

BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION
OF PENWELL ENERGY, INC. FOR
COMPULSORY POOLING AND AN
UNORTHODOX WELL LOCATION,
LEA COUNTY, NEW MEXICO.

CASE NO. _____

APPLICATION

PENWELL ENERGY, INC. ("PENWELL"), through its undersigned attorneys, hereby makes application pursuant to the provisions of N.M.Stat.Ann. § 70-2-17, (1978), for an order pooling all mineral interests in the N/2 of Section 33, Township 21 South, Range 33 East, N.M.P.M., for all formations developed on 320-acre spacing, and for an unorthodox well location, Lea County, New Mexico, and in support thereof states:

1. Applicant is a working interest owner in the N/2 of Section 33, and Applicant has the right to drill thereon.
2. Applicant proposes to dedicate the above-referenced spacing or proration unit to its J. D. Federal 33 No. 1 Well which is located at an unorthodox location in the N/2 of said Section 33 at a point 660 feet from the North line and 2080 feet from the East line.
3. Applicant has sought and been unable to obtain either voluntary agreement for pooling or farmout from certain interest owners in the N/2 of said Section 33.
4. Said pooling of interests will avoid the drilling of unnecessary wells, will

prevent waste and will protect correlative rights.

5. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and Applicant should be designated the operator of the well to be drilled.

WHEREFORE, Applicant prays that this application be set for hearing before an Examiner of the Oil Conservation Division on March 7, 1996 and, after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions for Applicant to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including overhead charges, and imposing a risk factor for the risk assumed by the Applicant in drilling, completing and equipping the well and approving the unorthodox well location for the J. D. Federal 33 No. 1 Well.

Respectfully submitted,

CAMPBELL, CARR & BERGE, P.A.

By: _____

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ATTORNEYS FOR PENWELL ENERGY, INC.

CASE 11483:

Application of Penwell Energy, Inc. for compulsory pooling and an unorthodox well location, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests in the N/2 of Section 33, Township 21 South, Range 33 East N.M.P.M. for all formations developed on 320-acre spacing. Said unit is to be dedicated to the J. D. Federal 33 No. 1 Well to be drilled at an unorthodox location 660 feet from the North line and 2080 feet from the East line in the N/2 of said Section 33. 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 operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 24 miles west of Eunice, New Mexico.