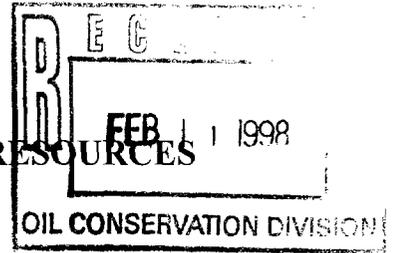


STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION



IN THE MATTER OF THE APPLICATION
OF MANZANO OIL CORPORATION
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

CASE NO. 11939

APPLICATION

MANZANO OIL CORPORATION ("Manzano"), through its undersigned attorneys, hereby makes application pursuant to the provisions of NMSA 1978, Section 70-2-17, (1978), for an order pooling all mineral interests from the surface to the base of the Strawn formation underlying the SE/4 SW/4 of Section 25, Township 17 South, Range 37 East, forming a standard 40-acre spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing, and in support thereof states:

1. Manzano is a working interest owner in the SE/4 SW/4 of Section 25, on which it proposes to drill its "SV" Grand Slam No. 1 Well as a wildcat to the Strawn formation at an orthodox location 400 feet from the South line and 2310 feet from the West line of Section 25.
2. Manzano has sought and been unable to obtain either voluntary agreement for pooling or farmout from certain interest owners in the SE/4 SW/4 of said Section 25.
3. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.
4. In order to permit Manzano to obtain its just and fair share of the oil and gas

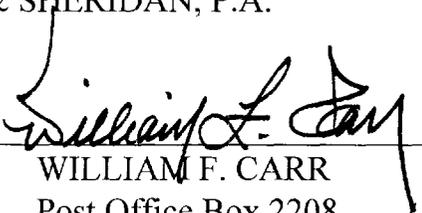
underlying the subject lands, all mineral interests should be pooled, and Manzano should be designated the operator of the well.

WHEREFORE, Manzano Oil Corporation requests that this application be set for hearing before an Examiner of the Oil Conservation Division on March 5, 1998 and, after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions designating Manzano operator of the SE/4 SW/4 of said Section 25, and authorizing Manzano to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including overhead charges, imposing a risk factor for the risk assumed by the Manzano in drilling, completing and equipping the well.

Respectfully submitted,

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

By:



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