

|                        |                         |                                       |                    |                 |
|------------------------|-------------------------|---------------------------------------|--------------------|-----------------|
| DATE IN <u>1/25/99</u> | SUSPENSE <u>2/15/99</u> | ENGINEER <u>MS</u>                    | LOGGED BY <u>W</u> | TYPE <u>NSL</u> |
| <u>2/19/99</u>         | <u>3/11/99</u>          | ABOVE THIS LINE FOR DIVISION USE ONLY |                    |                 |

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

**ADMINISTRATIVE APPLICATION COVER SHEET**

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]**

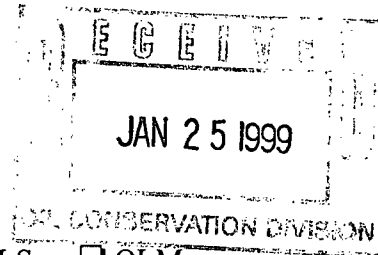
[1] **TYPE OF APPLICATION - Check Those Which Apply for [A]**

[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  
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office  
 [E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,  
 [F] ☐ Waivers are Attached

[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 (including API numbers, pool codes, etc.), pertinent information and any required notification is cause to have the application package returned with no action taken.

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

Mike Brown  
Print or Type Name

Mike Brown  
Signature

Vice President - Geology   1/22/99  
Title   Date



---

Manzano Oil Corporation

P.O. Box 2107  
Roswell, New Mexico 88202-2107  
(505) 623-1996  
FAX (505) 625-2620

January 21, 1998

Mr. Michael L. Stogner  
Oil Conservation Division  
Department of Energy  
Minerals and Natural Resources  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505

Re: Application for Administrative Approval  
of Unorthodox Well Location  
Eureka State #1  
Lea County, New Mexico

Dear Mr. Stogner:

Manzano Oil Corporation hereby seeks administrative approval pursuant to the provisions of Division Rule 104 to reenter the Manzano Oil Corporation "SV" Honey Bee State #1 (to be renamed Eureka State #1) and directionally drill to the Devonian Formation at a bottomhole location of 2608' FSL and 1134' FWL, Section 22, T-18-S, R-35-E, N.M.P.M., Lea County, New Mexico.

Manzano Oil Corporation is seeking approval for an unorthodox location in the South Vacuum area of Lea County, New Mexico, based on geological and geophysical reasons. The primary objective of this well is the Devonian Formation at a depth of approximately 11,850'. Exhibit 1 (Structure Map - Top of Devonian) shows the 3-D seismic structural picture of the top of the Devonian. The proposed unorthodox bottomhole location is predicted to be at or near the crest of a potentially undrained portion of the South Vacuum Devonian structural complex. In July and August of 1997, Manzano Oil drilled the "SV" Honey Bee #1 at a surface location of 2372' FNL & 994' FWL of Section 22 to test this structure. During drilling, the wellbore drifted to a bottomhole location of 2212' FNL & 814' FWL. The wellbore at that location encountered tight and unproductive Devonian rock in a down dip structural position. Using the Honey Bee #1 well to model the 3-D seismic indicates that the northern portion of the indicated structure does not contain reservoir quality rock. The proposed location for the Eureka State #1 is the most updip location on the structure where reservoir quality rock is indicated. The 3-D indicates that only 35 to 50 feet of productive closure is present over an area of only 50-70 acres. Moving the proposed location could result in a loss of structure of more than 50 feet, leaving a substantial amount of attic oil unrecovered. This attic oil column is not recoverable from any orthodox location. In order to insure adequate drainage of this small structure and to prevent waste, Manzano Oil Corporation is requesting that it be allowed to reenter the Honeybee State #1 wellbore (renamed Eureka State #1), kickoff and directionally drill to the proposed unorthodox bottomhole location.

Also enclosed is a plat which shows the ownership of all leases offsetting the proposed spacing unit and all wells that have been completed thereon. By separate letters (copies attached), Manzano has sent notification letters via certified return receipt mail to the affected parties. Your consideration to the application is most appreciated. Should you have any questions, please feel free to call me at 505/623-1996.

Sincerely,

A handwritten signature in cursive script that reads "Mike Brown". The signature is written in dark ink and is positioned below the word "Sincerely,".

Mike Brown

Enclosures

ca  
0946  
7-403

TD11,200

21 22

5

NONRESERVOIR QUALITY ROCK

TD4525

Pure State

RESERVOIR QUALITY ROCK

TD41978

7-403

TD4975

TD4

28 27

TD5590

TD4543

TD4880

MANZANO OIL CORPORATION  
EUREKA STATE #1

STRUCTURE MAP  
TOP OF DEVONIAN

- SURFACE LOCATION ("SV" HONEY BEE #1)
- UNORTHODOX LOCATION
- ORTHODOX LOCATION

CMB

1/99

les Sec  
60

District I  
PO Box 1980, Hobbs, NM 88241-1980  
District II  
PO Drawer DD, Artesia, NM 88211-0719  
District III  
1000 Rio Brazos Rd., Aztec, NM 87410  
District IV  
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico  
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
PO Box 2088  
Santa Fe, NM 87504-2088

Form C-101  
Revised February 10, 1994  
Instructions on back  
Submit to Appropriate District Office  
State Lease - 6 Copies  
Fee Lease - 5 Copies

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

|  |                               |                               |
|--|-------------------------------|-------------------------------|
| Operator Name and Address:<br>Manzano Oil Corporation<br>P.O. Box 2107<br>Roswell, NM 88202-2107 |                               | OGRID Number<br>013954        |
|  |                               | API Number<br>30 - 0 25-34051 |
| Property Code<br>20821   | Property Name<br>Eureka State | Well No.<br>1                 |

Surface Location

| UL or lot no. | Section | Township | Range | Lot Ida | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| E             | 22      | 18S      | 35E   |         | 2372          | North            | 994           | West           | Lea    |

Proposed Bottom Hole Location If Different From Surface

| UL or lot no. | Section | Township | Range | Lot Ida | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| L             | 22      | 18S      | 35E   |         | 2608          | South            | 1134          | West           | Lea    |

|  |                 |
|--|-----------------|
| Proposed Pool 1<br>South Vacuum Devonian | Proposed Pool 2 |
|--|-----------------|

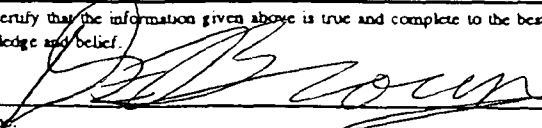
|                     |                               |                       |                             |                                 |
|---------------------|-------------------------------|-----------------------|-----------------------------|---------------------------------|
| Work Type Code<br>E | Well Type Code<br>O           | Cable/Rotary<br>R     | Lease Type Code<br>S        | Ground Level Elevation<br>3909' |
| Multiple<br>No      | Proposed Depth<br>11,800' TVD | Formation<br>Devonian | Contractor<br>WEK Drllg Co. | Spud Date<br>3/1/99             |

Proposed Casing and Cement Program

| Hole Size | Casing Size | Casing weight/foot | Setting Depth | Sacks of Cement | Estimated TOC         |
|-----------|-------------|--------------------|---------------|-----------------|-----------------------|
| 17-1/2"   | 13-3/8"     | 54.5#              | 400'          | 350 sks         | Surface               |
| 11"       | 8-5/8"      | 32#                | 4,000'        | 1000 sks        | 2000'                 |
| 7-7/8"    | 5-1/2"      | 17 & 20#           | 11,900'       | To be designed  | 600' above<br>top pay |
|           |             |                    |               |                 |                       |

Describe the proposed program. If this application is to DEEPEN or PLUG BACK give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

Set whipstock @ 9200'. Drill directional hole to bottom hole location.

|  |  |  |                  |
|--|--|--|------------------|
| I hereby certify that the information given above is true and complete to the best of my knowledge and belief.<br>Signature:  |  | OIL CONSERVATION DIVISION                                    |                  |
| Printed name: D.E. Brown   |  | Approved by:   |                  |
| Title: VP. Engineering   |  | Title:   |                  |
| Date: 1/22/99  |  | Approval Date:   | Expiration Date: |
| Phone: (505) 623-1996  |  | Conditions of Approval:<br>Attached <input type="checkbox"/> |                  |

District I  
PO Box 1960, Hobbs, NM 88241-1960  
District II  
PO Drawer DD, Artesia, NM 88211-0719  
District III  
1000 Rio Brazos Rd., Aztec, NM 87410  
District IV  
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico  
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
PO Box 2088  
Santa Fe, NM 87504-2088

