



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

March 4, 1997

Case 11761

Apache Corporation
Attn: Gary A. Carson
2000 Post Oak Blvd. - Suite 100
Houston, Texas 77056-4400

Re: *Administrative application for an unorthodox oil well location: "SV" Kim Harris Well No. 3; 242' FNL & 2148' FEL (Unit B) N/2 NE/4 of Section 12, Township 16 South, Range 36 East, NMPM, Northeast Lovington-Pennsylvanian Pool, Lea County, New Mexico.*

Dear Carson:

Reference is made to your letter dated February 27, 1997 (see copy attached), the referenced matter is tentatively scheduled for hearing on April 3, 1997 (see related correspondence attached).

Should there be any further questions or comments concerning this matter, please contact me in Santa Fe at (505) 827-8185.

Sincerely,

A handwritten signature in black ink, reading "Michael E. Stogner".

Michael E. Stogner
Chief Hearing Examiner/Engineer

cc: Oil Conservation Division - Hobbs
W. Thomas Kellahin - Legal Counsel for Chesapeake Energy Corporation - Santa Fe
Manzano Oil Corporation, Attn: Kenneth Barbe, Jr. - Roswell

2-28-97

Florence,

Please set this
~~mess~~ matter to
hearing. Thank.

M. S.

2000 POST OAK BOULEVARD / SUITE 100 / HOUSTON, TEXAS 77056-4400

CORPORATION

(713) 296-6000

February 27, 1997

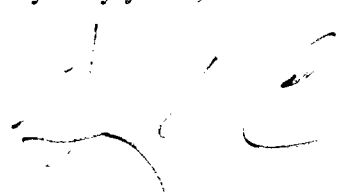
William J. LeMay
New Mexico Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87504-2088

RE: Application of Manzano Oil Corporation for Administrative Approval of an
Unorthodox Well Location Pursuant to NMOCD Rule 104(F)

Dear Mr. LeMay:

Apache Corporation opposes the approval of an unorthodox well location for Manzano's
Kim Harris #3 Well.

Very truly yours,



Gary A. Carson
Sr. Staff Landman



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

February 27, 1997

Manzano Oil Corporation
P.O. Box 2107
Roswell, New Mexico 88202-2107

Attention: Kenneth Barbe, Jr.

*Administrative Application For an Unorthodox Oil
Well Location:*

*"SV" Kim Harris Well No. 3
242' FNL & 2148' FEL (Unit B) N/2 NE/4 of
Section 12, Township 16 South, Range 36 East,
NMPM, Northeast Lovington-Pennsylvanian Pool,
Lea County, New Mexico.*

Dear Mr. Barbe:

Today, February 27, 1997 the Division received an objection from Chesapeake Energy Corporation to the subject application, see copy of letter attached.

This application will therefore be set for hearing before a Division Hearing Examiner on the next available docket scheduled for April 3, 1997. Please provide adequate notice pursuant to Rule 1207.A(5) of the Division's General Rules and Regulations.

Should you have any questions concerning this matter, please contact me in Santa Fe at (505) 827-8185.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

WJL/MES/kv

cc: Oil Conservation Division - Hobbs
W. Thomas Kellahin, Legal Counsel for Chesapeake Energy Corporation - Santa Fe

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

February 27, 1997

W. THOMAS KELLAHIN*

*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

TELEPHONE (505) 982-4285
TELEFAX (505) 982-2047

HAND DELIVERED

Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87504
Attn: Mr. Michael E. Stogner

Re: NOTICE OF OBJECTION:
Manzano Oil Corporation's
"SV" Kim Harris Well No. 3
Unit B, Section 12, T16S, R36E, NMPM,
Administrative Application to NMOCD
for Approval of Unorthodox Well
Location, Lea County, New Mexico

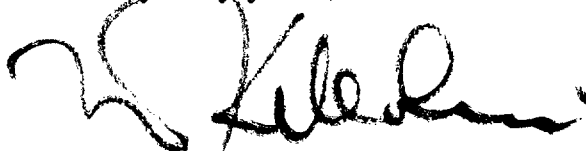
Dear Mr. Stogner:

By letter dated February 20, 1997, Manzano Oil Corporation filed the referenced administrative application with the Division and sent notification to the offsetting operators of the referenced request.

