

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

IN THE MATTER OF THE AMENDED
APPLICATION OF MANZANO OIL CORPORATION
FOR COMPULSORY POOLING AND
AN UNORTHODOX WELL LOCATION,
LEA COUNTY, NEW MEXICO.

CASE NO. 11513

AMENDED APPLICATION

MANZANO OIL CORPORATION ("Manzano"), through its undersigned attorneys, hereby makes application pursuant to the provisions of N.M.Stat.Ann. § 70-2-17, (1978), for an order pooling all mineral interests in all formations developed on 160-acre spacing in the SW/4, in all formations developed on 80-acre spacing in the N/2 SW/4 and in all formations developed on 40-acre spacing in the NE/4 SW/4 of Section 11, Township 16 South, Range 36 East, N.M.P.M., Lea County, New Mexico, and in support thereof states:

1. Manzano owns or represents approximately 75% of the working interest in the SW/4 of said Section 11, and applicant has the right to drill thereon.
2. Manzano proposes to dedicate the above-referenced spacing or proration unit to its "SV" Chipshot Well No. 1 which it proposes to drill at an unorthodox well location 2164 feet from the South line and 1362 feet from the West line of said Section 11.
3. Manzano proposes to drill to a depth sufficient to test all formations to the base of the Atoka and then to complete this well as a Wildcat well in the Strawn formation.

4. Manzano has sought and been unable to obtain either voluntary agreement for pooling or farmout from certain interest owners in the SW/4 of said Section 11.

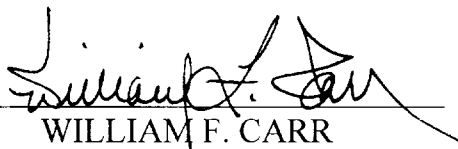
5. Said pooling of interests will prevent waste and will protect correlative rights.

6. In order to permit Manzano to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and Applicant should be designated the operator of the well to be drilled at the proposed unorthodox well location.

WHEREFORE, Manzano Oil Corporation prays that this application be set for hearing before an examiner of the Oil Conservation Division on May 16, 1996 and, after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions for Applicant to recover its costs of supervision of the well, including overhead charges, imposing a risk factor for the risk assumed by the Applicant in drilling, completing and equipping the well and approving an unorthodox location for the well 2164 feet from the South line and 1362 feet from the West line of said Section 11.

Respectfully submitted,

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