Form C-102  
Revised February 10, 1994  
Instructions on back  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

|                            |  |                                    |
|----------------------------|--|------------------------------------|
| API Number<br>30-025-34051 | Pool Code<br>62010                       | Pool Name<br>South Vacuum Devonian |
| Property Code<br>20821     | Property Name<br>Eureka State            | Well Number<br>1                   |
| GRID No.<br>013954         | Operator Name<br>Manzano Oil Corporation | Elevation<br>3909'                 |

<sup>10</sup> Surface Location

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| E             | 22      | 18S      | 35E   |         | 2372          | North            | 994           | West           | Lea    |

<sup>11</sup> Bottom Hole Location If Different From Surface

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| L             | 22      | 18S      | 35E   |         | 2608          | South            | 1134          | West           | Lea    |

|                                      |                               |                                  |                         |
|--------------------------------------|-------------------------------|----------------------------------|-------------------------|
| <sup>12</sup> Dedication Acres<br>80 | <sup>13</sup> Joint or Infill | <sup>14</sup> Consolidation Code | <sup>15</sup> Order No. |
|--------------------------------------|-------------------------------|----------------------------------|-------------------------|

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

|   |   |
|---|---|
| <p>16</p> <p>Surface Location</p> <p>Bottom Hole Location</p> | <p><sup>17</sup> OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>[Signature]</i><br/>Signature<br/>D.E. Brown<br/>Printed Name<br/>VP Engineering<br/>Title<br/>1/22/99<br/>Date</p>  |
|   | <p><sup>18</sup> SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>Date of Survey<br/>Signature and Seal of Professional Surveyor<br/>Certificate Number</p> |



KEN REYNOLDS—PRESIDENT  
ARNIE NEWKIRK—VICE-PRESIDENT

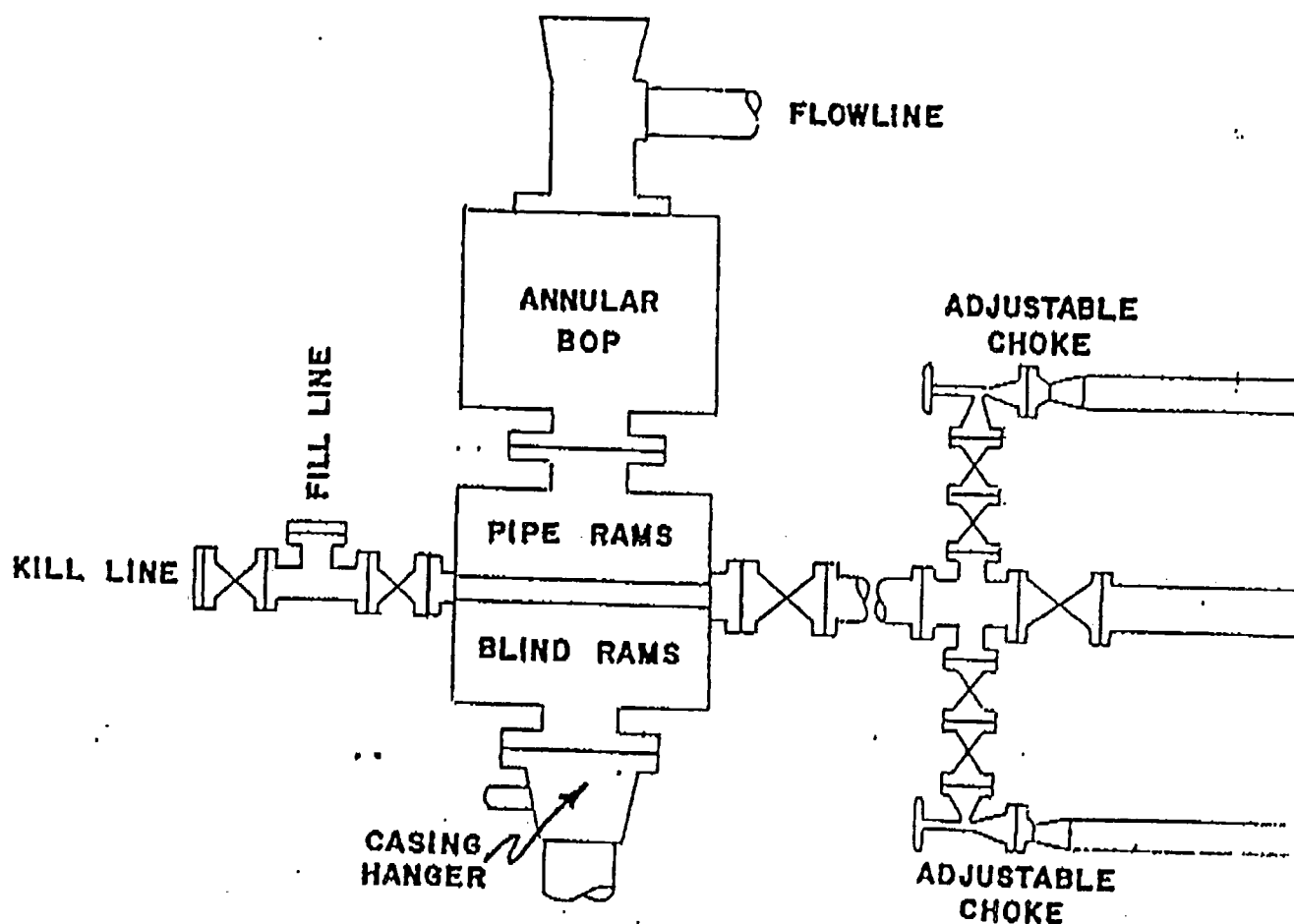
DRILLING CO., INC. — OIL WELL DRILLING CONTRACTORS

P. O. Box 1498 ROSWELL, NEW MEXICO 88202-1498  
505/628-8070 505/746-2719  
ROSWELL, NM ARTERIA, NM

RIG #4

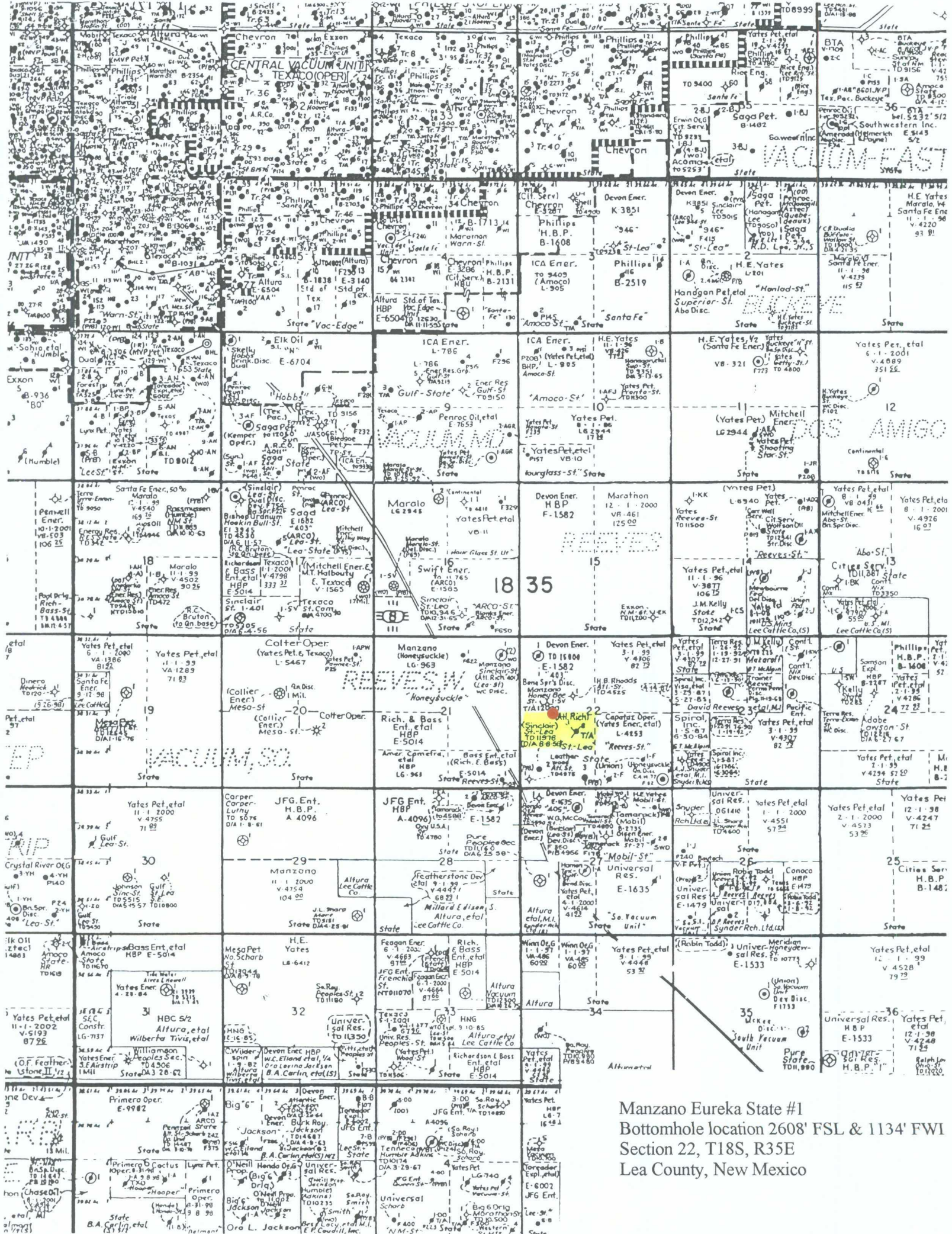
### BLOWOUT PREVENTOR ARRANGEMENT

11" SHAFFER TYPE LWS, 5000 psi WP  
11" CAMERON SPHERICAL, 5000 psi WP  
120 GALLON, 5 STATION KOOMEY ACCUMULATOR  
5000 psi WP CHOKE MANIFOLD



