



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop
Cabinet Secretary

July 31, 2003

Lori Wrotenbery

Director

Oil Conservation Division

Manzano Oil Corporation
c/o **James Bruce**
P. O. Box 1056
Santa Fe, New Mexico 87504

2nd AMENDMENT to Division Administrative Order NSL-4568

Dear Mr. Bruce:

Reference is made to the following: (i) your letter of application (*administrative application reference No. pMES0-321255052*) submitted to the New Mexico Oil Conservation Division ("Division") on May 9, 2002 on behalf of the operator Manzano Oil Corporation ("Manzano") to further amend Division Administrative Order NSL-4568, as amended; (ii) your conversation with Mr. Michael E. Stogner, Division Engineer/Hearing Officer in Santa Fe on May 13, 2002 where he requested additional information; (iii) your response by telefax on May 15, 2002 with sufficient information to complete your application; and (iv) the Division's records in Santa Fe, including the files in Case No. 12864 and Division Administrative Orders NSL-4568.

Division Administrative Order NSL-4568, dated March 27, 2001 authorized Manzano to drill its Rum Point State Well No. 1 (API No. 30-025-35499) to the Devonian formation in a conventional manner at an unorthodox oil well location 330 feet from the North line and 1200 feet from the East line (Lot 1/Unit A) of Section 2, Township 14 South, Range 37 East, NMPM, Lea County, New Mexico, within a standard 41.43-acre oil spacing and proration unit with the King-Devonian Pool comprising Lot 1 (NE/4 NE/4 equivalent) of Section 2. IT SHALL BE NOTED THAT the well is actually located on the surface 330 feet from the North line and 1222 feet from the East line of Section 2.

While drilling its Rum Point State Well No. 1 Manzano discovered the wellbore was steadily deviating in a northeasterly direction and the maximum deviation of this wellbore occurred at a depth of 10,882 feet (MD), where the subsurface location was found to be at a point approximately 121 feet from the North line and 1089 feet from the East line of Section 2. By commencing directional drilling operations to steer the wellbore back towards the approved unorthodox oil well location reflected in Division Administrative Order NSL-4536 the well was actually bottomed at a depth of 12,565 feet (MD) in the Devonian formation at an unorthodox subsurface oil well location approximately 260 feet from the North line and 1163 feet from the East line (Lot 1/Unit A) of Section 2.

By an amendment to Division Administrative Order NSL-4568 dated March 5, 2002 the Division: (i) accepted the directional survey of this well; and (ii) approved the above-described unorthodox subsurface location of this wellbore within the King-Devonian Pool.

From the Division's records, Manzano, in July, 2002, abandoned the Devonian interval and recompleted up-hole by plugging back into the King-Wolfcamp Pool (36100) through perforations from 9,362 feet to 9,400 feet. It is the Division's understanding this wellbore penetrated the top of the Wolfcamp formation at a depth of 9,360 feet and the bottom at a depth of 10,700 feet. The subsurface locations at both points are approximately: (i) 164.13 feet from the North line and 1156.26 feet from the East line (Lot 1/Unit A) of Section 2 at the top; and (ii) 125.38 feet from the North line and 1117.43 feet from the East line (Lot 1/Unit A) of Section 2 at the bottom.

This request for a second amendment to Division Administrative Order NSL-4568 has been duly filed under the provisions of Division Rules 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999, and Division Rule 111.C (2).

By the authority granted me under the provisions of Division Rule 104.F (2), Division Administrative Order NSL-4568, dated March 27, 2001, is hereby amended to properly reflect the actual subsurface path of the Rum Point State Well No. 1, as described above, with respect to the King-Wolfcamp Pool within a standard 41.43-acre oil spacing and proration unit comprising Lot 1 (Unit A) of Section 2.

All other provisions of Order NSL-4568, as amended, not in conflict with this change shall remain in full force and effect until further notice

Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,



Lori Wrotenbery
Director

LW/mes

cc: New Mexico Oil Conservation Division – Hobbs
New Mexico State Land Office – Santa Fe
File: Case No. 12864