval to drill this requested unorthodox well location without penalty.

Company:

TEXACO E & P, INC.

By:

Quint a well for MES

Title:

GEOLOGIST

Date:

3/27/97

Avalon waiver

BEFORE THE
OIL CONSERVATION DIVISION
Case No. 11755 Exhibit No. —
Submitted By:
Fasken Oil & Ranch, Ltd.
Hearing Date: April 3, 1997