

HOLLAND & HART LLP



William F. Carr
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January 13, 2004

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Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

Case 13210

Re: Application of Manzano Oil Corporation for compulsory pooling, Lea County, New Mexico

Dear Ms. Wrotenbery:

Enclosed in triplicate is the Application of Manzano Oil Corporation in the above-referenced case as well as a copy of the legal advertisement. Manzano Oil Corporation requests that this matter be placed on the docket for the February 5, 2004 Examiner hearings.

Very truly yours,

William F. Carr
of Holland & Hart LLP

WFC:keh
Enclosures

cc: Mr. Ken Barbie
Manzano Oil Corporation
121 West Third Street
Roswell, New Mexico 88201

Holland & Hart LLP

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

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IN THE MATTER OF THE APPLICATION
OF MANZANO OIL CORPORATION
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

JAN 13 2004

Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

CASE NO. 13210

APPLICATION

MANZANO OIL CORPORATION, ("Manzano") through its undersigned attorneys, hereby makes application pursuant to the provisions of N.M.Stat.Ann. § 70-2-17, (1978), for an order pooling all mineral interests in all formations developed on 320-acre spacing and proration units from the surface to the base of the Morrow formation in the N/2 of Section 31, Township 20 South, Range 36 East, N.M.P.M., Lea County, New Mexico, which includes but is not necessarily limited to the Osudo-Morrow Gas Pool, and in support of its application states:

1. Manzano Oil Corporation is a working interest owner in the N/2 of said Section 31 and has the right to drill thereon.
2. Manzano proposes to dedicate the above-referenced spacing or proration units to its Burn'n Rubber State Well No. 1 to be re-entered at a standard gas well location 1980 feet from the North line and 760 feet from the East line (Unit H) of said Section 31, and drilled to an approximate depth of 12,000 feet to test any and all formations from the surface to the base of the Morrow formation.
3. Manzano has sought and been unable to obtain a voluntary agreement for the development of these lands from ChevronTexaco, Claydesta Plaza, 15 Smith Road, Midland, Texas 79705.
4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.
5. In order to permit the Manzano to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and Manzano Oil Corporation should be designated the operator of the well.

WHEREFORE, Manzano Oil Corporation requests that this application be set for hearing before an Examiner of the Oil Conservation Division on February 5, 2004 and, after notice and hearing as required by law, the Division enter its order:

- A. pooling all mineral interests in the subject spacing and proration units,
- B. designating Manzano Oil Corporation operator of these units and the well,
- C. authorizing Manzano Oil Corporation to recover its costs of re-entering, drilling, equipping and completing the well,
- D. approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures, and
- E. imposing a penalty for the risk assumed by Manzano Oil Corporation in re-entering, drilling and completing the well against any working interest owner who does not voluntarily participate in the re-entry of the well.

Respectfully submitted,
HOLLAND & HART LLP

By: 

WILLIAM F. CARR
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR MANZANO OIL CORPORATION

CASE 13210:

Application of Manzano Oil Corporation for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests in all formations from the surface to the base of the Morrow formation in all formations developed on 320-acre spacing and proration units located in the N/2 of Section 31, Township 20 South, Range 36 East, N.M.P.M., Lea County, New Mexico which includes but is not necessarily limited to the Osudo-Morrow Gas Pool. Said units are to be dedicated to its Burn'n Rubber State Well No. 1 to be re-entered and drilled to test the Morrow formation at a standard gas well location 1980 feet from the North line and 760 feet from the East line (Unit H) of said Section 31. Also to be considered will be the cost of re-entering, drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Manzano Oil Corporation as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 15 miles southwest of Hobbs, New Mexico.