

**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. 21713
ORDER NO. R-21572-A**

**APPLICATION OF MANZANO LLC TO AMEND ORDER NO. R-21572 FOR
APPROVAL OF THE EXPANSION OF THE VINDICATOR CANYON STATE
EXPLORATORY UNIT, LEA COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on March 4, 2021, at Santa Fe, New Mexico, before Examiner Baylen Lamkin.

NOW, on this 29th day of April, 2021, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

FINDS THAT:

1. Due public notice has been given, and the Division has jurisdiction in this case and of the subject matter.
2. Manzano LLC ("Manzano") requests to amend Division Order No. R-21572 to expand the Vindicator Canyon State Exploratory Unit ("Unit") and to expand the corresponding Canyon Formation Pool (pool code 98333) to the expanded Unit boundaries.
3. Under Division Order No. R-21572 issued on January 26, 2021 in Case No. 21463, the Division approved the Vindicator Canyon State Exploratory Unit in the Canyon Formation comprising 6,000 acres, more or less, of state land for horizontal wells within the Unit Area. The associated Unit pool was designated as the WC-025 G-09 SI 72315C; Upper Penn Pool (98333).
4. The State Land Office gave final approval of the Unit on February 1, 2021.
5. The proposed expansion of the Unit includes 960 acres of state land that Manzano acquired the working interest in after final approval of the Unit. The State Land Office requested this additional acreage be included in the Unit. This acreage consists of:

TOWNSHIP 17 SOUTH, RANGE 36 EAST, N.M.P.M.
Section 20: E/2 (320 ac)
Section 22: ALL (640 ac)

6. The expanded Vindicator Canyon State Exploratory Unit consist of 6.960 acres, more or less, and will encompass the following State lands in Lea County, New Mexico:

TOWNSHIP 17 SOUTH, RANGE 36 EAST, N.M.P.M.
Section 14: SW/4
Section 15: ALL
Section 20: W/2
Section 20: E/2
Section 22: ALL

Section 23: S/2, NW/4
Section 26: ALL
Section 27: ALL
Section 28: ALL
Section 29: ALL
Section 30: E/2
Section 31: E/2 NE/4
Section 32: N/2, SW/4
Section 33: NE/4
Section 34: E/2 E/2
Section 35: ALL

7. No other parties appeared or otherwise opposed this expansion.
8. The geology of the Unitized Interval is continuous and extends across the expanded Unit. There are no faults, pinch-outs or other geologic impediments that isolate land within the Unit Area or would suggest creation of a separate pool.
9. The State Land Office has requested the expansion of the Unit.
10. Manzano is the working interest owner in the expanded acreage. Notice was provided to two parties of this expansion, one who is not in the Unit and one who has a working interest within the expanded acreage but has declined to participate in the Unit.

THE OCD CONCLUDES THAT:

11. All of the proposed Unit acreage appears prospective for recovery of oil and gas from the target formation under the concept proposed by the applicant. These acres should be unitized and should equally share in the benefits from future oil and gas recovery.
12. Approval of the Unit with additional acreage will provide the applicant the flexibility to locate and drill wells in the Unit to maximize recovery of oil and gas from the unitized interval, thereby preventing waste, and will provide the applicant latitude to conduct operations in an effective and efficient manner within the Unit.
13. The approval of the Unit agreement with the additional acreage will serve to prevent waste and protect correlative rights within the lands assigned to the Unit area. The provisions contained in the Unit agreement are in the best interest of conservation and the prevention of waste.
14. The application should be approved.

IT IS THEREFORE ORDERED THAT:

1. The application of Manzano LLC to amend Division Order No. R-21572 to expand the Vindicator Canyon State Exploratory Unit to the new Unit boundary is hereby approved.
2. The Vindicator Canyon State Exploratory Unit shall comprise 6,960 acres, more or less, of State lands in Lea County, New Mexico, and be described as follows:

TOWNSHIP 17 SOUTH, RANGE 36 EAST, N.M.P.M.
Section 14: SW/4
Section 15: ALL
Section 20: ALL
Section 22: ALL
Section 23: S/2, NW/4
Section 26: ALL
Section 27: ALL
Section 28: ALL
Section 29: ALL
Section 30: E/2
Section 31: E/2 NE/4

Section 32: N/2, SW/4
Section 33: NE/4
Section 34: E/2 E/2
Section 35: ALL

3. Manzano LLC (OGRID 231429) is hereby designated the Unit operator.
4. All other provisions of the Unit Agreement remain the same as prior to the expansion, including the Unitized Interval and the effective date. The effective date of this Unit, as per the Unit Agreement is February 21, 2020.
5. Jurisdiction of this case is retained for entry of such further orders as the OCD may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read 'AS', is centered on the page.

ADRIENNE SANDOVAL Director