



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
BETTY RIVERA
Cabinet Secretary

March 5, 2002

Lori Wrotenbery
Director
Oil Conservation Division

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

Telefax No. (505) 625-2620

AMENDED Administrative Order NSL-4568

Dear Mr. Hanagan:

Reference is made to the following: (i) your application that was submitted to the New Mexico Oil Conservation Division ("Division") on February 14, 2002 (*application reference No. pKRV0-204552987*) to amend Division Administrative Order NSL-4568, dated March 27, 2001; (ii) the Division's records in Santa Fe, including the file on Division Administrative Order NSL-4568; and (iii) Paladin Energy Corporation's letter of response dated February 19, 2002.

Division Administrative Order NSL-4568, authorized Manzano Oil Corporation ("Manzano") to drill its Rum Point State Well No. 1 (**API No. 30-025-35499**) to the Devonian formation in a conventional manner at an unorthodox oil well location 330 feet from the North line and 1200 feet from the East line (Lot 1/Unit A) of Section 2, Township 14 South, Range 37 East, NMPM, Lea County, New Mexico, within a standard 41.43-acre oil spacing and proration unit with the King-Devonian Pool comprising Lot 1 (NE/4 NE/4 equivalent) of Section 2.

Subsequent to drilling operations a directional survey of the wellbore indicates that the bottomhole location of this well at a depth of 12,565 feet (MD) to be approximately 260 feet from the North line and 1163 feet from the East line (Lot 1/Unit A) of Section 2. At this time Manzano seeks to amend Division Administrative Order NSL-4568 to: (i) accept the wellbore directional survey for this well; and (ii) reflect the subsurface location of the wellbore within the King-Devonian Pool.

This request been duly filed under the provisions of Division Rules 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, and Division Rule 111.C (2).

From the submitted information it is understood that Manzano discovered the well to be steadily deviating in a northeasterly direction and that the maximum deviation of this wellbore occurred at a depth of 10,882 feet (MD), where the subsurface location was found to be at a point approximately 121 feet from the North line and 1089 feet from the East line of Section 2. By commencing directional drilling operations to steer the wellbore back towards the approved

Amended Administrative Order NSL-4568
Manzano Oil Corporation
March 5, 2002
Page 2

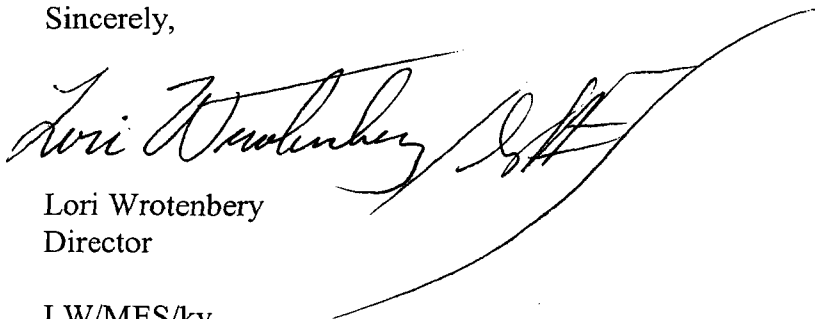
unorthodox oil well location reflected in Division Administrative Order NSL-4536 the well was bottomed in the Devonian interval at the aforementioned subsurface location 260 feet from the North line and 1163 feet from the East line (Lot 1/Unit A) of Section 2.

By the authority granted me under the provisions of Division Rule 104.F (2), Division Administrative Order NSL-4568, dated March 27, 2001, is hereby amended to properly reflect the actual subsurface path of the Rum Point State Well No. 1, as described above, with respect to the King-Devonian Pool within the 41.43-acre oil spacing and proration unit comprising Lot 1 of Section 2.

All other provisions of Order NSL-4568 not in conflict with this change shall remain in full force and effect until further notice

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

A handwritten signature in cursive script, appearing to read "Lori Wrotenbery", followed by a large, sweeping flourish that extends to the right.

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe
File: NSL-4568