

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. 11127
ORDER NO. R-10263

APPLICATION OF MANZANO OIL CORPORATION FOR AN UNORTHODOX OIL
WELL LOCATION, LEA COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on October 27, 1994, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 29th day of November, 1994, the Division Director, having considered the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

- (1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.
- (2) The applicant, Manzano Oil Corporation ("Manzano"), seeks approval of an unorthodox oil well location for its S. V. Sundown State Well No. 1 to be drilled 477 feet from the South line and 191 feet from the West line (Unit M) of Section 14, Township 10 South, Range 37 East, NMPM, to test the Devonian formation, Undesignated North Echol-Devonian Pool, Lea County, New Mexico.
- (3) The proposed well location is within the governing limits of the North Echol-Devonian Pool and is subject to the Division's Statewide Rules and Regulations which require standard 40-acre spacing and proration units with wells to be located no closer than 330 feet from the outer boundary of the spacing unit.
- (4) The SW/4 SW/4 of said Section 14 is to be dedicated to said well to form a standard 40-acre oil spacing and proration unit.

(5) The applicant presented a geological interpretation of the Devonian formation in the general area of the proposed well with information obtained from geophysical seismic data. The applicant is proposing to drill the subject well at a location appearing to be at a more structurally advantageous position than a well drilled at a standard location thereon, thereby increasing the likelihood of obtaining commercial production.

(6) Information submitted by the applicant subsequent to the hearing indicates that the SW/4 of said Section 14 and the off-setting property to the west, in which the proposed well is crowding, comprising the SE/4 of Section 15, Township 10 South, Range 37 East, NMPM, to test the Devonian formation, Undesignated North Echol-Devonian Pool, Lea County, New Mexico, are two separate "State" leases; however, the joint beneficiary institutions for both leases are the New Mexico School for the Deaf and the New Mexico School for the Visually Handicapped.

(7) The applicant is the lessee of the two above-described State leases.

(8) No other interested party appeared at the hearing in opposition to this application.

(9) Approval of this application will afford the applicant the opportunity to produce its just and equitable share of the oil in the Undesignated North Echol-Devonian Pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells and will otherwise prevent waste and protect correlative rights.

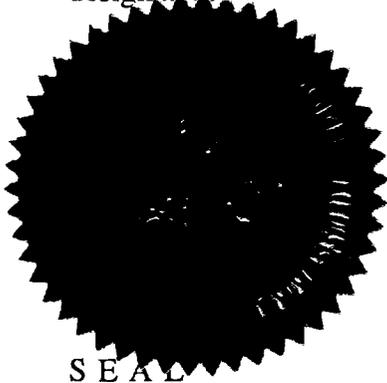
IT IS THEREFORE ORDERED THAT:

(1) The application of Manzano Oil Corporation for an unorthodox oil well location to be drilled 477 feet from the South line and 191 feet from the West line (Unit M) of Section 14, Township 10 South, Range 37 East, NMPM, to test the Devonian formation, Undesignated North Echol-Devonian Pool, Lea County, New Mexico, is hereby approved.

(2) The SW/4 SW/4 of said Section 14 shall be dedicated to said well forming a standard 40-acre oil spacing and proration unit.

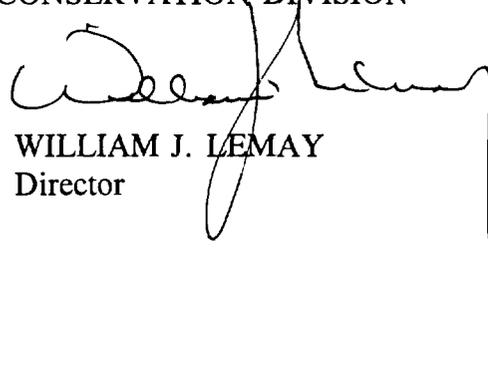
(3) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

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



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STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read 'William J. Lemay', written over the typed name and title.

WILLIAM J. LEMAY
Director