

IT IS THEREFORE ORDERED THAT:

(1) The application of Penwell Energy, Inc. for an exception to the salt protection casing string requirement of Division Order No. R-111-P for wells drilled within the "Potash Area" is hereby granted for its proposed J. D. Federal "33" Well No. 1 to be drilled 660 feet from the North line and 2080 feet from the East line (Unit B) of Section 33, Township 21 South, Range 33 East, NMPM, Lea County, New Mexico.

PROVIDED HOWEVER:

(2) The operator shall contact the supervisor of the Hobbs District Office of the Division and review the casing and cementing design for the subject well and make pursuant to his recommendations any necessary changes.

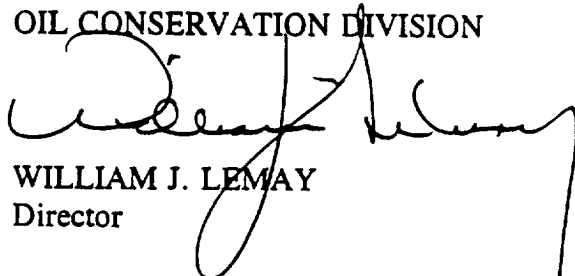
(3) Should these recommendations differ from any design authorized by the U. S. Bureau of Land Management ("BLM"), the operator shall incorporate the more stringent specification of the two agencies.

(4) Except as modified by this order, all of the provisions of Order No. R-111-P applicable to the casing, actual drilling, cementing and plugging of a shallow well within the "Potash Area" shall be strictly adhered to.

(5) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director

S E A L


MAY 1978
Received
Hobbs
O.D.