

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,  
EDDY COUNTY, NEW MEXICO.

CASE NO. 11805

**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 from the surface to the base of the Morrow formation underlying the N/2 for all formations developed on 320-acre spacing, the NW/4 for all formations developed on 160-acre spacing, the N/2 NW/4 for all formations developed on 80-acre spacing, and the NE/4 NW/4 for all formations developed on 40-acre spacing, all in Township 23 South, Range 26 East, N.M.P.M., Eddy County, New Mexico, and in support thereof states:

1. Penwell owns or represents 100% of the working interest in the N/2 of Section 28, and has the right to drill thereon.

2. Penwell proposes to drill its Frontier Hills "28" State Com Well No. 1 as a wildcat well at a standard location 660 feet from the North line and 1980 feet from the West line (Unit C) of Section 28 to a depth of approximately 12,000 feet to test any and all formations from the surface to the base of the Morrow formation.

3. Although Penwell has 100% of the working interest committed to the well, certain instruments of title have not been recorded in the state records and the Commissioner of Public Lands requires a compulsory pooling order prior to his approval of the communitization agreement for the N/2 of said Section 28.

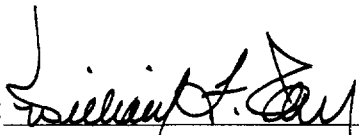
4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

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

WHEREFORE, Penwell Energy, Inc. prays that this application be set for hearing before an Examiner of the Oil Conservation Division on July 10, 1997 and, after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions designating Penwell Energy, Inc. operator of all pooled units in the N/2 of said Section 28.

Respectfully submitted,

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& SHERIDAN, P.A.

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