Manzano Oil Corporation's  
Eureka State #1  
2372' FNL & 994' FWL (Surface)  
2752' FNL & 1044' FWL (Bottom Hole)  
Sec 22, T18S, R35E  
Lea County, New Mexico





Manzano Eureka State #1  
Bottomhole location 2608' FSL & 1134' FWI  
Section 22, T18S, R35E  
Lea County, New Mexico



List of Affected Parties

Devon Energy Corporation (Nevada)  
20 North Broadway, Suite 1500  
Oklahoma City, OK 73102-8260

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO FOR  
THE PURPOSE OF CONSIDERING:

CASE No. 1634  
ORDER No. R-1382-C

APPLICATION OF THE PURE OIL COMPANY  
FOR THE PROMULGATION OF SPECIAL RULES  
AND REGULATIONS GOVERNING THE SOUTH  
VACUUM-DEVONIAN POOL, LEA COUNTY,  
NEW MEXICO, INCLUDING A PROVISION  
FOR 80-ACRE PRORATION UNITS.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on August 17, 1960, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 16th day of September, 1960, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, The Pure Oil Company, seeks the promulgation of special rules and regulations for the South Vacuum-Devonian Pool, Lea County, New Mexico, to provide for 80-acre oil proration units.

(3) That the applicant has proved by a preponderance of the evidence that the South Vacuum-Devonian Pool can be efficiently and economically drained and developed on 80-acre proration units.

(4) That to require development of the South Vacuum-Devonian Pool on 40-acre proration units would probably cause the drilling of unnecessary wells.

(5) That all parties present waived objection to the continued assignment of a 40-acre allowable to any well presently producing from the South Vacuum-Devonian Pool to which cannot be dedicated an 80-acre tract which can reasonably be presumed to be productive of oil from said pool. Only two such wells exist,

namely, The Pure Oil Company Reeves Well No. 2-26, SE/4 SW/4 of Section 26 and The Pure Oil Company Reeves Well No. 4-26, NE/4 SW/4 of said Section 26, Township 18 South, Range 35 East, NMPM, Lea County, New Mexico.

IT IS THEREFORE ORDERED:

That special rules and regulations for the South Vacuum-Devonian Pool, Lea County, New Mexico, be and the same are hereby promulgated as follows, effective October 1, 1960; provided, however, that the increased allowable provisions contained herein shall not become effective until November 1, 1960.

SPECIAL RULES AND REGULATIONS FOR THE  
SOUTH VACUUM-DEVONIAN POOL

RULE 1. Each well completed or recompleted in the South Vacuum-Devonian Pool or in the Devonian formation within one mile of the South Vacuum-Devonian Pool, and not nearer to nor within the limits of another designated Devonian pool, shall be spaced, drilled, operated, and prorated in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well completed or recompleted in the South Vacuum-Devonian Pool shall be located on a unit containing approximately 80 acres which consists of the N/2, S/2, E/2 or W/2 of a single governmental quarter section.

RULE 3. All wells projected to or completed in the South Vacuum-Devonian Pool shall be located within 150 feet of the center of either quarter-quarter section in the 80-acre unit; provided, however, that nothing contained herein shall be construed as prohibiting the drilling of a well on each of the quarter-quarter sections in the 80-acre unit.

RULE 4. For good cause shown, the Secretary-Director may grant an exception to Rule 2 without notice and hearing when the application is for a non-standard unit comprising a single quarter-quarter section or lot. All operators offsetting the proposed non-standard unit shall be notified of the application by registered mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application if, after a period of 30 days, no offset operator has entered an objection to the formation of such non-standard unit.

The allowable assigned to any such non-standard unit shall bear the same ratio to a standard allowable in the South Vacuum-Devonian Pool as the acreage in such non-standard unit bears to 80 acres.

RULE 5. An 80-acre proration unit (79 through 81 acres) in the South Vacuum-Devonian Pool shall be assigned an 80-acre

-3-

CASE No. 1634  
Order No. R-1382-C

proportional factor of 6.67 for allowable purposes, and in the event there is more than one well on an 80-acre proration unit, the operator may produce the allowable assigned to the unit from said wells in any proportion.

IT IS FURTHER ORDERED: That operators who propose to dedicate 80-acres to a well in the South Vacuum-Devonian Pool must file an amended Commission Form C-128 with the Hobbs District Office of the Commission by October 15, 1960, in order that the well may be assigned an 80-acre allowable on the November proration schedule.

IT IS FURTHER ORDERED: That any well which was drilled to and producing from the South Vacuum-Devonian Pool prior to August 17, 1960, which presently has 40 acres dedicated to it, and to which cannot be dedicated an 80-acre unit which can reasonably be presumed to be productive of oil from the South Vacuum-Devonian Pool shall continue to be assigned an allowable equal to normal 40-acre unit allowable for Southeast New Mexico times the 40-acre proportional factor for said pool of 5.67. This exception shall apply only to the wells described in Finding No. 5.

IT IS FURTHER ORDERED: That jurisdiction of this cause is hereby retained by the Commission for such further order or orders as may be deemed necessary in the future.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

