



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

May 23, 2000

Manzano Oil Corporation
c/o Campbell, Carr, Berge & Sheridan, P. A.
P. O. Box 2208
Santa Fe, New Mexico 87504-2208
Attention: William F. Carr

Telefax No. (505) 983-6043

Administrative Order NSL-4451

Dear Mr. Carr:

Reference is made to the following: (i) your application on behalf of the operator, Manzano Oil Corporation ("Manzano"), dated May 16, 2000; and (ii) the New Mexico Oil Conservation Division's ("Division") records in Santa Fe: all concerning Manzano's request for an unorthodox oil well location to be applicable to both the Wolfcamp and San Andres formations for Manzano's existing "SV" Sundown State Well No. 1 (API No. 30-025-32750), located 477 feet from the South line and 191 feet from the West line (Unit M) of Section 14, Township 10 South, Range 37 East, NMPM, Lea County, New Mexico.

By Division Order No. R-10263, issued in Case No. 11127 and dated November 29, 1994, Manzano received authorization to drill to and complete the above-described well within the Northeast Echol-Devonian Pool at an unorthodox oil well location within a standard 40-acre oil spacing and proration unit comprising the SW/4 SW/4 of Section 14.

It is our understanding that Manzano has recently abandoned the deeper Devonian interval and intends to recomplete up-hole into both the Wolfcamp and San Andres formations to test for oil production within a standard 40-acre oil spacing and proration unit for both zones comprising the SW/4 SW/4 of Section 14.

Pursuant to Division Rule 104.B (1), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999, this location is also considered to be unorthodox for both the Wolfcamp and San Andres formations.

The subject request has been duly filed under the provisions of Division Rule 104.F.

By the authority granted me under the provisions of Division Rule 104.F (2) the above-described unorthodox oil well location for the existing "SV" Sundown State Well No. 1 within both the Wolfcamp and San Andres formations is hereby approved.

Administrative Order NSL-4451
Manzano Oil Corporation
May 23, 2000
Page 2

Further, Division Order No. R-10263 shall be placed in abeyance until further notice.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

A handwritten signature in cursive script, appearing to read "Lori Wrotenbery".

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe
File: Case No. 11127 /