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W. THOMAS KELLAHIN*

*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

June 6, 1997

VIA FACSIMILE

Mr. David R. Catanach
Hearing Examiner
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

Rand Carroll, Esq.
Division Attorney
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

Re: REQUEST FOR CONTINUANCE
NMOCD Case 11796
Application of Penwell Energy Inc.
for compulsory pooling,
Eddy County, New Mexico

Gentlemen:

On behalf of OXY USA Inc., ("OXY") an adversely affected interested party, we hereby Request a Continuance of the referenced case which is now set for an Examiner's hearing on June 12, 1997 to the hearing set for July 10, 1997.

In addition, we are requesting that OXY's competing pooling case currently pending on the June 26, 1997 docket be continued until the hearing scheduled for July 10, 1997 so that both cases can be heard at on the same docket.

7/807

Very truly yours,

W. Thomas Kellahin

cfx: William F. Carr, Esq.
Attorney for Penwell Energy Inc.
OXY USA Inc.
Attn: Rick Foppiano

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

**IN THE MATTER OF THE APPLICATION
OF PENWELL ENERGY INC.
FOR COMPULSORY POOLING
EDDY COUNTY, NEW MEXICO**

CASE 11796

REQUEST FOR CONTINUANCE

Comes now OXY USA Inc., ("OXY") by its attorneys, Kellahin and Kellahin, and moves that this case be continued from the Examiner's docket now schedule for June 12, 1997 to the Examiner Docket scheduled for July 10, 1997 and as ground therefore states:

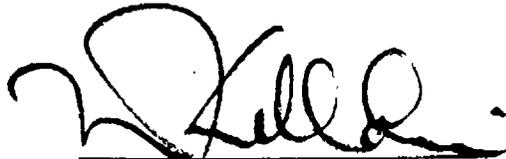
- (1) OXY owns 100% of the working interest in the SE/4 and Penwell owns 100% of the NE/4 of Section 32, T19S, R29E, NMPM, Eddy County, New Mexico.
- (2) OXY and Penwell have each proposed to the other the drilling of a Morrow Gas Well in a spacing unit consisting of the E/2 of Section 32.
- (3) OXY has proposed that the well be located in Unit I while Penwell has proposed that the well be located in Unit H.
- (4) Oxy has proposed a well estimated to cost \$749,910 while Penwell has proposed a well estimated to cost \$988,895.
- (5) Penwell has filed a compulsory pooling application which was docketed for hearing on June 12, 1997 while OXY's compulsory pooling application has been docketed for hearing on June 26, 1997.

(6) The approval of one case will result in the denial of the other case.

(7) A continuance will not adversely affect Penwell.

(8) So that this dispute can be heard at a single hearing rather than at two different hearings, OXY requests that the Division continue the Penwell case from the June 12, 1997 docket and the OXY case from the June 26, 1997 docket to the July 10, 1997 docket so both cases can be heard on the same date.

(9) Counsel for Penwell has been contacted concerning this request and has advised that Penwell has no objection.



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CERTIFICATE OF NOTICE:

I certify that a copy of this pleading was transmitted by facsimile to counsel of record this 6 day of June, 1997.



W. Thomas Kellahin