

DATE 5/16/00	SUSPENSE 6/5/00	ENGINEER MS	LOGGED KV	TYPE NSL
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ABOVE THIS LINE FOR DIVISION USE ONLY

**NEW MEXICO OIL CONSERVATION DIVISION**  
- Engineering Bureau -

**ADMINISTRATIVE APPLICATION COVERSHEET**

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

**Application Acronyms:**

- [NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
- [DD-Directional Drilling] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

OIL CONSERVATION DIV  
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**[1] TYPE OF APPLICATION - Check Those Which Apply for [A]**

- [A] Location - Spacing Unit - Directional Drilling  
 NSL     NSP     DD     SD

Check One Only for [B] and [C]

- [B] Commingling - Storage - Measurement  
 DHC     CTB     PLC     PC     OLS     OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery  
 WFX     PMX     SWD     IPI     EOR     PPR

**[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or  Does Not Apply**

- [A]  Working, Royalty or Overriding Royalty Interest Owners
- [B]  Offset Operators, Leaseholders or Surface Owner
- [C]  Application is One Which Requires Published Legal Notice
- [D]  Notification and/or Concurrent Approval by BLM or SLO
- [E]  For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F]  Waivers are Attached

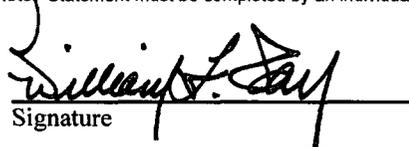
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

**[3] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding**

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with supervisory capacity.

William F. Carr  
Print or Type Name

  
Signature

Attorney  
Title

5/16/00  
Date

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

MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE  
MARK F. SHERIDAN  
MICHAEL H. FELDEWERT  
PAUL R. OWEN  
ANTHONY F. MEDEIROS  
  
JACK M. CAMPBELL  
1916-1999

JEFFERSON PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
TELEPHONE: (505) 988-4421  
FACSIMILE: (505) 983-6043  
E-MAIL: law@westofpecos.com

May 16, 2000

**HAND-DELIVERED**

Lori Wrotenbery, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505

*Re: Application of Manzano Oil Corporation for Administrative Approval of an Unorthodox Well Location for its S. V. Sundown State Well No. 1 at a point 477 feet from the South line and 191 feet from the West line (Unit M) of Section 14, Township 10 South, Range ~~36~~ 37 East, N.M.P.M., Lea County, New Mexico.*

Dear Ms. Wrotenbery:

Pursuant to the provisions of Division Rule 104 F adopted on August 12, 1999, Manzano Oil Corporation hereby seeks administrative approval of an unorthodox well location for its S. V. Sundown State Well No. 1 at a point 477 feet from the South line and 191 feet from the West line (Unit M) of Section 14, Township 10 South, Range 37 East, N.M.P.M., Lea County, New Mexico. This unorthodox well location was approved in the Devonian formation by Division Order No. R-10263 entered in Case 11127 on November 29, 1994. The well has now been abandoned in the Devonian and completed in the Wolfcamp formation. There is also potential for a subsequent completion attempt in the San Andres formation. A standard 40-acre spacing and proration unit comprised of the SW/4 SW/4 of Section 14 will be dedicated to the well in the Wolfcamp and San Andres formations.

Lori Wrotenbery, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
May 16, 2000  
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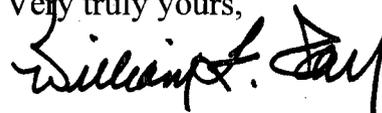
This proposed unorthodox well location is unorthodox because it encroaches on offsetting tracts to the South, West and Southwest.

Attached hereto as Exhibit A is a plat showing the subject area and the proposed unorthodox well location. The acreage shaded yellow on Exhibit A is operated by Manzano Oil Corporation. The correlative rights of no interest owner will be adversely impacted by a well at this proposed unorthodox location for all acreage upon which the well encroaches is either operated by Manzano or owned by the State of New Mexico and is not currently under lease. Attached hereto as Exhibit B is a waiver to the proposed unorthodox well locations from the Commissioner of Public Lands. Accordingly, there are no affected persons as defined in Rule 1207.A to whom notice of this application should be provided.

If you need additional information from Manzano for your consideration of this application, please advise.

Your attention to this application is appreciated.

