

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

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 12038

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

PRE-HEARING STATEMENT

This Prehearing Statement is submitted by Campbell, Carr, Berge & Sheridan, P.A.
as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

Manzano Oil Corporation
c/o Ken Barbe
1801 West Second Street
Roswell, New Mexico 88201
(505) 623-1996

name, address, phone and
contact person

ATTORNEY

William F. Carr, Esq.
Campbell, Carr, Berge & Sheridan, P.A.
Post Office Box 2208
Santa Fe, New Mexico 87504
(505) 988-4421

OPPOSITION OR OTHER PARTY

Wadi Petroleum Inc.

name, address, phone and
contact person

ATTORNEY

W. Thomas Kellahin, Esq.
Kellahin & Kellahin
Post Office Box 2265
Santa Fe, New Mexico 87504-2265
(505) 982-4285

OIL CONSERVATION DIV.
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STATEMENT OF CASE

APPLICANT

(Please make a concise statement of what is being sought with this application and the reasons therefore.)

Manzano Oil Corporation, applicant in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying Section 23, Township 24 South, Range 26 East, for all formations developed on 640-acre spacing including but not limited to the White City-Pennsylvanian Gas Pool; the S/2 for all formations developed on 320-acre spacing; the SW/4 for all formations developed on 160-acre spacing; the W/2 SW/4 for all formations developed on 80-acre spacing; and the SW/4 SW/4 for all formations developed on 40-acre spacing. Applicant proposes to dedicate these pooled units to its Rio Negro Well No. 1 to be drilled at an unorthodox well location 660 feet from the South and West lines (Unit M) of Section 23. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well, and a charge for risk involved in drilling said well.

OPPOSITION OR OTHER PARTY

(Please make a concise statement of the basis for opposing this application or otherwise state the position of the party filing this statement.)

PROPOSED EVIDENCE

APPLICANT


WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
Mike Brown, Geologist	15 Min.	Approximately 7

OPPOSITION

WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
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PROCEDURAL MATTERS

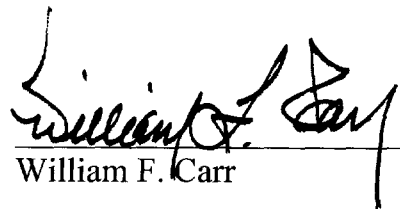
(Please identify any procedural matters which need to be resolved prior to hearing)


Signature

CERTIFICATE OF MAILING

I hereby certify that on this 27th day of August, 1998, I have caused to be mailed a copy of our Pre-Hearing Statement in the above-captioned cases to the following counsel of record:

W. Thomas Kellahin, Esq.
Kellahin & Kellahin
Post Office Box 2265
Santa Fe, New Mexico 87504



William F. Carr