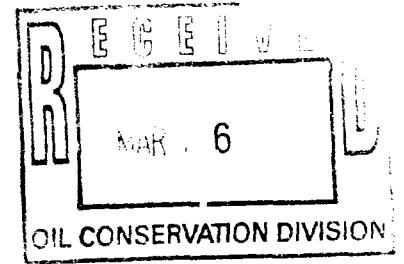


BEFORE THE
OIL CONSERVATION DIVISION



NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

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

CASE NO. 11513

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 E/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.