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11/16/94

FACSIMILE COVER SHEETTO: Florence DavidsonFROM: W. THOMAS KELLAHIN, ESQ.OF: OIL CONSERVATION DIVISION
Santa Fe

FAX #: 505 827 8177

DATE: 12/ 13/ 1994

TIME: 2:15 PM

PAGES: 9 with cover sheet

A HARD COPY WILL FOLLOW.REF: Application of Manzano Oil Corporation,
Chaves County, New Mexico.
Pre-hearing Statement

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

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:**

CASE NO. 11166

**APPLICATION OF MANZANO OIL CORPORATION
FOR AN UNORTHODOX OIL WELL LOCATION,
CHAVES COUNTY, NEW MEXICO.**

PRE-HEARING STATEMENT

**This pre-hearing statement is submitted by MARATHON OIL
COMPANY as required by the Oil Conservation Division.**

APPEARANCE OF PARTIES

APPLICANT

Manzano Oil Corporation

ATTORNEY

**William F. Carr. Esq.
P. O. Box 2208
Santa Fe, New Mexico 87504**

OPPOSITION

**Marathon Oil Company
Box 552
Midland, Texas 79702
Attn: Dow Campbell, Esq.**

ATTORNEY

**W. Thomas Kellahin
KELLAHIN AND KELLAHIN
P.O. Box 2265
Santa Fe, NM 87504
(505) 982-4285**

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STATEMENT OF CASE

OPPOSITION OR OTHER PARTY

Manzano Oil Corporation seeks to drill a Devonian Oil well at an unorthodox well location.

The subject well is 182 feet instead of 330 feet from the Marathon Oil Company's offsetting spacing unit.

The Division should deny this well location. However, if it is allowed to produce at all, its production should be subject to the maximum production penalty authorized by the Division.

PROPOSED EVIDENCE

OPPOSITION

WITNESSES

EST. TIME

EXHIBITS

Applicant provided insufficient time to Marathon for preparation of witnesses and evidence in this case and therefore Marathon has been unable to prepare its opposition.

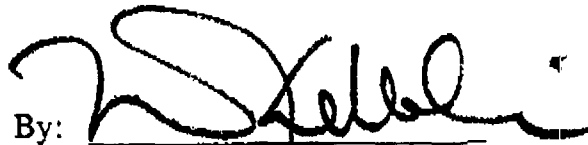
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PROCEDURAL MATTERS

Motion to Continue:

Applicant's attorney, who has appeared for and against Marathon in other matters, knew or should have known that Marathon's appearances before the Division are handled by its attorneys in its regional office in Midland Texas. However, rather than send notice to Midland, Applicant's attorney sent the notice of hearing to Marathon's field office in Hobbs, New Mexico. The subject notice was not received by Marathon's attorney in Midland until December 13, 1994. Accordingly, Marathon requests that this matter be continued to the January 5, 1995 docket in order to provide a sufficient opportunity for Marathon to prepare its presentation.

KELLAHIN AND KELLAHIN

By: 

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November 16, 1994

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Marathon Oil Company
Post Office Box 2409
Hobbs, New Mexico 88240

RECEIVED
Marathon Oil Company

DEC 13 1994

LAW DEPARTMENT
Mid-Continent Region

Re: Application of Manzano Oil Corporation for an Unorthodox Well Location,
Chaves County, New Mexico

Gentlemen:

This letter is to advise you that Manzano Oil Corporation has filed the enclosed application with the New Mexico Oil Conservation Division seeking approval of an unorthodox well location for its McClellan Federal No. 1 Well in the Devonian formation. This well is to be drilled at an unorthodox location 182 feet from the North line and 507 feet from the West line of Section 26, Township 13 South, Range 29 East, N.M.P.M., Chaves County, New Mexico. The NW/4 NW/4 of Section 26 will be dedicated to this well.

This application has been set for hearing before an Examiner of the Oil Conservation Division on December 15, 1994. You are not required to attend this hearing, but as an owner of an interest that may be affected by the unorthodox well location, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases have been requested by the Division (Memorandum 2-90) to file a Prehearing Statement substantially in the form prescribed by the Division. Prehearing statements should be filed by 4:00 o'clock p.m. on the Friday before a scheduled hearing.

Very truly yours,

Tanya M. Trujillo
Tanya M. Trujillo

RECEIVED

NOV 18 1994

NORTHWEST OPERATING

TMT:mlh
Enclosure

BEFORE THE
OIL CONSERVATION DIVISION
NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION
OF MANZANO OIL CORPORATION
FOR AN UNORTHODOX OIL WELL LOCATION,
CHAVES COUNTY, NEW MEXICO.

CASE NO. _____

APPLICATION

COMES NOW MANZANO OIL CORPORATION, through its undersigned attorneys, and hereby makes application for an order approving an unorthodox well location, and in support thereof states:

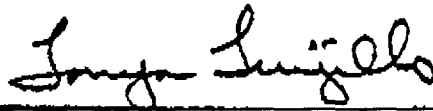
1. Applicant is the operator of the NW/4 NW/4 of Section 26, Township 13 South, Range 29 East, N.M.P.M., Chaves County, New Mexico on which it proposes to drill its McClellan Federal No. 1 Well as a wildcat well in the Devonian formation, 182 feet from the North line and 507 feet from the West line in Unit D of said Section 26.
2. Applicant seeks an exception to Division's well location requirements to permit the drilling of said well in the Devonian formation at the above-described location.
3. A standard 40-acre spacing and proration unit comprised of the NW/4 NW/4 of said Section 26 should be dedicated to the well.
4. Approval of this application will afford Applicant the opportunity to produce its just and equitable share of the gas in the Devonian formation and will otherwise be in the best interest of the conservation, the protection of correlative rights and the prevention of

waste.

WHEREFORE, Applicant requests that this matter be set for hearing before a duly appointed Examiner of the Oil Conservation Division on December 15, 1994, that notice be given as required by law, the Division enter its order granting this application and providing such other relief as is proper.

Respectfully submitted,

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.

By: 

WILLIAM F. CARR
TANYA M. TRUJILLO
Post Office Box 2200
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR MANZANO
OIL CORPORATION

CERTIFIED

P 111 333 048

MAIL

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