



NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505  
(505) 827-7131

December 10, 1997

Penwell Energy, Inc.  
c/o William F. Carr  
P. O. Box 2208  
Santa Fe, New Mexico 87504-2208

*Administrative Order NSL-3913*

Dear Mr. Carr:

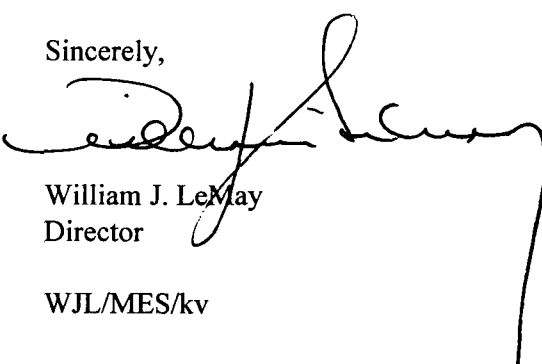
Reference is made to your application dated November 25, 1997 on behalf of the operator Penwell Energy, Inc. for an unorthodox Morrow gas well location for its proposed Lonetree "14" State Com Well No. 1 (API No. 30-015-29524) to be drilled 2180 feet from the North line and 360 feet from the East line (Unit H) of Section 14, Township 21 South, Range 27 East, NMPM, Burton Flat-Morrow Gas Pool, Eddy County, New Mexico.

The E/2 of said Section 14 being a standard 320-acre gas spacing and proration unit for said pool is to be dedicated to said well.

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.

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

Sincerely,



William J. LeMay  
Director

WJL/MES/kv

cc: New Mexico Oil Conservation Division - Artesia  
U. S. Bureau of Land Management - Carlsbad  
New Mexico State Land Office - Santa Fe