JOHN BURROUGHS, Chairman

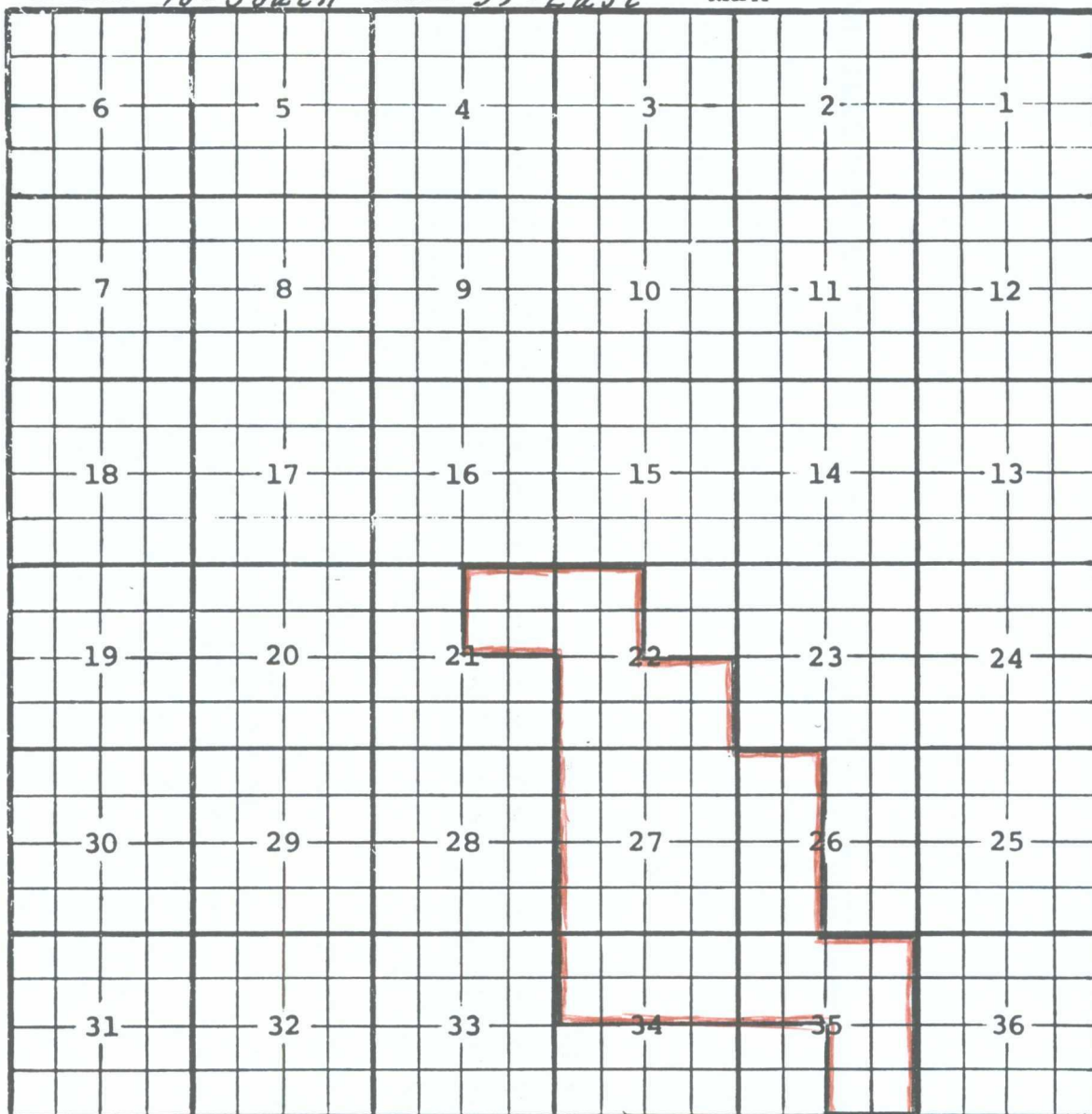
MURRAY E. MORGAN, Member

A. L. PORTER, Jr., Member & Secretary

S E A L

esr/



COUNTY Lea POOL South Vacuum-DevonianTOWNSHIP 18-South RANGE 35-East NMFM

Description:  $\text{NE}/4$  Sec. 35 (R-1143, 3-25-58). -  $\text{NW}/2$  Sec. 27;  
 $\text{NW}/2$  Sec. 34;  $\text{NW}/4$  Sec. 35, (R-1238, 9-1-58). -  $\text{NE}/4$  Sec. 21;  $\text{NW}/2$   
 Sec. 22, (R-1248, 10-1-58). -  $\text{NE}/4$  Sec. 27;  $\text{SE}/4$  Sec. 35, (R-1312,  
 1-1-59). -  $\text{NW}/2$  Sec. 26;  $\text{SE}/4$  Sec. 27; (R-1424, 7-1-59). -  $\text{SE}/4$   
 Sec. 22, (R-1633, 4-1-60).



STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION  
2040 S. PACHECO  
SANTA FE, NEW MEXICO 87505  
(505) 827-7131

July 2, 1997

Manzano Oil Corporation  
P. O. Box 2107  
Roswell, New Mexico 88210-2107  
Attention: Kenneth Barbe, Jr.

*Administrative Order NSL-3822*

Dear Mr. Barbe:

Reference is made to your application dated May 6, 1997 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, requesting authorization to drill its proposed "SV" Honey Bee State Well No. 1 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.

The S/2 NW/4 of said Section 22 being a standard 80-acre oil spacing and proration unit for said pool is to be dedicated to said well.

The geologic interpretation submitted with this application indicates that a well drilled at the proposed unorthodox oil well location will be at a more favorable geologic position within the Devonian formation than a well drilled at a location considered to be standard.

The application has been duly filed under the provisions of Rule 104.F of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10533, issued by the Oil Conservation Commission in Case 11,351 on January 18, 1996.

By the authority granted me under the provisions of said Special Pool Rules, Division Memorandum 4-86 (dated June 2, 1986), and Division General Rule 104.F(2), the above-described unorthodox oil well location is hereby approved.

Sincerely,

William J. LeMay  
Director

WJL/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs  
New Mexico State Land Office - Santa Fe

Submit 3 Copies  
to Appropriate  
District Office

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-103  
Revised 1-1-89

DISTRICT I  
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II  
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410

OIL CONSERVATION DIVISION  
P.O. Box 2088  
Santa Fe, New Mexico 87504-2088

WELL API NO.

30-025-34051

5. Indicate Type of Lease

STATE ☒

FEE ☐

6. State Oil & Gas Lease No.

E-1582

7. Lease Name or Unit Agreement Name

"SV" Honey Bee State

8. Well No.

1

9. Pool name or Wildcat

S. Vacuum Devonian

SUNDRY NOTICES AND REPORTS ON WELLS  
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A  
DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT"  
(FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well:

OIL  
WELL ☒

GAS  
WELL ☐

OTHER

2. Name of Operator

Manzano Oil Corporation 505/623-1996

3. Address of Operator

P.O. Box 2107/Roswell, NM 88202-2107

4. Well Location

Unit Leader E : 2372 Feet From The North Line and 994 Feet From The West Line

Section 22 Township 18 South Range 35 East NMPM Lea County

10. Elevation (Show whether DF, RKB, RT, GR, etc.)

3909' GL

11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐

PLUG AND ABANDON ☐

TEMPORARILY ABANDON ☐

CHANGE PLANS ☐

PULL OR ALTER CASING ☐

OTHER: ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐

ALTERING CASING ☐

COMMENCE DRILLING OPNS. ☐

PLUG AND ABANDONMENT ☐

CASING TEST AND CEMENT JOB ☐

OTHER: ☐

Shut-In

Temporarily Abandonment

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

8/12/97 TD 12,000'. Well JA per approval from Gary Wink @ the OCD.

Shut-In

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE

Allison Hernandez

TITLE

Engineering Technician

DATE

8/13/97

TYPE OR PRINT NAME

Allison Hernandez

TELEPHONE NO. 623-1996

(This space for State Use)

APPROVED BY

Chris Williams

TITLE

DISTRICT 1 SUPERVISOR

DATE

SEP 19 1997

CONDITIONS OF APPROVAL, IF ANY:

Submit 3 Copies  
to Appropriate  
District Office

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-103  
Revised 1-1-89

DISTRICT I  
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II  
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410

OIL CONSERVATION DIVISION

P.O. Box 2088  
Santa Fe, New Mexico 87504-2088

WELL API NO.

30-025-34051

5. Indicate Type of Lease

STATE ☒

FEE ☐

6. State Oil & Gas Lease No.

E-1582

7. Lease Name or Unit Agreement Name

"SV" Honey Bee State

8. Well No.

1

9. Pool name or Willcut

S. Vacuum Devonian

SUNDRY NOTICES AND REPORTS ON WELLS

(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A  
DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT"  
(FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well:

OIL  
WELL ☒

GAS  
WELL ☐

OTHER

2. Name of Operator

Manzano Oil Corporation 505/623-1996

3. Address of Operator

P.O. Box 2107/Roswell, NM 88202-2107

4. Well Location

Unit Letter E : 2372 Feet From The North Line and 994 Feet From The West Line

Section 22 Township 18 South Range 35 East NMPM Lea County

10. Elevation (Show whether DF, RKB, RT, GR, etc.)

3909' GL

11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐

PLUG AND ABANDON ☐

TEMPORARILY ABANDON ☐

CHANGE PLANS ☐

PULL OR ALTER CASING ☐

OTHER: ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐

COMMENCE DRILLING OPNS. ☐ PLUG AND ABANDONMENT ☐

CASING TEST AND CEMENT JOB ☐

OTHER: ☐

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

7/06/97

Spud @ 7:30 p.m. 7/05/97.

7/07/97

Ran 10 jts 13-3/8" K55 61# csg w/3 centrizers. Set @ 398'KB. Cement  
w/360 sks Class C + 2% CaCl. Circ 117 sks.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE

*Alfonso Hernandez*

TITLE

Engineering Technician

DATE

7/9/97

TYPE OR PRINT NAME

TELEPHONE NO.

