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July 28, 2017

VIA FACSIMILE & FEDERAL EXPRESS  
(505) 476-3462

Ms. Florene Davidson  
Oil Conservation Division  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

**RE: Application of Manzano, LLC**

15864

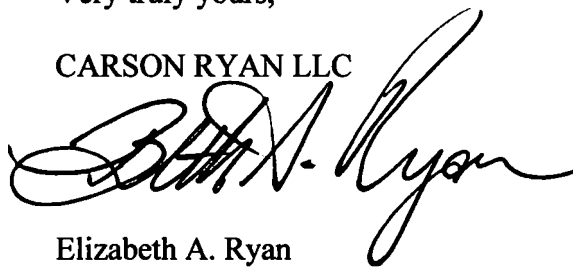
Dear Ms. Davidson:

On behalf of Manzano, LLC, enclosed please find an original and one copy of the Application for a Non-Standard Spacing and Proration Unit, a Non-Standard Project Area and Compulsory Pooling, together with a proposed Advertisement. Please set this matter for the August 31, 2017 Examiner hearing. Thank you.

Should you have any questions or concerns, please do not hesitate to contact me.

Very truly yours,

CARSON RYAN LLC



Elizabeth A. Ryan

BAR/rmt  
Enclosures

STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

APPLICATION OF MANZANO, LLC  
FOR A NON-STANDARD SPACING AND  
PRORATION UNIT, A NON-STANDARD PROJECT AREA,  
AND COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO.

Case No. 15804

APPLICATION

Manzano, LLC ("Manzano") through its attorneys Carson Ryan LLC (Elizabeth A. Ryan) hereby files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, Sec. 70-2-17, for an order (1) creating a 240-acre, more or less, spacing and proration unit comprised of E/2SE/4 of Section 19 and E/2E/2 of Section 30, Township 9 South, Range 35 East, N.M.P.M., Lea County, New Mexico; and (2) approving a non-standard 240-acre project area; and (3) pooling all mineral interests in the San Andres Formation. In support of its Application, Manzano states:

1. Manzano, LLC is a working interest owner in the proposed non-standard spacing and proration unit/project area and has the right to drill a well thereon.
2. Manzano proposes to dedicate the above referenced spacing and proration unit as a non-standard project area for the proposed **Rag Mama 30-19 Fee No. 1H Well** which will be horizontally drilled from the surface location of 25 feet FSL and 528 feet FEL (Unit P) Section 30 to the San Andres Formation and across the section line at the bottom hole location of 2310 feet FSL and 528 feet FEL (Unit I) of Section 19.

3. The proposed project area is comprised of E/2SE/4 Section 19 and the E/2E/2 Section 30, Township 9 South, Range 35 East, N.M.P.M., Lea County, New Mexico. The project area is non-standard because it crosses the section line from Section 30 to Section 19.

4. The producing interval for this Well will cross the section line but will meet the 330-foot standard offset from the outer boundaries of the project area as required by the Statewide Rules for horizontal wells in 19.15.16.15 NMAC.

5. Notice has also been provided to all affected parties in adjacent spacing units to the proposed non-standard spacing unit/project area pursuant to Rule 19.15.4.12(A)(3) NMAC.

6. Manzano has sought in good faith and been unable to obtain voluntary agreement for the development of these lands from all of the working interest owners in the subject spacing unit.

7. The pooling of interests will avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

8. In order to permit Manzano to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this non-standard spacing unit/project area should be pooled, and Manzano, LLC should be designated the operator of this proposed horizontal well and spacing unit.

WHEREFORE, Manzano requests that, this Application be set for hearing before an Examiner of the Oil Conservation Division on August 31, 2017, and, after notice and hearing, the Division enter its order:

- A. Creating a 240-acre, more or less, non-standard spacing and proration unit in the San Andres Formation comprised of E/2SE/4 Section 19 and the E/2E/2 Section 30, Township 9 South, Range 35 East, N.M.P.M., Lea County, New Mexico;

- B. Approving a non-standard 240-acre non-standard project area;
- C. Pooling all the mineral interests in the San Andres Formation underlying the non-standard spacing and proration unit;
- D. Designating Manzano LLC as the operator of this non-standard spacing unit and horizontal well to be drilled thereon;
- E. Authorizing Manzano to recover its costs of drilling and completing the well, and allocating its costs among the well's interest owners;
- F. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- G. Setting a 200% penalty for the risk assumed by Manzano in drilling and completing the well against any working interest owner who does not voluntarily elect to participate in the drilling of the well.

Respectfully submitted,

CARSON RYAN LLC

By: 

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beth@carsonryan.com  
*Attorneys for Manzano, LLC*

**Parties Being Pooled**

EOG Y Resources Inc.  
105 South Fourth Street  
Artesia, New Mexico 88210  
Attn: Nathan Stephenson

EOG M Resources Inc.  
105 South Fourth Street  
Artesia, New Mexico 88210  
Attn: Nathan Stephenson

EOG A Resources Inc.  
105 South Fourth Street  
Artesia, New Mexico 88210  
Attn: Nathan Stephenson

Oxy Y-1 Company  
5 Greenway Plaza  
Houston, Texas 77046

CASE NO. 15804

***Application of Manzano, LLC for a Non-Standard Spacing and Proration Unit, a Non-Standard Project Area, and Compulsory Pooling, Lea County, New Mexico.*** Applicant in the above styled cause seeks an order (1) creating a non-standard, 240-acre, more or less, spacing and proration unit comprised of E/2SE/4 Section 19 and the E/2E/2 Section 30, Township 9 South, Range 35 East, N.M.P.M., Lea County, New Mexico; (2) approving a non-standard project area; and (3) pooling all mineral interests in the San Andres Formation underlying said acreage. Said non-standard unit is to be dedicated to Applicant's **Rag Mama 30-19 Fee No. 1H Well**, to be vertically drilled from the surface location in SE/4SE/4 (Unit P) of Section 30 to the San Andres Formation to the bottom hole location of in NE/4SE/4 (Unit I) of Section 19. The completed interval for this well will remain within the 330-foot standard offset required by the Rules. Also to be considered will be the cost of drilling and completing the well and the allocation of the costs thereof, as well as actual operating costs and charges for supervision, designation of Manzano, LLC as operator of the well, and a 200% penalty for risk involved in the drilling the well.