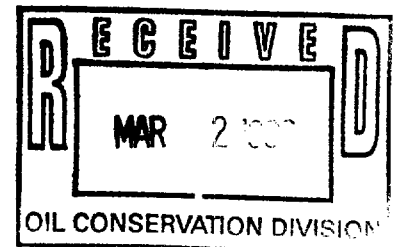


BEFORE THE
OIL CONSERVATION DIVISION



NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION
OF MANZANO OIL CORPORATION FOR
POOL CREATION AND SPECIAL POOL RULES,
CHAVES COUNTY, NEW MEXICO.

CASE NO. 11504

APPLICATION

MANZANO OIL CORPORATION ("Manzano"), by its undersigned attorneys, hereby makes application to the Oil Conservation Division for an Order (1) creating a new pool for the production of hydrocarbons from the Upper Pennsylvanian formation, and (2) promulgating special pool rules and regulations for this pool, including (a) 80-acre spacing or proration units, and (b) special well location requirements, and in support of this application states:

1. Manzano has drilled and completed its "SV" Vest State Well No. 1 which is capable of producing hydrocarbons from the Bough "C" formation at a location 330 feet from the South line and 1650 feet from the West line of Section 16, Township 14 South, Range 30 East, NMPM, Chaves County, New Mexico.

2. Manzano believes that the following described lands are productive of oil in paying quantities from the Bough "C" formation and should be included in the pool to be created because of this discovery:

Township 14 South, Range 30 East, N.M.P.M.

Section 16: E/2 SW/4

3. In order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid augmentation of risk arising from the drilling of an excessive number of wells and otherwise prevent waste and protect correlative rights, special rules and regulations providing for 80-acre spacing units should be promulgated for the new pool.

4. Manzano requests that the special pool rules provide that each well should be located on a standard unit containing 80-acres, more or less, consisting of the N/2, S/2, E/2 or W/2 of a governmental quarter section and that each well shall be located no closer than 330 feet to the boundary of any governmental quarter-quarter section.

WHEREFORE, Manzano Oil Corporation requests that this application be set for hearing before an Examiner of the Oil Conservation Division on April 4, 1996, that notice be given as required by law and the rules of the Division, and that the application be approved.

Respectfully submitted,

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

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