

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.
LAWYERS

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN

MICHAEL H. FELDEWERT
TANYA M. TRUJILLO
PAUL R. OWEN

JACK M. CAMPBELL
OF COUNSEL

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

October 15, 1996

HAND DELIVERED

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Re: *Case 11616: Amended Application of Manzano Oil Corporation For Compulsory Pooling and an Unorthodox Well Location, Lea County, New Mexico*

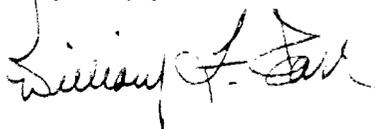
Dear Mr. LeMay:

Following the September 26, 1996 hearing in the above-referenced case, it was discovered that the subject acreage was within one mile of the boundary of the Northeast Lovington-Pennsylvanian Pool which is governed by Special Pool Rules which provide for 80-acre spacing units. Accordingly, Manzano seeks to amend its application to include the pooling of a 80-acre unit in the Strawn formation and requests that this case be readvertised and reopened at the November 7, 1996 Examiner hearing.

In addition to the Amended Application which is enclosed herewith, Manzano is also enclosing a legal advertisement for the inclusion of this case on the November 7, 1996 examiner hearing docket.

Your attention to this request is appreciated.

Very truly yours,



WILLIAM F. CARR

enc.

cc: Mr. Ken Barbe

BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE AMENDED
APPLICATION OF MANZANO OIL CORPORATION
FOR COMPULSORY POOLING AND
AN UNORTHODOX WELL LOCATION,
LEA COUNTY, NEW MEXICO.

CASE NO. 11616

AMENDED APPLICATION

MANZANO OIL CORPORATION ("Manzano"), through its undersigned attorneys, hereby makes application pursuant to the provisions of N.M.Stat.Ann. § 70-2-17, (1978), for an order pooling all mineral interests in all formations developed on 80-acre spacing in the S/2 NE/4 and all mineral interests in all formations developed on 40-acre spacing in the SW/4 NE/4 of Section 11, Township 16 South, Range 36 East, N.M.P.M., Lea County, New Mexico, and (2) approving an unorthodox well location, and in support thereof states:

1. Manzano owns or represents approximately 99% of the working interest in the S/2 NE/4 of said Section 11, and applicant has the right to drill thereon.
2. Manzano proposes to drill its Double Eagle Well No. 1 at an unorthodox location 1500 feet from the North line and 2250 feet from the East line of Section 11, and test the Wolfcamp and Strawn formations.
3. Manzano has sought and been unable to obtain either voluntary agreement for pooling or farmout from certain interest owners in the S/2 NE/4 of said Section 11.

4. Said pooling of interests and the drilling of the Double Eagle Well No. 1 at the proposed unorthodox location will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

5. In order to permit Manzano to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and Manzano should be designated the operator of the well to be drilled.

WHEREFORE, Manzano Oil Corporation requests that this application be reopened and set for hearing before an Examiner of the Oil Conservation Division on November 7, 1996 and, after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions designating Manzano operator of the well and spacing unit, authorizing Manzano to recover its costs of supervision while drilling and after completion, including overhead charges, and imposing a risk factor for the risk assumed by Manzano in drilling, completing and equipping the well and approving the proposed unorthodox location for this well.

Respectfully submitted,

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.

By: 

WILLIAM F. CARR
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR MANZANO OIL
CORPORATION

CASE 11616 (REOPENED):

Amended Application of Manzano Oil Corporation for compulsory pooling and an unorthodox well location, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in the S/2 NE/4 for all formations developed on 80-acre spacing and in the SW/4 NE/4 for all formations developed on 40-acre spacing of Section 11, Township 16 South, Range 36 East, N.M.P.M. Said units are to be dedicated to its Double Eagle Well No. 1 to be drilled at an unorthodox location 1500 feet from the North line and 2250 feet from the East line (Unit G) of said Section 11. Also to be considered will be the costs of drilling and completing said well and the allocation of those costs as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said well is located approximately 1 mile southeast of Lovington, New Mexico.