On behalf of Chesapeake Energy Corporation, as an offsetting operator, we hereby object to the referenced application by Manzano Oil Corporation for an unorthodox gas well location as described in its administrative application to the Division.

We request that this matter be set for hearing and that Chesapeake Energy Corporation, Inc. be provided notification of the hearing in accordance with Division notice rules.

Very truly yours,



W. Thomas Kellahin

cc: Chesapeake Oil Corporation
Attn: Mike Hazlip
cc: Manzano Oil Corporation
Attn: Kenneth Barbe, Jr.

NSL

3/17/97

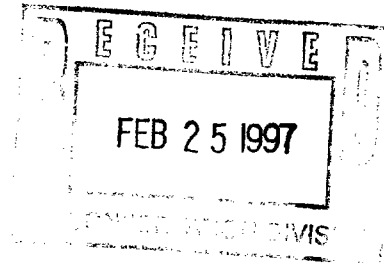


Manzano Oil Corporation

P.O. Box 2107
Roswell, New Mexico 88202-2107
(505) 623-1996
FAX (505) 625-2620

February 20, 1997

William J. LeMay
New Mexico Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87504-2088



Re: Application of Manzano Oil Corporation for Administrative Approval of an
Unorthodox Well Location Pursuant to NMOCD Rule 104(F)

Dear Mr. LeMay:

Case 11761

Pursuant to NMOCD Rule 104(F), Manzano Oil Corporation requests administrative approval of an unorthodox well location in the N/2NE/4 of Section 12, Township 16 South, Range 36 East. Manzano proposes to drill its "SV" Kim Harris No. 3 Well at an unorthodox location 242 feet from the North line and 2148 feet from the East line of Section 12. The well will be drilled to a depth of approximately 11,800 feet to the Strawn formation, Northeast Lovington Pennsylvania Pool.

Manzano seeks an unorthodox location for geologic reasons. To date, three Strawn tests have unsuccessfully been attempted in the N/2NE/4 of Section 12. All three tests (Bridge Oil Kim Harris #1, Manzano Oil Kim Harris #2 and Middle Bay Oil Harris #2 - directionally drilled from the Manzano Kim Harris #2 wellbore) encountered tight, unproductive Strawn limestone. Exhibit 1 (Isopach map of Strawn Amplitude and Inversion Anomalies) shows that the 3-D seismic amplitude and inversion models predict that the Strawn will be porous and productive at the proposed unorthodox location. The Kim Harris #3 location is positioned on the extreme southern boundary of the most porous section of this predicted Strawn anomaly (highlighted in green). At an orthodox location the Strawn appears to be tight and unproductive. For this reason Manzano Oil Corporation cannot drill its well at an orthodox location.

Also enclosed is a plat which shows the ownership of all leases offsetting the proposed spacing unit and all wells that have been completed thereon. Manzano has provided notice of this application to all of the operators of the offsetting units or working interest owners by certified mail. Copies of the letters to the offsetting operators or owners are attached hereto.