(This space for State Use)

APPROVED BY

*Paul J. Kelly*

TITLE

Geologist

DATE

AUG 5 1997

CONDITIONS OF APPROVAL, IF ANY:



Submit 3 Copies  
to Appropriate  
District Office

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-103  
Revised 1-1-89

DISTRICT I  
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II  
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410

OIL CONSERVATION DIVISION

P.O. Box 2088  
Santa Fe, New Mexico 87504-2088

|   |
|---|
| WELL API NO.<br>30-025-34051  |
| 5. Indicate Type of Lease<br>STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/> |
| 6. State Oil & Gas Lease No.<br>E-1582  |
| 7. Lease Name or Unit Agreement Name<br>"SV" Honey Bee State  |
| 8. Well No.<br>1  |
| 9. Pool Name or Willcut<br>S. Vacuum Devonian   |

|   |  |
|---|--|
| SUNDRY NOTICES AND REPORTS ON WELLS<br>(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A<br>DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT"<br>(FORM C-101) FOR SUCH PROPOSALS.)            |  |
| 1. Type of Well:<br>OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/>   |  |
| 2. Name of Operator<br>Manzano Oil Corporation 505/623-1996   |  |
| 3. Address of Operator<br>P.O. Box 2107/Roswell, NM 88202-2107  |  |
| 4. Well Location<br>Unit Letter <u>E</u> : <u>2372</u> Feet From The <u>North</u> Line and <u>994</u> Feet From The <u>West</u> Line<br>Section <u>22</u> Township <u>18 South</u> Range <u>35 East</u> NMPM Lea County |  |
| 10. Elevation (Show whether DF, RKB, RT, GR, etc.)<br>3909' GL  |  |

|   |  |
|---|--|
| 11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data |  |
| NOTICE OF INTENTION TO:   | SUBSEQUENT REPORT OF:  |
| PERFORM REMEDIAL WORK <input type="checkbox"/>                                | REMEDIAL WORK <input type="checkbox"/>                         |
| TEMPORARILY ABANDON <input type="checkbox"/>                                  | ALTERING CASING <input type="checkbox"/>                       |
| PULL OR ALTER CASING <input type="checkbox"/>                                 | COMMENCE DRILLING OPNS. <input type="checkbox"/>               |
| OTHER: <input type="checkbox"/>   | PLUG AND ABANDONMENT <input type="checkbox"/>                  |
|   | CASING TEST AND CEMENT JOB <input checked="" type="checkbox"/> |
|   | OTHER: <input type="checkbox"/>                                |

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

7/14/97 Depth 3850'. Ran 88 jts 8-5/8" csg. SEt @ 3850'. Cmt w/800 sks Lite w/8# salt & 1/4# cello-flakes per sk. Tail in w/200 sks Class C w/2% CaCl. Est cmt top 800'.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Allison Hernandez TITLE Engineering Technician DATE 7/24/97  
TYPE OR PRINT NAME Allison Hernandez TELEPHONE NO. 623-1996

(This space for State Use)

APPROVED BY Chris Williams DISTRICT 1 SUPERVISOR  
TITLE \_\_\_\_\_ DATE \_\_\_\_\_

CONDITIONS OF APPROVAL, IF ANY:

JUL 30 1997

District I  
PO Box 1980, Hobbs, NM 88241-1980  
District II  
PO Drawer DD, Artesia, NM 88211-0719  
District III  
1000 Rio Brazos Rd., Aztec, NM 87410  
District IV  
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico  
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
PO Box 2088  
Santa Fe, NM 87504-2088

Form C-101  
Revised February 10, 1994  
Instructions on back  
Submit to Appropriate District Office  
State Lease - 6 Copies  
Fee Lease - 5 Copies

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

|  |                                       |                            |
|--|---------------------------------------|----------------------------|
| Operator Name and Address.<br>Manzano Oil Corporation<br>P.O. Box 2107<br>Roswell, NM 88202-2107 |                                       | OGRID Number<br>013954     |
| Property Code<br>20821   | Property Name<br>"SV" Honey Bee State | API Number<br>30-025-34051 |
|  |                                       | Well No.<br>1              |

Surface Location

| UL or lot no. | Section | Township | Range | Lot Ida | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| E             | 22      | 18S      | 35E   |         | 2372          | North            | 994           | West           | Lea    |

Proposed Bottom Hole Location If Different From Surface

| UL or lot no. | Section | Township | Range | Lot Ida | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| E             | 22      | 18S      | 35E   |         | 2372          | North            | 994           | West           | Lea    |

|                                      |                 |
|--------------------------------------|-----------------|
| Proposed Pool 1<br>5 Vacuum Devonian | Proposed Pool 2 |
|--------------------------------------|-----------------|

|                     |                           |                       |                        |                                 |
|---------------------|---------------------------|-----------------------|------------------------|---------------------------------|
| Work Type Code<br>N | Well Type Code<br>0       | Cable/Rotary<br>R     | Lease Type Code<br>S   | Ground Level Elevation<br>3909' |
| Multiple<br>No      | Proposed Depth<br>12,000' | Formation<br>Devonian | Contractor<br>WEK Drlg | Spud Date<br>7/15/97            |

Proposed Casing and Cement Program

| Hole Size | Casing Size | Casing weight/foot | Setting Depth | Sacks of Cement | Estimated TOC  |
|-----------|-------------|--------------------|---------------|-----------------|----------------|
| 17-1/2"   | 13-3/8"     | 54.5#              | 400'          | 350 sks         | Surface        |
| 11"       | 8-5/8"      | 32#                | 4,000'        | 1000 sks        | 2000'          |
| 7-7/8"    | 5-1/2"      | 17 & 20#           | 12,000'       | To be designed  | 600' above top |
|           |             |                    |               |                 | pay            |

Describe the proposed program. If this application is to DEEPEN or PLUG BACK give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

Drill to 12,000'. Possible DST's in Wolfcamp, Strawn & Devonian. Run open hole logs @ TD. Run production casing if justified.

Permit Expires 1 Year From Approval  
Date Unless Drilling Underway

|  |  |   |                  |
|--|--|---|------------------|
| I hereby certify that the information given above is true and complete to the best of my knowledge and belief.<br>Signature: Allison Hernandez |  | OIL CONSERVATION DIVISION                                   |                  |
| Printed name: Allison Hernandez  |  | Approved by: Chris Williams                                 |                  |
| Title: Engineering Technician  |  | Title: DISTRICT 1 SUPERVISOR                                |                  |
| Date: 5/1/97   |  | Approval Date: 5/1/97                                       | Expiration Date: |
| Phone: (505) 623-1996  |  | Conditions of Approval<br>Attached <input type="checkbox"/> |                  |

District I  
PO Box 1980, Hobbs, NM 88241-1980  
District II  
PO Drawer DD, Artesia, NM 88211-0719  
District III  
1000 Rio Brazos Rd., Aztec, NM 87410  
District IV  
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico  
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
PO Box 2088  
Santa Fe, NM 87504-2088

Form C-102  
Revised February 10, 1994  
Instructions on back  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

|                            |  |                    |                                |
|----------------------------|--|--------------------|--------------------------------|
| API Number<br>3D-025-34051 |  | Pool Code<br>C2010 | Pool Name<br>S Vacuum Devonian |
| Property Code<br>20821     | Property Name<br><del>"SV" Honeybee State</del> "SV" Honey Bee State |                    | Well Number<br>1               |
| OGRID No.<br>013954        | Operator Name<br>Manzano Oil Corporation                             |                    | Elevation<br>3909              |

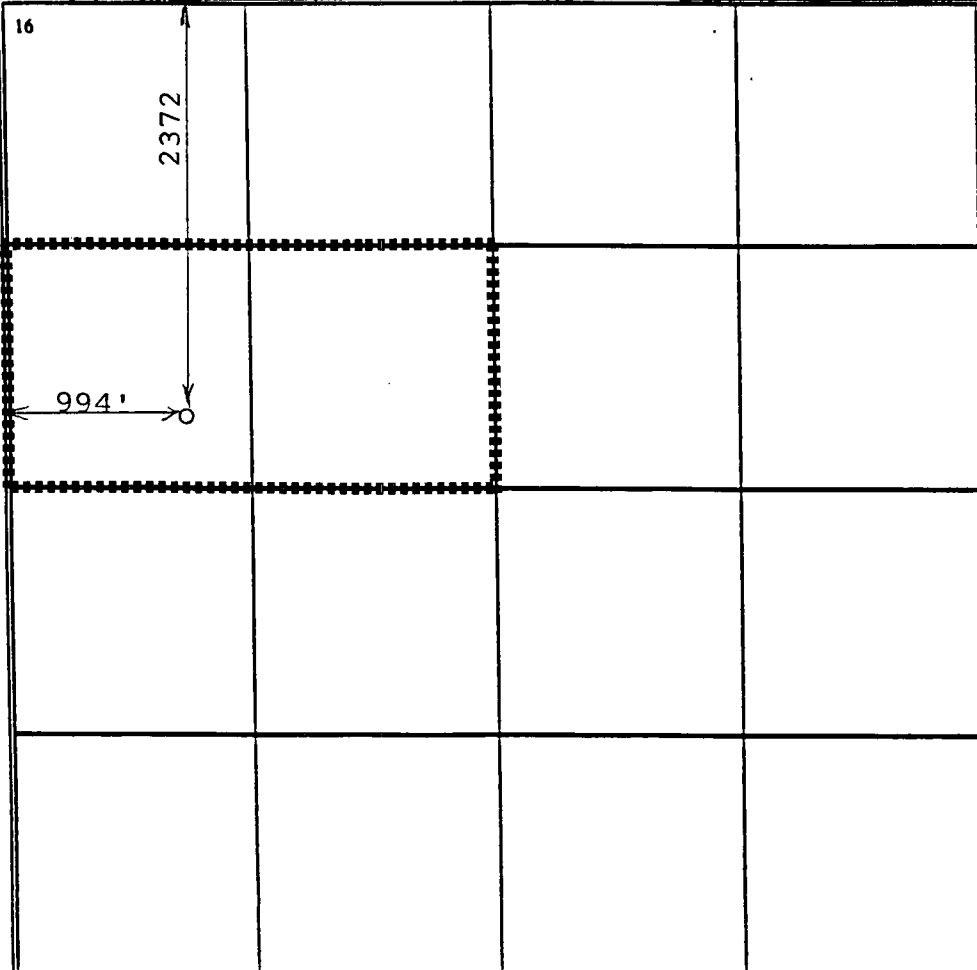
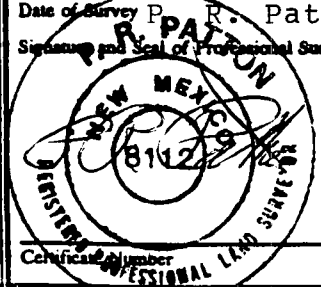
<sup>10</sup> Surface Location

