



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

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

March 2, 2000

Manzano Oil Corporation
c/o James Bruce
P. O. Box 1056
Santa Fe, New Mexico 87504

Telefax No. (505) 982-2151

Administrative Order NSL-4417

Dear Mr. Bruce:

Reference is made to the following: (i) your initial application on behalf of the operator, Manzano Oil Corporation ("Manzano") dated January 13, 2000; (ii) your letters dated January 15 and 21 and February 16, 2000 with supplemental data attached; and (iii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe: all concerning Manzano's request for an unorthodox Strawn oil well location for the plugged and abandoned Concho Resources Inc. ("Concho") Cayuma Well No. 1 (API No. 30-025-34480), located 3580 feet from the South line and 990 feet from the West line (Lot 13/Unit M) of irregular Section 1, Township 16 South, Range 36 East, NMPM, Undesignated Northeast Lovington-Pennsylvanian Pool, Lea County, New Mexico.

Concho originally drilled this well in April, 1999 under the provisions of Division Rule 111 by drilling vertically from the aforementioned surface location to a depth of 9,330 feet, kicked-off in a southwesterly direction, and drilled directionally to a depth of 11,765 feet (TVD) bottoming out at a standard subsurface oil well location within the Strawn formation 3169 feet from the South line and 636 feet from the West line (Lot 13/Unit M) of irregular Section 1. This well tested dry and Concho subsequently plugged and abandoned this well in May, 1999.

It is our understanding that Manzano now intends to reenter this well by cleaning the wellbore out down to a depth of 9,400 feet and continue drilling vertically to a depth of approximately 11,800 feet in order to test the Strawn formation within a standard 80-acre oil spacing and proration unit comprising Lots 12 and 13 of irregular Section 1.

This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox oil well location within the Undesignated Northeast Lovington-Pennsylvanian Pool is hereby approved.

Sincerely,

A handwritten signature in cursive script, appearing to read "Lori Wrotenbery".

Lori Wrotenbery
Director

LW/MES/kv

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