

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

**APPLICATION OF MANZANO LLC
INC. FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. _____

APPLICATION

Manzano LLC ("Manzano") (OGRID No. 231429), through its undersigned attorneys, hereby files this application with the Oil Conservation Division, pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all uncommitted interests in the Canyon formation, underlying a standard 240-acre, more or less, horizontal spacing unit comprised of the E/2 W/2 of Section 22, and the E/2 W/2 of Section 27, Township 17 South, Range 36 East, NMPM, Lea County, New Mexico. In support of its application, Manzano states:

1. Applicant is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.
2. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the proposed initial **Vindicator Canyon State Unit 22-27 CNLC 3H Well** to be horizontally drilled from a surface hole location in the SE/4 SW/4 (Unit N) of Section 15 to a bottom hole location in the SE/4 SW/4 (Unit N) of Section 27.
3. The completed interval for the proposed well will comply with statewide setbacks for oil wells.
4. The proposed well will be located within the proposed Vindicator Canyon State Exploratory Unit that has received preliminary approval from the State Land Office

on August 26, 2020, and is pending approval from the New Mexico Oil Conservation Division, pursuant to 19.15.16.15.B(6) NMAC.

5. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all the working interest owners in the subject spacing unit.

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

7. In order to permit Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this horizontal spacing unit should be pooled and Applicant should be designated the operator of this proposed horizontal well and spacing unit.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on November 5, 2020, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the Canyon formation underlying the proposed spacing unit;
- B. Approving the initial well in the horizontal well spacing unit;
- C. Designating Applicant as operator of the horizontal spacing unit and the horizontal well to be drilled thereon;
- D. Authorizing Applicant to recover its costs of drilling, equipping and completing the well;

- E. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- F. Imposing a 200% charge for the risk assumed by Applicant in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

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