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January 28, 1997

HAND-DELIVERED

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87503

11725

Re: Application of Manzano Oil Corporation for Compulsory Pooling and an
Unorthodox Well Location, 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 copy of the legal advertisement. Manzano Oil Corporation respectfully requests that this matter be placed on the docket for the February 20, 1997 Examiner hearings.

Very truly yours,



WILLIAM F. CARR
PAUL R. OWEN

WFC/PRO:mlh
Enclosures

cc: Mr. Ken Barbe (w/enclosures)
Manzano Oil Corporation
1801 West Second Street
Roswell, New Mexico 88201

CASE 11725

Application of Manzano Oil Corporation for compulsory pooling and an unorthodox location, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests from the surface to the base of the Strawn formation, Lovington-Pennsylvanian Pool, and North Lovington Wolfcamp Pool, underlying the S/2 SE/4 of Section 2, Township 16 South, Range 36 East. Said unit is to be dedicated to its "SV" Killer Bee No. 1 to be drilled to an unorthodox well location 487 feet from the South line and 1270 feet from the East line of said Section 2. 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 East of Lovington, New Mexico.

40-acre and 80-acre

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. 11725

APPLICATION

MANZANO OIL CORPORATION, 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 S/2 SE/4 for formations based on 40 or 80-acre spacing of Section 2, Township 16 South, Range 36 East, N.M.P.M., Lea County, New Mexico, and for an unorthodox well location, and in support thereof states:

1. Applicant owns a working interest in the S/2 of Section 2, and Applicant has the right to drill thereon.
2. Applicant proposes to dedicate the above-referenced spacing or proration unit to its "SV" Killer Bee No. 1 Well to be drilled to an unorthodox location 487 feet from the South line and 1270 feet from the East line in the S/2 SE/4 said Section 2, to a depth sufficient to test any and all formations from the surface to the base of the Strawn formation, Lovington-Pennsylvanian Pool. The well will also test the Wolfcamp formation, North Lovington Wolfcamp Pool.

3. Applicant has sought and been unable to obtain either voluntary agreement for pooling or farmout from certain interest owners in the S/2 SE/4 of said Section 2.

4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

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

WHEREFORE, Applicant prays that this application be set for hearing before an Examiner of the Oil Conservation Division on February 20, 1997 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 drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including overhead charges, and imposing a risk factor for the risk assumed by the Applicant in drilling, completing and equipping the well and approving an unorthodox well location 487 feet from the South line and 1270 feet from the East line of said Section 2.

Respectfully submitted,

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

By: 

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