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William F. Carr

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July 9, 2002

**HAND-DELIVERED**

*Case 12899*

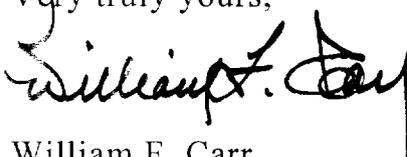
Lori Wrotenbery, Director  
Oil Conservation Division  
New Mexico Energy, Minerals and  
Natural Resources Department  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

RECEIVED  
OIL CONSERVATION DIVISION  
JUL 11 2002

Re: Application of Manzano Oil Corporation for compulsory pooling and approval of non-standard spacing and proration units, Eddy County, New Mexico.

Dear Ms. Wrotenbery:

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 requests that this matter be placed on the docket for the August 1, 2002 Examiner hearings.

Very truly yours,  
  
William F. Carr

Enclosures

cc: Ms. Debbie Jeffers (w/enclosures)

**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  
AND APPROVAL OF NON-STANDARD  
SPACING AND PRORATION UNITS,  
EDDY COUNTY, NEW MEXICO.**

CASE NO. 12899

RECEIVED  
OCT 11 1978  
OIL CONSERVATION DIVISION

**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 all formations from the base of the Bone Spring formation to the base of the Morrow formation in the following described non-standard spacing and proration units located in irregular Section 30, Township 18 South, Range 30 East, NMPM, Eddy County, New Mexico: the W/2 forming a 313.4-acre spacing unit for all formations and/or pools developed on 320-acre spacing which includes but is not necessarily limited to the Undesignated North Turkey Track-Morrow Gas Pool (86500), and the Undesignated Sand Dune-Upper Penn Pool (53820); the NW/4 forming a 156.65-acre non-standard spacing unit for all formations and/or pools developed on 160-acre spacing, the N/2 NW/4 forming a non-standard 78.31-acre spacing unit for any and all formations developed on 80-acre spacing, and the NW/4 NW/4 forming a 38.31-acre non-standard spacing unit for all formations developed on 40-acre spacing; and in support of its application states:

1. Manzano is a working interest owner in the W/2 of Section 30 and has the right to drill thereon.

2. Applicant proposes to dedicate the above-referenced spacing and proration units to its Green Flash Federal Com Well No. 1 to be drilled at a standard location 660 feet from the North and West lines of said Section 30, to an approximate depth of 11,900 feet to test any and all formations from the base of the Bone Spring formation to the base of the Morrow formation. This well is at a standard location for all formations and pools.

3. Applicant has sought and been unable to obtain voluntary agreement for the development of these spacing and proration units with those interest owners identified on Exhibit A to this application.

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.

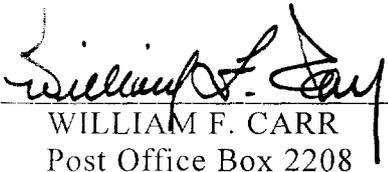
WHEREFORE, Manzano Oil Corporation requests that this Application be set for hearing before an Examiner of the Oil Conservation Division on August 1, 2002, and, after notice and hearing as required by law, the Division enter its order:

- A. pooling all mineral interests in the subject spacing and proration units,

- B. designating Manzano Oil Corporation operator of these units and the well to be drilled thereon,
- C. authorizing Manzano to recover its costs of drilling, equipping and completing the well,
- D. approving the operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures,
- E. providing for subsequent operations on the pooled acreage in accordance with the operating agreement between the parties,
- F. imposing a 200% penalty for the risk assumed by Manzano in drilling and completing the well against any working interest owner who does not voluntarily participate in the well, and
- G. Approving non-standard spacing and proration units for the well.

