

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,
LEA COUNTY, NEW MEXICO.

CASE NO. 11670

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 the Wolfcamp formation in the N/2 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 N/2 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 operates thereon at an unorthodox well location 2164 feet from the South line and 1362 feet from the West line of said Section 11 (approved by Division Order No. R-10602, dated May 23, 1996).
3. Manzano has filed an application that has been set for hearing on December 19, 1996, seeking an order creating a new pool in the Wolfcamp formation that includes the N/2 SW/4 of said Section 11 and promulgating temporary rules therefore which include

provisions for 80-acre spacing.

4. Manzano has sought and been unable to obtain either voluntary agreement for pooling or farmout from certain interest owners in the N/2 SW/4 of said Section 11.

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

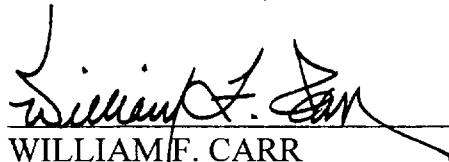
6. In order to permit Manzano to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and Applicant should be designated the operator of thereof.

WHEREFORE, Manzano Oil Corporation prays that this application be set for hearing before an examiner of the Oil Conservation Division on December 19, 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, and imposing a risk factor for the risk assumed by the Applicant in drilling, completing and equipping the well.

Respectfully submitted,

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

By:



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Telephone: (505) 988-4421

ATTORNEYS FOR MANZANO OIL
CORPORATION

CASE 11676:

Application of Manzano Oil Corporation for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests in the Wolfcamp formation in the N/2 SW/4 of Section 11, Township 16 South, Range 36 East. Said unit is to be dedicated to its "SV" Chipshot Well No.1 which has been drilled at a previously approved unorthodox well location 2164 feet from the South line and 1362 feet from the West line of said Section 11. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 1 mile southeast of Lovington, New Mexico.

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.
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November 26, 1996

HAND-DELIVERED

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco
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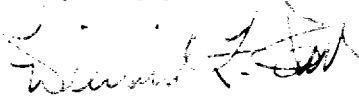
Case 11676

Re: Application of Manzano Oil Corporation for Compulsory Pooling, Lea
County, New Mexico

Dear Mr. LeMay:

Enclosed in triplicate is the Application of Manzano Oil Corporation in the above-referenced case as well as a legal advertisement. Manzano Oil Corporation respectfully requests that this matter be placed on the docket for the December 19, 1996 Examiner hearings.

Very truly yours,



WILLIAM F. CARR

WFC:mlh

Enclosures

cc: Mr. Ken Barbe, (w/enclosures)