

**STATE OF NEW MEXICO
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:**

**CASE NO. 11308
Order No. R-10405**

**APPLICATION OF MANZANO OIL
CORPORATION FOR AN UNORTHODOX
OIL WELL LOCATION, LEA COUNTY,
NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on June 15, 1995, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 26th day of June, 1995, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

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

(2) The applicant, Manzano Oil Corporation, seeks authority to drill its Manzano "SV" Bobwhite Federal Well No. 1 at an unorthodox oil well location 2355 feet from the South line and 400 feet from the West line (Unit L) of Section 4, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico, to test the Devonian formation.

(3) The NW/4 SW/4 of Section 4 is to be dedicated to the subject well forming a standard 40-acre oil spacing and proration unit for the Devonian formation.

(4) The proposed well is not within or within one mile of the boundaries of any existing Devonian pool and is therefore subject to Statewide Rules and Regulations which require standard 40-acre oil spacing and proration units with wells to be located no closer than 330 feet from the outer boundary of the proration unit.

(5) The subject well is 45 feet closer to the northern boundary of its proposed proration unit than allowed by Division Rules and Regulations.

(6) Applicant, utilizing 3-D seismic data, has identified a small Devonian structure within the NW/4 SW/4 of Section 4.

(7) Applicant's geologic evidence and testimony indicates that a well drilled at the proposed unorthodox location should encounter greater porosity development within this Devonian structure than a well drilled at a standard oil well location thereon, thereby increasing the likelihood of obtaining commercial oil production.

(8) The applicant is the operator of the affected offset acreage, being the SW/4 NW/4 of Section 4.

(9) No other offset operator and/or interest owner appeared at the hearing in opposition to the application.

(10) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil in the Devonian formation, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

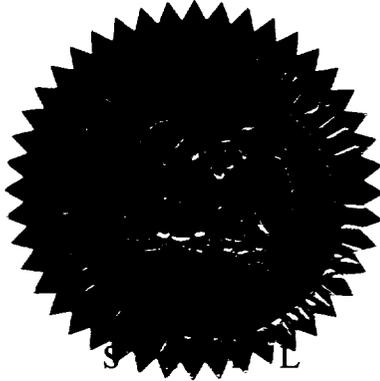
(1) The applicant, Manzano Oil Corporation, is hereby authorized to drill its Manzano "SV" Bobwhite Federal Well No. 1 at an unorthodox oil well location 2355 feet from the South line and 400 feet from the West line (Unit L) of Section 4, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico, to test the Devonian formation.

(2) The NW/4 SW/4 of Section 4 is to be dedicated to the subject well forming a standard 40-acre oil spacing and proration unit for the Devonian formation.

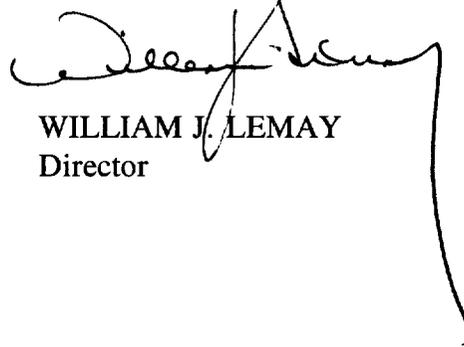
(3) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

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



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director