Respectfully submitted,

HOLLAND & HART, LLP

By: 

WILLIAM F. CARR  
Post Office Box 2208  
Santa Fe, New Mexico 87504  
Telephone: (505) 988-4421

ATTORNEYS FOR MANZANO OIL  
CORPORATION

**EXHIBIT A**

**APPLICATION OF MANZANO OIL CORPORATION  
FOR COMPULSORY POOLING  
AND FOR APPROVAL OF NON-STANDARD SPACING  
AND PRORATION UNITS,  
W/2 SECTION 30, TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM  
EDDY COUNTY, NEW MEXICO.**

**NOTIFICATION LIST**

EOG Resources, Inc.  
Attention: Patrick Tower  
Post Office Box 2267  
Midland, Texas 79702

Mission Resources Corp.  
1331 Lamar, Suite 1455  
Houston, Texas 77001-3039  
Attention: Mike Gibson

MYCO Industries, Inc.  
Attention: Janet Richardson  
105 South Fourth Street  
Artesia, New Mexico 88210

Pure Energy Group, Inc.  
Attention: Larry Cochran  
1100 North St. Mary's Street, Suite 1925  
San Antonio, Texas 78205

Read & Stevens, Inc.  
Attention: Bob Watson  
Post Office Box 1518  
Roswell, New Mexico 88202-1518

Sacramento Partners  
Attention: Janet Richardson  
105 South Fourth Street  
Artesia, New Mexico 88210-2177

John Yates  
Attention: Janet Richardson  
105 South Fourth Street  
Artesia, New Mexico 87210

Yates Drilling Company  
Attention: Janet Richardson  
105 South Fourth Street  
Artesia, New Mexico 87210

Yates Petroleum Corporation  
Attention: Janet Richardson  
105 South Fourth Street  
Artesia, New Mexico 87210

Terrence Patrick Perkins  
7501 Lynwood NW  
Albuquerque, NM 87120

Paula Dooley, Executrix of the  
Estate of William Patrick Dooley  
1006 South Second Street  
Artesia, NM 88210

Todd Memorial Trust  
Attention: Tom Jennings Trustee  
P. O. Box 1797  
Roswell, NM 88202-1797

CASE 12899 : Application of Manzano Oil Corporation for compulsory pooling and approval of non-standard spacing and proration units, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests in the following described spacing and proration units in the W/2 of Irregular Section 30, Township 18 South, Range 30 East NMPM as follows: the W/2 forming a non-standard 313.4-acre spacing and proration unit for all formations and/or pools developed on 320-acre spacing which includes but is not necessarily limited to the Undesignated North Turkey Track-Morrow Gas Pool, and the Undesignated Sand Dune-Upper Penn Pool; the NW/4 forming a 156.65-acre spacing and proration unit for all formations and/or pools developed on 160-acre spacing; the N/2 NW/4 forming a 78.31-acre spacing and proration unit for all formations and/or pools developed on 80-acre spacing, and the NW/4 NW/4 forming a 38.31-acre spacing and proration unit for all formations and/or pools developed on 40-acre spacing. Said unit is to be dedicated to its Green Flash Federal Com Well No. 1 to be drilled at a standard location 660 feet from the North and West lines of said Section 30 to a depth sufficient to test all formations from the base of the Bone Spring formation to the base of the Morrow formation. 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, provisions governing subsequent operations on the pooled units, designation of Manzano Oil Corporation as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 6.5 miles south of Loco Hills, New Mexico.

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William F. Carr

wcarr@hollandhart.com

July 11, 2002

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

**TO ALL AFFECTED PARTIES**

**Re: Application of Manzano Oil Corporation for compulsory pooling  
and approval of non-standard spacing and proration units, Eddy  
County, New Mexico.**

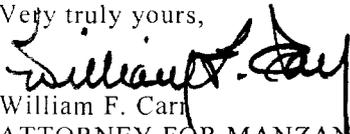
Ladies and Gentlemen:

This letter is to advise you that Manzano Oil Corporation has filed the enclosed application with the New Mexico Oil Conservation Division seeking the force pooling of all mineral interests in all formations from the base of the Bone Spring formation through the base of the Morrow formation in certain non-standard spacing and proration units, specifically defined in the application, located in the W/2 of irregular Section 30, Township 18 South, Range 30 East, N.M.P.M., Eddy County, New Mexico. Manzano proposes to dedicate the referenced pooled units to its Green Flash Federal Com Well No. 1 to be drilled at a standard location 660 feet from the North and West lines of said Section 30.

This application has been set for hearing before a Division Examiner on August 1, 2002. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 1208.B to file a Pre-Hearing Statement three days in advance of a scheduled hearing at the Oil Conservation Division's office in Santa Fe located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. This statement must include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

Very truly yours,

  
William F. Carr  
ATTORNEY FOR MANZANO OIL  
CORPORATION

Enclosure

cc: MS. Debbie Jeffers