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| E             | 22      | 18 S     | 35 E  |         | 2372          | North            | 994           | West           | Lea    |

<sup>11</sup> Bottom Hole Location If Different From Surface

| UL or lot no.         | Section | Township        | Range | Lot Idn            | Feet from the | North/South line | Feet from the | East/West line | County |
|-----------------------|---------|-----------------|-------|--------------------|---------------|------------------|---------------|----------------|--------|
|                       |         |                 |       |                    |               |                  |               |                |        |
| Dedicated Acres<br>80 |         | Joint or Infill |       | Consolidation Code |               | Order No.        |               |                |        |

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

|  |  |
|--|--|
| <div>16</div>  | <div>17 OPERATOR CERTIFICATION</div> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p> <p><i>Allison Hernandez</i><br/>Signature<br/>Allison Hernandez<br/>Printed Name<br/>Engineering Technician<br/>Title<br/>May 1, 1997<br/>Date</p>  |
|  | <div>18 SURVEYOR CERTIFICATION</div> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>April 29, 1997<br/>Date of Survey<br/>P. R. Patton<br/>Signature and Seal of Professional Surveyor:<br/><br/>Certificate Number 8112</p> |

**WRS COMPLETION REPORT**COMPLETIONS SEC 22 TWP 18S RGE 35E  
30-T-0044 09/26/97 30-025-34051-0000 PAGE 1

NMEX LEA \* 2372FNL 994FWL SEC

STATE COUNTY FOOTAGE SPOT

MANZANO OIL

D D

OPERATOR WELL CLASS INIT FIN

1

'SV' HONEYBEE STATE

WELL NO. LEASE NAME

3923KB 3909GR

VACUUM S

OPER ELEV FIELD/POOL/AREA

API 30-025-34051-0000

LEASE NO. PERMIT OR WELL I.D. NO.

07/05/1997 09/05/1997 ROTARY VERT TA

SPUD DATE COMP. DATE TYPE TOOL HOLE TYPE STATUS

12000 DEVONIAN W E K DRLG 2 RIG SUB 13

PROJ. DEPTH PROJ. FORM CONTRACTOR

DTD 12000

FM/TD DEVONIAN

DRILLERS T.D. LOG T.D. PLUG BACK TD OLD T.D. FORM T.D.

**LOCATION DESCRIPTION**

6 MI SE BUCKEYE, NM

**CASING/LINER DATA**

CSG 13 3/8 @ 398

CSG 8 5/8 @ 3850

**DRILLING PROGRESS DETAILS**MANZANO OIL  
BOX 2107  
ROSWELL, NM 88202-2107  
505-623-1996

07/07

LOC/1997/

07/07

DRLG 1151

07/14

DRLG 3850

07/21

DRLG 7897

07/31

DRLG 10351

08/05

DRLG 11035

08/15

12000 TD, SI

09/05

12000 TD, WOO

RIG REL 08/13/97

09/23

12000 TD

COMP 9/5/97, TEMP ABND

TITE HOLE

IC# 300257042597

COPYRIGHT 1997

Petroleum Information/  
Dwights LLCPI/D-WRS-GET  
Form No 187





NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

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

February 8, 1999

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

Telefax No. (505) 625-2620

*Re: Administrative application for an unorthodox  
bottomhole oil well location within the South Vacuum-  
Devonian Pool within a 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.*

Dear Mr. Brown:

In order to complete my review of this application would you please provide me a wellbore schematic of the planned directional drilling. Along with the usual data associated with such a planned diagram, please indicate the top of the Devonian formation in this area and the estimated location that this wellbore will be at that depth. Thank you for your cooperation in this matter.

Sincerely,

Michael E. Stogner  
Chief Hearing Examiner/Engineer

cc: New Mexico Oil Conservation Division - Hobbs

**TRANSMITTAL COVER SHEET**

**OIL CONSERVATION DIVISION  
ENGINEERING BUREAU  
(505) 827-7131 (OFFICE)  
(505) 827-1389 (FAX)**

**PLEASE DELIVER THIS FAX TO:**

**TO:**

Mike Brown

**FROM:**

Michael E. Stegner (505) 827-8185

**SUBJECT:**

Levada State #1

**DATE:**

2-8-99

**PAGES:**

2

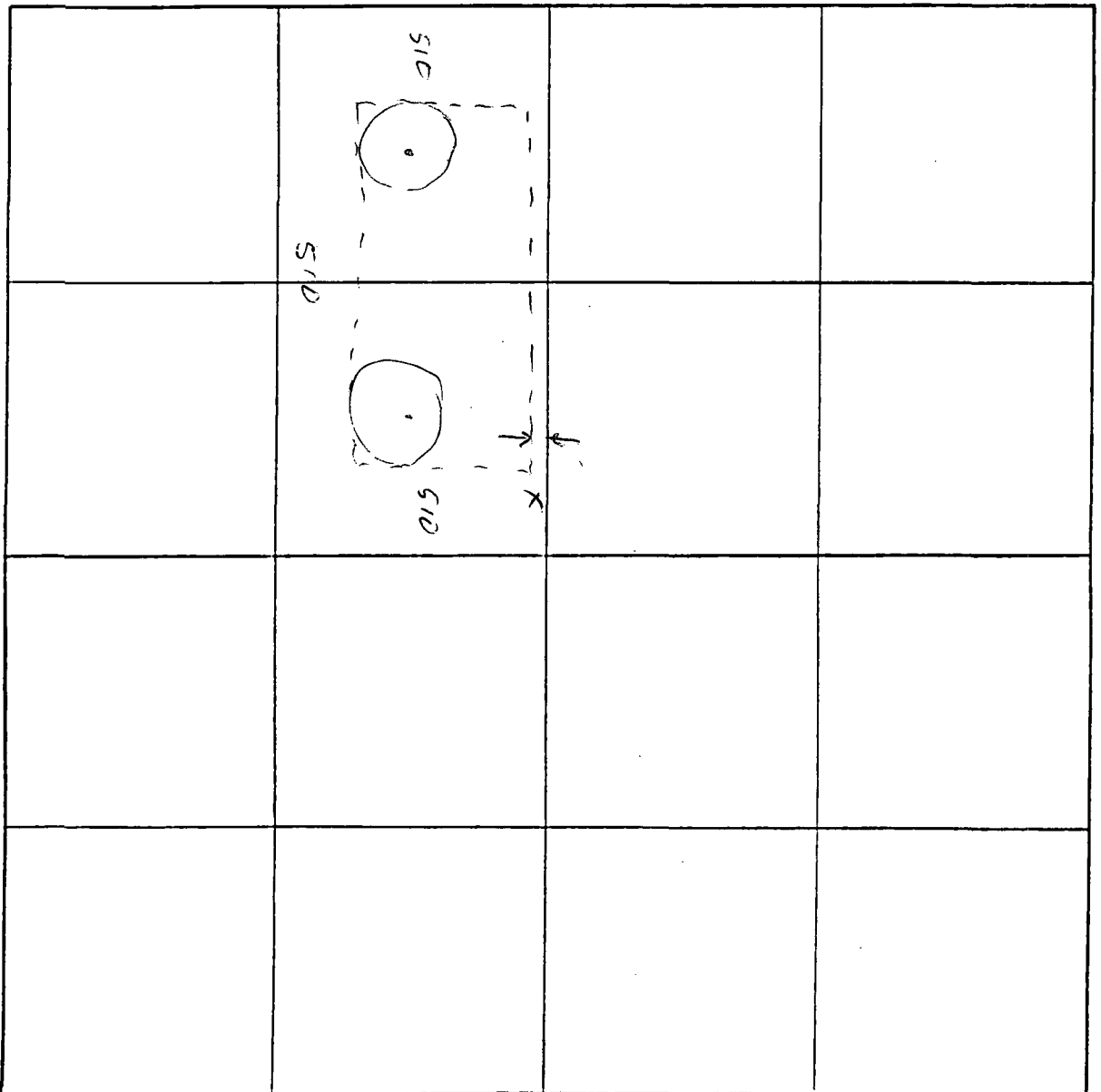
(INCLUDING COVER SHEET)

