



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

February 22, 1999

Manzano Oil Corporation
P. O. Box 2107
Roswell, New Mexico 88202-2107
Attention: Mike Brown

Telefax No. (505) 625-2620

Administrative Order NSL-3822-A (NSBHL)

Dear Mr. Brown:

Reference is made to the following: (i) your initial application dated January 21, 1999; (ii) a request for additional information by letter dated February 8, 1999 from Mr. Michael E. Stogner, Chief Hearing Officer/Engineer, with the New Mexico Oil Conservation Division in Santa Fe ("Division"); (iii) your response by letter dated February 12, 1999; (iv) your telephone conversation with Mr. Stogner on Friday, February 19, 1999; and (v) the records of the Division: all concerning Manzano Oil Corporation's request for an exception to the "Special Rules and Regulations for the South Vacuum-Devonian Pool," as promulgated by Division Order No. R-1382-C, dated September 16, 1960.

The Division Director Finds That:

- (1) The subject application has been duly filed under the provisions of Division Rule 104.F and 111.C(2);
- (2) The South Vacuum-Devonian Pool currently comprises the following described area in Lea County, New Mexico:

TOWNSHIP 18 SOUTH, RANGE 35 EAST, NMPM

Section 21:	NE/4
Section 22:	W/2 and SE/4
Section 26:	W/2
Section 27:	All
Section 34:	N/2
Section 35:	N/2 and SE/4;

- (3) The special pool rules governing the South Vacuum-Devonian Pool provides for 80-acre oil spacing and proration units and requires that wells be located within 150 feet of the center of either quarter-quarter section in the 80-acre unit;

- (4) The "project area" proposed by Manzano is to consist of a single standard 80-acre oil spacing and proration unit comprising the N/2 SW/4 of Section 22, Township 18 South, Range 35 East, NMPM, Lea County, New Mexico;
- (5) The wellbore to be utilized is Manzano's existing "SV" Honey Bee State Well No. 1, which is to be redesignated the Eureka State Well No. 1 (API No. 30-025-34051), located at an unorthodox oil well location 2372 feet from the North line and 994 feet from the West line (Unit E) of Section 22 (approved by Division Administrative Order NSL-3822, dated July 2, 1997);
- (6) It is our understanding that Manzano proposes to recomplete this well by kicking-off from vertical in a southeasterly direction at an approximate depth of 9,500 feet and built angle to approximately 16.5 degrees. At a depth of approximately 11,610 feet (TVD) the wellbore is expected to encounter the top of the Devonian formation at an estimated unorthodox subsurface oil well location 2608 feet from the South line and 1134 feet from the West line (Unit L) of Section 22. Drilling into the Devonian formation will continue at this angle until an estimated total depth of 11890.84 feet (TVD) is reached;
- (7) The geologic interpretation submitted with this application indicates the proposed subsurface location to be at a more favorable geologic position within the Devonian formation than a location considered to be standard for the proposed 80-acre unit;
- (8) The NW/4 and the N/2 SW/4 of Section 22, Township 18 South, Range 35 East, NMPM, Eddy County, New Mexico is a single lease in which Manzano has a farmout and is the operator;
- (9) It appears that the applicant has satisfied all of the appropriate requirements prescribed in Rules 111.C(2) and 104.F, and Division Memorandum 4-86 (dated June 2, 1986); therefore the subject application should be approved and a producing area should be established for this well based on Manzano's proposed directional drilling plan; and
- (10) The subject 80-acre project area should be governed by the provisions contained within this order and all other applicable provisions of Division General Rule 111.

It Is Therefore Ordered That:

- (1) By the authority granted me under the provisions of Division Rule 104.F(2), the above-described application of Manzano Oil Corporation to recomplete its existing "SV" Honey Bee

State Well No. 1, to be redesignated the Eureka State Well No. 1 (API No. 30-025-34051), located at an unorthodox oil well location 2372 feet from the North line and 994 feet from the West line (Unit E) of Section 22, Township 18 South, Range 35 East, NMPM, Lea County, New Mexico (approved by Division Administrative Order NSL-3822, dated July 2, 1997) by kicking-off from vertical in a southeasterly direction at an approximate depth of 9,500 feet and directionally drilling to the Devonian formation to a total depth of 11890.84 feet (TVD) is hereby approved.

(2) The applicable drilling window or producing area within the South Vacuum-Devonian Pool for this wellbore shall include that area within the subject 80-acre project area, which is also a standard 80-acre oil spacing and proration unit for the South Vacuum-Devonian Pool, comprising the N/2 SW/4 of Section 22 that is:

(a) no closer than 510 feet to the western, southern, and eastern boundaries of this 80-acre unit (project area); and

(b) no closer than 32 feet to the northern boundary of the 80-acre project area.

(3) The operator shall comply with all applicable requirements and conditions set forth in Division General Rule 111.

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

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



LORI WROTENBERY
Director

SEAL

cc: New Mexico Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Carlsbad
File: NSL-3822