Page 2

February 20, 1997

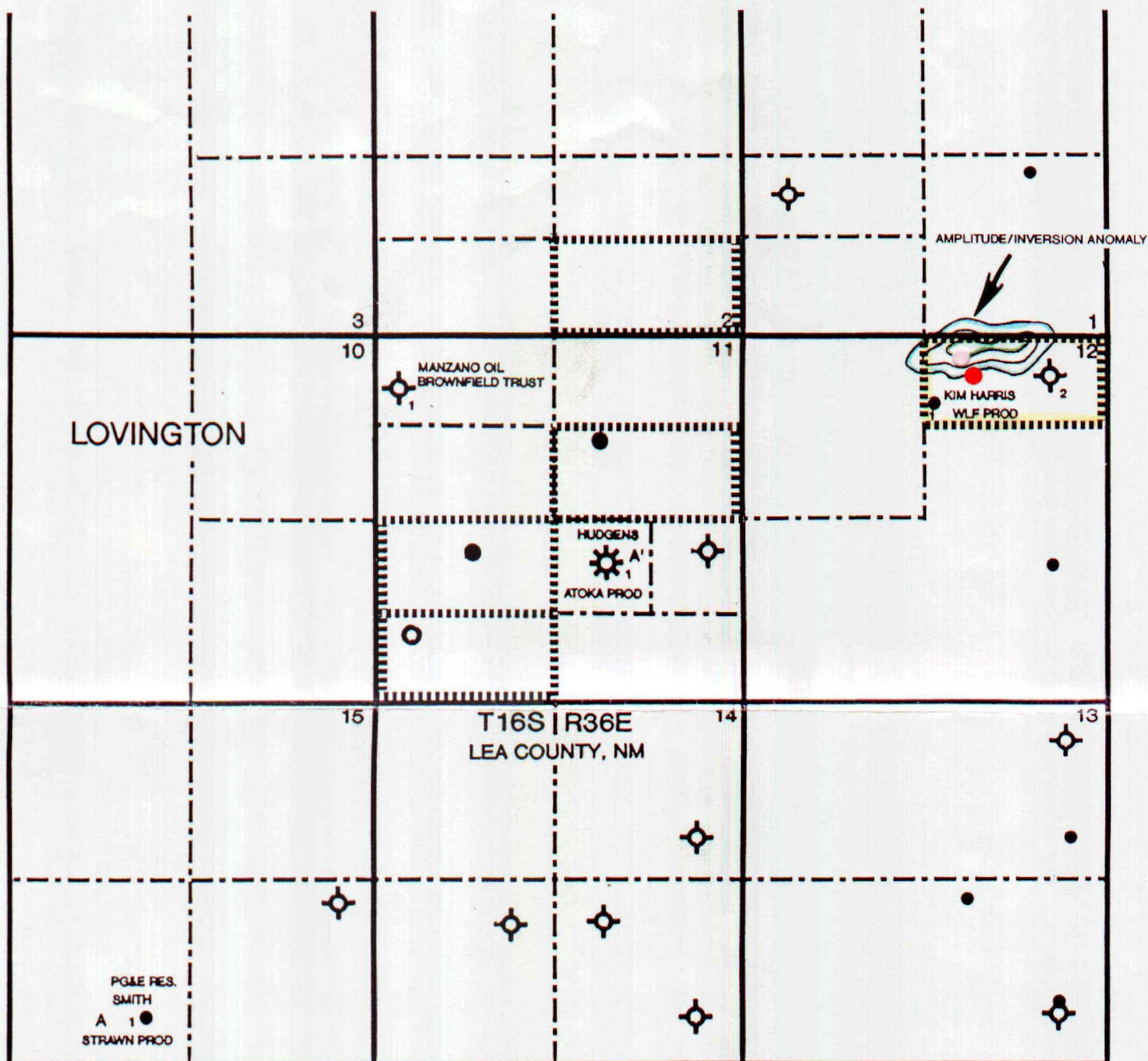
Thank you for your consideration to this application. Please call me if you have any questions in this regard.

Sincerely,

A handwritten signature in cursive script, appearing to read "Kenneth Barbe, Jr.", written in dark ink.

Kenneth Barbe, Jr.

Enclosure



- KIM HARRIS #3 LOCATION
- REGULAR LOCATION
- 80 ACRE PRORATION UNIT

KIM HARRIS #3 STRAWN ISOPACH

AMPLITUDE/INVERSION ANOMALY

EXHIBIT 1

CMB

1/97