Very truly yours,

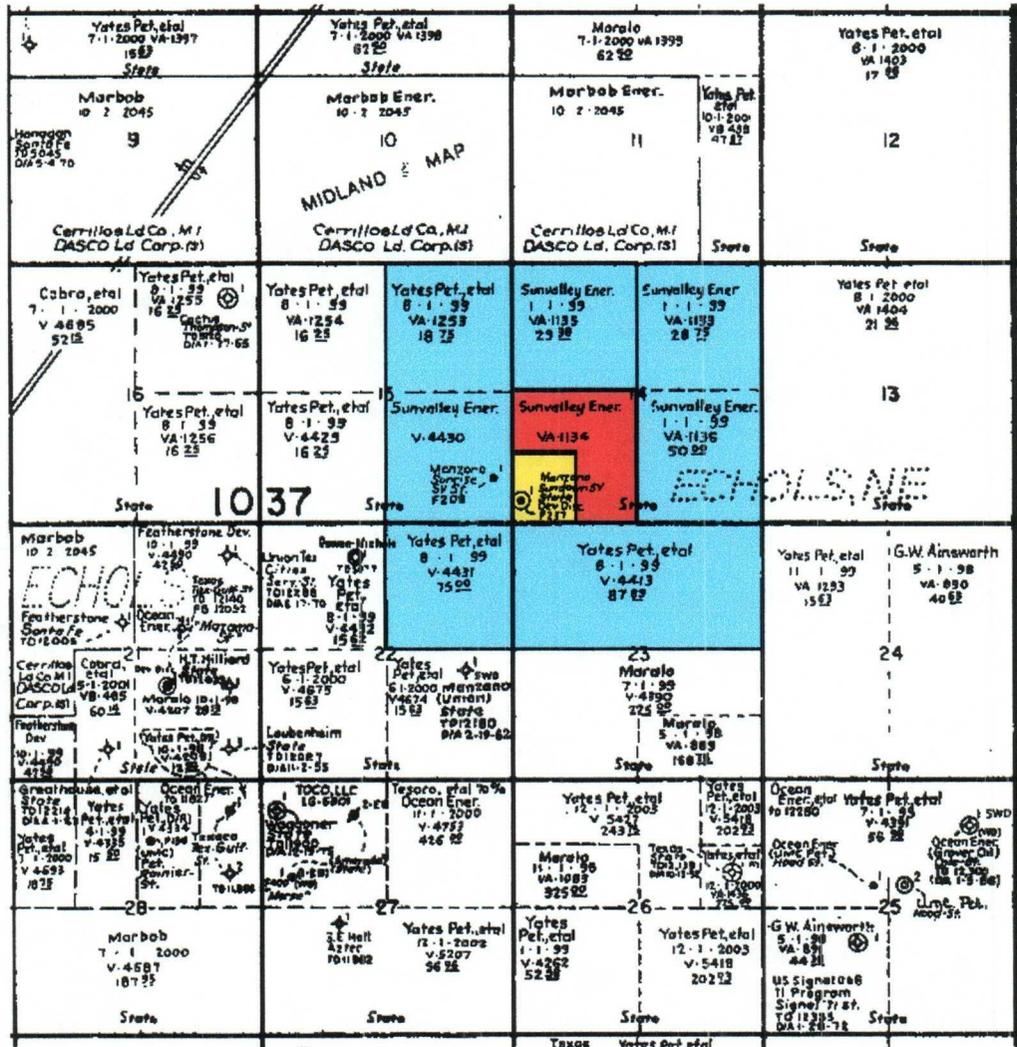


William F. Carr

Attorney for Manzano Oil Corporation

WFC/md

Enclosures



- 40 Acre Proration Unit for "SV" Sundown State #1
- Manzano State Lease VA-1134
- Unleased State Lands



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Manzano Oil Corporation

P.O. Box 2107  
Roswell, New Mexico 88202-2107  
(505) 623-1998  
FAX (505) 625-2620

May 8, 2000

New Mexico State Land Office  
Oil, Gas & Minerals Division  
310 Old Santa Fe Trail  
Santa Fe, New Mexico 87501

Attn: Jeff Albers

Re: "SV" Sundown State #1 Well  
477 FSL & 191' FWL Section 14,  
T10S, R37E, Lea County, New Mexico

Dear Jeff:

On November 29, 1994 the Oil Conservation Division approved Manzano Oil Corporation's unorthodox well location for the above referenced well (Order No. R-10263). The well was drilled and produced from the Devonian formation until recently when the well became uneconomical. On May 3, 2000 we plugged the Devonian formation and came up to and perforated the Wolfcamp formation. The Wolfcamp formation is currently flowing 185 BOPD. Manzano was given a temporary allowable until we receive administrative approval to produce the Wolfcamp formation at the unorthodox location. The State of New Mexico is the offset operator with unleased acreage located in Sections 14, 15, 22 and 23 of Township 10 South, Range 37 East.

Manzano Oil Corporation requests that the State of New Mexico waive any objection to the unorthodox location for the "SV" Sundown State #1 well producing from the Wolfcamp formation.

If you should have any questions or comments in this regard, please do not hesitate to contact me at the above number.

Sincerely,

A handwritten signature in black ink, appearing to read "Debbi Jeffers", written over a horizontal line.

Debbi Jeffers

EXHIBIT B

May 8, 2000  
"SV" Sundown State #1 Well

We do not object to the unorthodox location for the "SV" Sundown State #1 well producing from the Wolfcamp formation.

We object to the unorthodox location for the "SV" Sundown State #1 well producing from the Wolfcamp formation.

New Mexico State Land Office

By: Jeff Albert

Name:

Title: Engineer O&M Division