

BEFORE THE
OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION
OF MANZANO OIL CORPORATION FOR
POOL CREATION AND SPECIAL POOL RULES
LEA COUNTY, NEW MEXICO.

CASE NO. 11675

APPLICATION

MANZANO OIL CORPORATION ("Manzano"), through its undersigned attorneys, hereby makes application for the creation of a new pool for the production of hydrocarbons from the Wolfcamp formation, and the promulgation of Temporary Special Pool Rules therefore including 80-acre spacing and proration units and in support thereof states:

1. Manzano operates the SW/4 NE/4 of Section 11 Township 16 South, Range 36 East, N.M.P.M. and has drilled its "SV" Double Eagle Well No. 1 thereon at an unorthodox well location 1500 feet from the North line and 2148 feet from the East line (approved by Division Order No. R- 10708, dated November 14, 1996) to test the Strawn and Wolfcamp formations.

2. Manzano also operates the NE/4 SW/4 of said Section 11 which is dedicated to its "SV" Chipshot Well No. 1 and produces from the Wolfcamp formation at an unorthodox well location 2164 feet from the South line and 1362 feet from the West line (approved by Division Order No. R- 10602, dated May 23, 1996) of said Section 11.

3. The information obtained by Manzano from the "SV" Double Eagle Well No. 1 and the "SV" Chipshot Well No. 1 establishes:

(A) wells in this portion of the Wolfcamp formation are in a separate reservoir, and

(B) wells can effectively and efficiently drain 80-acres.

4. Neither the "SV" Double Eagle Well No. 1 nor the "SV" Chipshot Well No. 1 is located within one mile of a Division designated pool in the Wolfcamp formation and each has a 40-acre oil spacing unit dedicated thereto.

5. In order to permit Manzano to obtain its just and fair share of the oil and gas underlying the subject lands, and to prevent the drilling of unnecessary wells in the Wolfcamp formation a new pool in the Wolfcamp formation should be created comprised of the following acreage:

TOWNSHIP 16 SOUTH, RANGE 36 EAST, N.M.P.M.

Section 11: S/2 NE/4, N/2 SW/4

6. The creation of this new pool for the production of oil from the Wolfcamp formation and the adoption of Temporary Special Rules and Regulations therefore including provisions for 80-acre spacing and proration units will prevent waste and protect correlative rights.

WHEREFORE, Manzano Oil Corporation requests that this application be set for hearing before an examiner of the Oil Conservation Division on December 19, 1996 and, after notice and hearing as required by law, the Division enter its order:

A. Creating a new pool for the production of oil from the Wolfcamp formation comprised of the S/2 NE/4 and the N/2 SW/4 of Section 11, Township 16 South, Range 36 East, NMPM, Lea County, New Mexico, and

B. Adopting Temporary Special Pool Rules and Regulations for this pool which provide for 80-acre spacing and proration units.

Respectfully submitted,

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

By:


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ATTORNEYS FOR MANZANO OIL
CORPORATION

CASE 11679:

Application of Manzano Oil Corporation for pool creation and special pool rules, Lea County, New Mexico. Applicant in the above-styled cause seeks the creation of a new pool for the production of oil from the Wolfcamp formation comprised of the S/2 NE/4 and the N/2 SW/4 of Section 11, Township 16 South, Range 36 East, NMPM. Applicant also seeks the adoption of Temporary Special Pool Rules and Regulations for this pool which provide for 80-acre spacing and proration units. Said area is located approximately 1 mile southeast of Lovington, New Mexico.