

**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. 22668
ORDER NO. R-21572-B**

**APPLICATION OF MANZANO LLC TO AMEND ORDER NO. R-21572-A TO MODIFY
AND EXPAND THE GEOGRAPHIC AREA OF THE VINDICATOR CANYON STATE
EXPLORATORY UNIT, LEA COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on April 7, 2022, at Santa Fe, New Mexico, before Examiners John Garcia and Phillip R. Goetze.

NOW, on this 26th day of July, 2022, the Division Director, having considered the testimony, the record and the recommendations of the Examiners,

FINDS THAT:

1. Due public notice has been given, and the Oil Conservation Division (“OCD”) has jurisdiction in this case and of the subject matter.
2. Manzano LLC ("Manzano") requests to amend Division Order No. R-21572-A to modify acreage participating in the Vindicator Canyon State Exploratory Unit ("Unit") following recent exchanges of working interests.
3. On January 26, 2021, OCD approved Order No. R-21572 (Case No. 21463) for the creation of the Vindicator Canyon State Exploratory Unit comprising 6,000 acres, more or less, of state land (“Unit Area”). The Unit was established to explore and develop the Canyon formation (WC-025 G-09 SI 72315C; Upper Penn Pool; pool code: 98333) with the completions of horizontal wells.
4. On April 29, 2021, OCD approved Order No. R-21572-A (Case No. 21713) to amend the acreage of the original Vindicator Canyon State Exploratory Unit. The amended Order increased the Unit Area to 6,960 acres, more or less, and expanded the designated pool to include the new acreage.
5. The New Mexico State Land Office (“SLO”) reviewed and approved both the establishment and subsequent modification of the Unit.
6. This application expands the Unit to 7,200 acres, more or less, by the following changes to the Unit Area within Township 17 South, Range 36 East, N.M.P.M.:
 - a. the removal of the E/2 of Section 30 (320 acres) and E/2 NE/4 of Section 31 (80 acres); and
 - b. the addition of Section 21 (640 acres).
7. With proposed changes, the Unit would comprise the following state lands in Lea County, New Mexico:

TOWNSHIP 17 SOUTH, RANGE 36 EAST, N.M.P.M.

Section 14: SW/4
Section 15: All
Section 20: All
Section 21: All
Section 22: All
Section 23: S/2, NW/4
Section 26: All
Section 27: All
Section 28: All
Section 29: All
Section 32: N/2, SW/4
Section 33: NE/4
Section 34: E/2 E/2
Section 35: All

8. No other parties appeared or otherwise opposed this expansion.
9. The geology of the Unitized Interval is continuous and extends across the expanded Unit. There are no faults, pinch-outs or other geologic impediments that isolate land within the Unit Area or would suggest creation of a separate pool.
10. The State Land Office was contacted about the modification of the Unit and provided preliminary approval in support of the changes.
11. Manzano remains the working interest owner in the expanded acreage.
12. Manzano revised the Unit Agreement to reflect the proposed changes in tract participation in the Unit.
13. Notice was provided to one interest owner of this application who had been previously notified in both initial cases.

THE OCD CONCLUDES THAT:

14. All of the proposed Unit acreage appears prospective for recovery of oil and gas from the target formation under the concept proposed by the applicant. These acres should be unitized and should equally share in the benefits from future oil and gas recovery.
15. Approval of the Unit with additional acreage will provide the applicant the flexibility to locate and drill wells in the Unit to maximize recovery of oil and gas from the unitized interval, thereby preventing waste, and will provide the applicant latitude to conduct operations in an effective and efficient manner within the Unit.
16. The approval of the Unit agreement with the additional acreage will serve to prevent waste and protect correlative rights within the lands assigned to the Unit area. The provisions contained in the Unit agreement are in the best interest of conservation and the prevention of waste.
17. The application should be approved.

IT IS THEREFORE ORDERED THAT:

1. The application of Manzano LLC to amend Division Order No. R-21572-A and to modify the new Unit Area of the Vindicator Canyon State Exploratory Unit is hereby approved.
2. The Vindicator Canyon State Exploratory Unit shall comprise 7,200 acres, more or less, of state lands in Lea County, New Mexico, and be described as follows:

TOWNSHIP 17 SOUTH, RANGE 36 EAST, N.M.P.M.

Section 14: SW/4
Section 15: All
Section 20: All
Section 21: All
Section 22: All
Section 23: S/2, NW/4
Section 26: All
Section 27: All
Section 28: All
Section 29: All
Section 32: N/2, SW/4
Section 33: NE/4
Section 34: E/2 E/2
Section 35: All

3. Manzano LLC (OGRID 231429) is hereby designated the Unit operator.
4. All other provisions of Order No. R-21572 as amended, including the effective date of this Unit and determination of the Unitized Interval, remain in full force and effect.
5. Jurisdiction of this case is retained for entry of such further orders as the OCD may deem necessary.

DONE at Santa Fe, New Mexico, on this 26 day of July, 2022.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



**ADRIENNE E. SANDOVAL
DIVISION DIRECTOR**