

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR



POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

February 18, 1992

Manzano Oil Corporation
c/o Phil Brewer, Attorney
P.O. Box 298
Roswell, New Mexico 88202-0298

Administrative Order NSL-3098

Dear Mr. Brewer:

Reference is made to your application dated February 14, 1992 for a non-standard oil well location to be drilled 330 feet from the South line and 1980 feet from the East line (Unit W) of Section 1, Township 16 South, Range 36 East, NMPM, to test the Strawn formation, Lea County, New Mexico. The S/2 SE/4 of said Section 1 shall be dedicated to the well forming a standard 80-acre oil spacing and proration unit for the Undesignated Northeast Lovington - Pennsylvanian Pool.

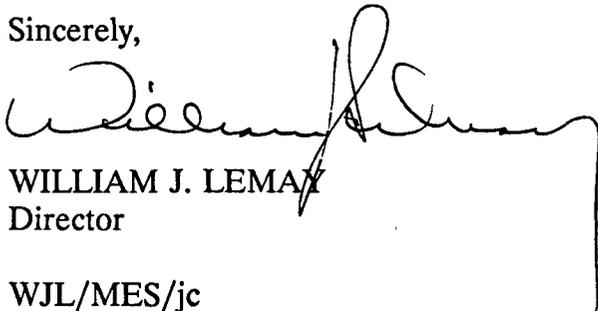
It is our understanding that the primary objective for this well is the Undesignated Northeast Lovington - Wolfcamp Pool which is on statewide 40-acre oil spacing. The deeper Strawn horizon is a secondary objective. Further, the proposed location is considered standard for the Northeast Lovington - Wolfcamp Pool, however, geologic interpretation places this well at a more favorable position within the Wolfcamp interval than a location 660 feet from the South line of said Section 1, which would be a standard location for the Strawn zone.

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Waivers were received from all offset operators to the proposed 80-acre unit.

By authority granted me under the provisions of General Rule 104F.(1) and (2), the above described unorthodox oil well location is hereby approved.

Sincerely,

A handwritten signature in black ink, appearing to read 'William J. Lemay', written over a horizontal line. The signature is fluid and cursive, with a long, sweeping tail that extends to the right and then loops back down.

WILLIAM J. LEMAY
Director

WJL/MES/jc

cc: Oil Conservation Division - Hobbs
File: Case No. 10441