**IF YOU HAVE ANY PROBLEMS RECEIVING THIS FAX, PLEASE CALL THE  
OFFICE NUMBER ABOVE.**

SECTION \_\_\_\_\_

TOWNSHIP \_\_\_\_\_

RANGE \_\_\_\_\_



CMD :  
OG5SECTONGARD  
INQUIRE LAND BY SECTION02/17/99 18:24:32  
OGOMES -TPKE  
PAGE NO: 2

Sec : 22 Twp : 18S Rng : 35E Section Type : NORMAL

|   |   |  |   |
|---|---|--|---|
| L<br>40.00<br>NMSH<br>E01582 0004 11/57<br>DEVON ENERGY CORP          | K<br>40.00<br>NMSH<br>E01582 0004 11/57<br>DEVON ENERGY CORP          | J<br>40.00<br>NMSH<br>L04253 0003 02/80<br>HONEYSUCKLE EXPLO | I<br>40.00<br>NMSH<br>L04253 0003 02/80<br>HONEYSUCKLE EXPLC          |
| M<br>40.00<br>NMSH<br>E01582 0004 11/57<br>DEVON ENERGY CORP<br><br>A | N<br>40.00<br>NMSH<br>E01582 0004 11/57<br>DEVON ENERGY CORP<br><br>A | O<br>40.00<br>NMSH<br>L04253 0003 02/80<br>HONEYSUCKLE EXPLO | P<br>40.00<br>NMSH<br>L04253 0003 02/80<br>HONEYSUCKLE EXPLC<br><br>A |

PF01 HELP  
PF07 BKWDPF02  
PF08 FWDPF03 EXIT  
PF09 PRINTPF04 GoTo  
PF10 SDIVPF05  
PF11PF06  
PF12

CMD :  
OG5SECTONGARD  
INQUIRE LAND BY SECTION02/17/99 18:24:18  
OGOMES -TPKH  
PAGE NO: 1

Sec : 22 Twp : 18S Rng : 35E Section Type : NORMAL

|   |  |  |  |
|---|--|--|--|
| D<br>40.00<br>NMSH<br>E01582 0004 11/57<br>DEVON ENERGY CORP          | C<br>40.00<br>NMSH<br>E01582 0004 11/57<br>DEVON ENERGY CORP | B<br>40.00<br>NMSH<br>V04306 0000 03/99<br>YATES PETROLEUM C | A<br>40.00<br>NMSH<br>V04306 0000 03/99<br>YATES PETROLEUM C |
| E<br>40.00<br>NMSH<br>E01582 0004 11/57<br>DEVON ENERGY CORP<br><br>A | F<br>40.00<br>NMSH<br>E01582 0004 11/57<br>DEVON ENERGY CORP | G<br>40.00<br>NMSH<br>V04306 0000 03/99<br>YATES PETROLEUM C | H<br>40.00<br>NMSH<br>V04306 0000 03/99<br>YATES PETROLEUM C |

PF01 HELP  
PF07 BKWDPF02  
PF08 FWDPF03 EXIT  
PF09 PRINTPF04 GoTo  
PF10 SDIVPF05  
PF11PF06  
PF12

CMD :  
OG5SECTONGARD  
INQUIRE LAND BY SECTION02/17/99 18:24:18  
OGOMES -TPKE  
PAGE NO: 1

Sec : 22 Twp : 18S Rng : 35E Section Type : NORMAL

|   |  |  |  |
|---|--|--|--|
| D<br>40.00<br>NMSH<br>E01582 0004 11/57<br>DEVON ENERGY CORP          | C<br>40.00<br>NMSH<br>E01582 0004 11/57<br>DEVON ENERGY CORP | B<br>40.00<br>NMSH<br>V04306 0000 03/99<br>YATES PETROLEUM C | A<br>40.00<br>NMSH<br>V04306 0000 03/99<br>YATES PETROLEUM C |
| E<br>40.00<br>NMSH<br>E01582 0004 11/57<br>DEVON ENERGY CORP<br><br>A | F<br>40.00<br>NMSH<br>E01582 0004 11/57<br>DEVON ENERGY CORP | G<br>40.00<br>NMSH<br>V04306 0000 03/99<br>YATES PETROLEUM C | H<br>40.00<br>NMSH<br>V04306 0000 03/99<br>YATES PETROLEUM C |

PF01 HELP      PF02      PF03 EXIT      PF04 GoTo      PF05      PF06  
PF07 BKWD      PF08 FWD      PF09 PRINT      PF10 SDIV      PF11      PF12

CMD :  
OG5SECTONGARD  
INQUIRE LAND BY SECTION02/17/99 18:24:32  
OGOMES -TPKE  
PAGE NO: 2

Sec : 22 Twp : 18S Rng : 35E Section Type : NORMAL

|   |   |  |   |
|---|---|--|---|
| L<br>40.00<br>NMSH<br>E01582 0004 11/57<br>DEVON ENERGY CORP          | K<br>40.00<br>NMSH<br>E01582 0004 11/57<br>DEVON ENERGY CORP          | J<br>40.00<br>NMSH<br>L04253 0003 02/80<br>HONEYSUCKLE EXPLO | I<br>40.00<br>NMSH<br>L04253 0003 02/80<br>HONEYSUCKLE EXPLC          |
| M<br>40.00<br>NMSH<br>E01582 0004 11/57<br>DEVON ENERGY CORP<br><br>A | N<br>40.00<br>NMSH<br>E01582 0004 11/57<br>DEVON ENERGY CORP<br><br>A | O<br>40.00<br>NMSH<br>L04253 0003 02/80<br>HONEYSUCKLE EXPLO | P<br>40.00<br>NMSH<br>L04253 0003 02/80<br>HONEYSUCKLE EXPLC<br><br>A |

PF01 HELP      PF02      PF03 EXIT      PF04 GoTo      PF05      PF06  
PF07 BKWD      PF08 FWD      PF09 PRINT      PF10 SDIV      PF11      PF12

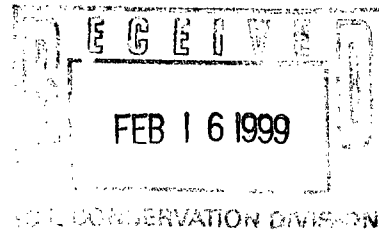


Manzano Oil Corporation

P.O. Box 2107  
Roswell, New Mexico 88202-2107  
(505) 623-1996  
FAX (505) 625-2620

February 12, 1999

Mr. Michael Stogner  
Oil Conservation Division  
Department of Energy  
Minerals and Natural Resources  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505



Re: Eureka State #1 Well  
Unorthodox Well Location  
Lea County, New Mexico

Dear Mr. Stogner:

In order to respond to your request for additional information, I have included a wellbore schematic of the proposed well along with a kickoff proposal from Baker Hughes. This kickoff and directional drilling proposal calls for a kickoff point of ~9500 ft. The top of the Devonian will be penetrated at ~11,610' TVD with an estimated location of 2212' FNL & 814' FWL (the proposed unorthodox location). Additional drilling in the Devonian, if necessary, will be to the south and east (toward an orthodox location - 40 feet maximum displacement). Under this proposal, the most unorthodox location of this wellbore will occur at the top of the Devonian with additional drilling resulting in an increasingly orthodox location. In speaking with Baker Hughes, this proposal has the highest probability of mechanical success and is the most cost effective. A second proposal would be to turn the wellbore to near vertical after reaching an estimated location of 2212' FNL & 814' FWL and drilling on that bearing to TD. This would result in the entire Devonian section being at the most unorthodox position. In addition, the cost would be higher with a higher probability of having mechanical problems.

Thank you for your cooperation in this matter.

Sincerely,

*Mike Brown*

Mike Brown

Enclosures

*disregard this*



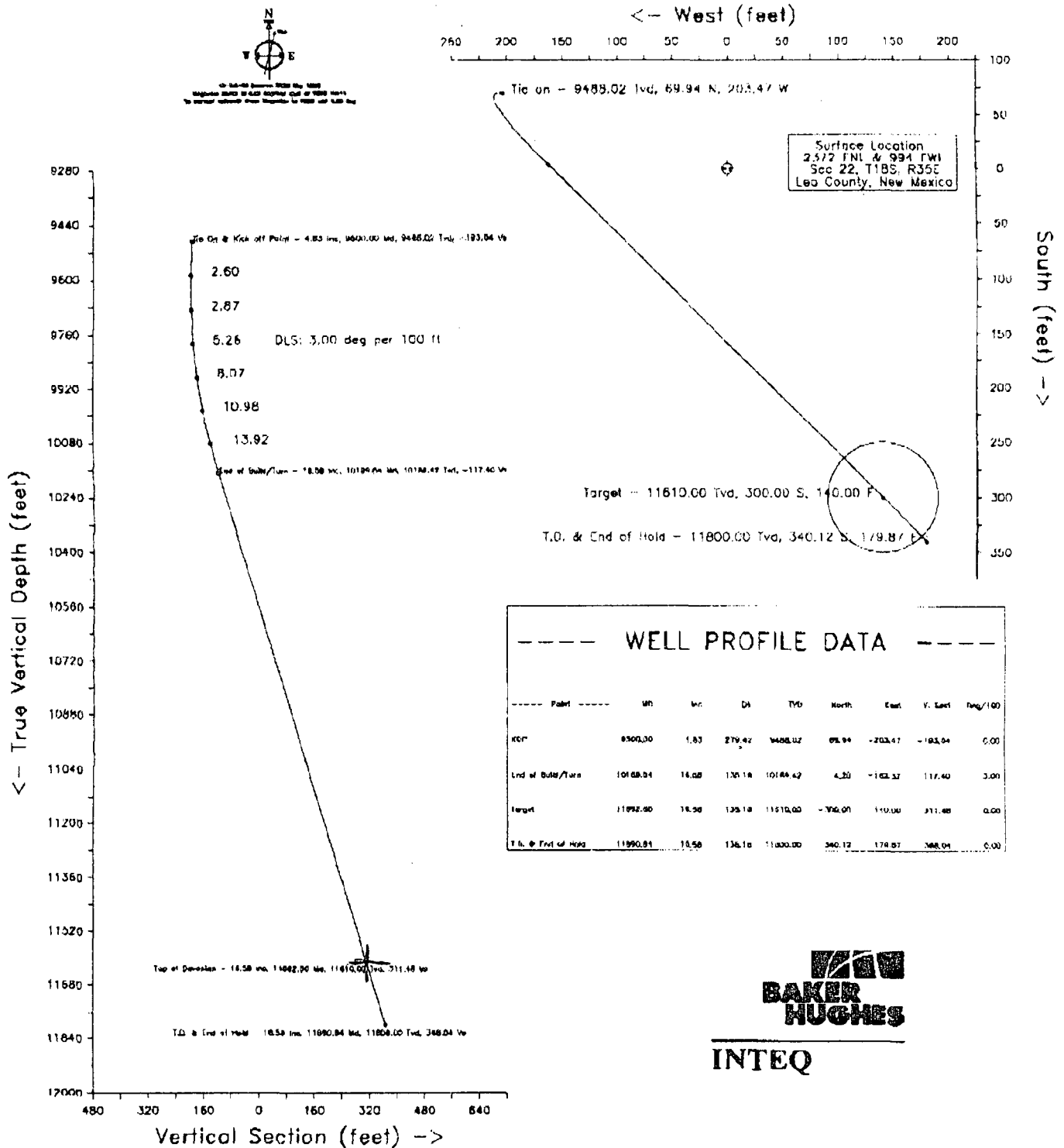
# Manzano Oil Company

Structure : Eureka No.1

Slot : slot #1

Field :

Location : LEA COUNTY, NEW MEXICO



**BAKER  
HUGHES**

**INTEQ**

Manzano Oil Company  
Eureka No.1

slot #1

LEA COUNTY, NEW MEXICO

P R O P O S A L L I S T I N G

by  
Baker Hughes INTEQ

Your ref : 3 Deg BUR  
Our ref : prop2256  
License :

Date printed : 10-Feb-99  
Date created : 10-Feb-99  
Last revised : 10-Feb-99

Field is centred on n32 58 13.100,w103 14 15.6  
Structure is centred on n32 58 13.100,w103 14 15.6

Slot location is n32 58 13.100,w103 14 15.600  
Slot Grid coordinates are N 718458.262, E 836033.931  
Slot local coordinates are 0.00 N 0.00 E

Projection type: mercator - New Mexico East (3001), Spheroid: Clarke - 1866

Reference North is True North

Surface 2372' FNL  
994' FNL

Manzano Oil Company  
Eureka No.1, slot #1  
LEA COUNTY, NEW MEXICO

PROPOSAL LISTING Page 1  
Your ref : 3 Deg BUR  
Last revised : 10-Feb-99

| Measured Depth | Inclin. Degrees | Azimuth Degrees | True Depth | R E C T A N G U L A R<br>C O O R D I N A T E S | Dogleg<br>Deg/100ft | Vert<br>Sect |
|----------------|-----------------|-----------------|------------|--|---------------------|--------------|
| 9500.00        | 4.83            | 279.42          | 9488.02    | 69.94 N 203.47 W                               | 0.00                | -193.04      |
| 9600.00        | 2.60            | 246.47          | 9587.81    | 69.72 N 209.71 W                               | 3.00                | -197.28      |
| 9700.00        | 2.87            | 180.11          | 9687.72    | 66.32 N 211.79 W                               | 3.00                | -196.33      |
| 9800.00        | 5.26            | 153.11          | 9787.47    | 59.73 N 209.73 W                               | 3.00                | -190.20      |
| 9900.00        | 8.07            | 143.80          | 9886.79    | 49.98 N 203.51 W                               | 3.00                | -178.90      |
| 10000.00       | 10.98           | 139.33          | 9985.40    | 37.09 N 193.16 W                               | 3.00                | -162.47      |
| 10100.00       | 13.92           | 136.73          | 10083.04   | 21.11 N 178.71 W                               | 3.00                | -140.94      |
| 10189.54       | 16.58           | 135.18          | 10169.42   | 4.20 N 162.32 W                                | 3.00                | -117.40      |
| 10500.00       | 16.58           | 135.18          | 10466.97   | 58.63 S 99.87 W                                | 0.00                | -28.81       |
| 11000.00       | 16.58           | 135.18          | 10946.19   | 159.83 S 0.69 E                                | 0.00                | 113.85       |
| 11500.00       | 16.58           | 135.18          | 11425.40   | 261.02 S 101.26 E                              | 0.00                | 256.52       |
| 11692.60       | 16.58           | 135.18          | 11610.00   | 300.00 S 140.00 E                              | 0.00                | 311.48       |
| 11890.84       | 16.58           | 135.18          | 11800.00   | 340.12 S 179.87 E                              | 0.00                | 368.04       |

Top of Devonian

2372  
261.02

261.02

300 FSL  
140 FF

2640  
- 32  
2608

2372  
3  
2672  
-2640

2633.02

2372  
3  
2672

All data is in feet unless otherwise stated.

Coordinates from slot #1 and TVD from rotary table.

Bottom hole distance is 384.76 on azimuth 152.13 degrees from wellhead.

Vertical section is from wellhead on azimuth 135.18 degrees.

Calculation uses the minimum curvature method.

Presented by Baker Hughes INTEQ

Manzano Oil Company  
Eureka No.1, slot #1  
, LEA COUNTY, NEW MEXICO

PROPOSAL LISTING Page 2  
Your ref : 3 Deg BUR  
Last revised : 10-Feb-99

Comments in wellpath  
=====

| MD       | TVD      | Rectangular Coords. | Comment         |
|----------|----------|---------------------|-----------------|
| 11692.60 | 11610.00 | 300.00 S 140.00 E   | Top of Devonian |

Targets associated with this wellpath  
=====

| Target name | Geographic Location | T.V.D.   | Rectangular Coordinates | Revised           |
|-------------|---------------------|----------|-------------------------|-------------------|
|             |                     | 11610.00 | 300.00S                 | 140.00E 10-Feb-99 |

Manzano Eureka State #1  
 Formerly Manzano "SV" Honey Bee State #1.  
 Surface Location: 2372' FNL And 994' FNL  
 Section 22, T18S, R35E  
 Lea County, New Mexico

