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December 17, 1996

HAND-DELIVERED

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco
Santa Fe, New Mexico 87503

DEC

11688

Re: Application of Manzano Oil Corporation for compulsory pooling and an unorthodox well location, Lea County, New Mexico

Dear Mr. LeMay:

Enclosed in triplicate is the Application of Manzano Oil Corporation in the above-referenced case as well as a legal advertisement. Manzano Oil Corporation respectfully requests that this matter be placed on the docket for the January 9, 1997 Examiner hearings.

Very truly yours,


WILLIAM F. CARR

WFC:mlh

Enclosures

cc: Mr. Ken Barbe, (w/enclosures)

BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION
OF MANZANO OIL CORPORATION
FOR COMPULSORY POOLING AND
AN UNORTHODOX WELL LOCATION,
LEA COUNTY, NEW MEXICO.

DEC

CASE NO. 11688

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 80-acre spacing in the S/2 SW/4 and in all formations developed on 40-acre spacing in the SW/4 SW/4 of Section 11, Township 16 South, Range 36 East, N.M.P.M., Lea County, New Mexico, and in support thereof states:

1. Manzano owns or represents approximately 75% of the working interest in the S/2 SW/4 of said Section 11, and applicant has the right to drill thereon.

2. Manzano proposes to dedicate the above-referenced spacing or proration unit to its "SV" Chipshot Well No. 2 which it proposes to drill at an unorthodox well location 1000 feet from the South line and 467 feet from the West line of said Section 11.

3. Manzano proposes to drill to a depth sufficient to test all formations to the base of the Atoka and then to attempt to complete this well in the Wolfcamp and Strawn formations.

4. Manzano has sought and been unable to obtain either voluntary agreement for pooling or farmout from certain interest owners in the S/2 SW/4 of said Section 11.

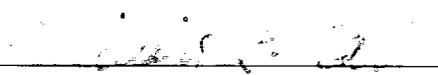
5. Said pooling of interests will prevent waste and will protect correlative rights.

6. In order to permit Manzano to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and Applicant should be designated the operator of the well to be drilled at the proposed unorthodox well location.

WHEREFORE, Manzano Oil Corporation prays that this application be set for hearing before an examiner of the Oil Conservation Division on January 9, 1997 and, after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions for Applicant to recover its costs of supervision of the well, including overhead charges, imposing a risk factor for the risk assumed by the Applicant in drilling, completing and equipping the well and approving an unorthodox location for the well 1000 feet from the South line and 467 feet from the West line of said Section 11.

Respectfully submitted,

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.

By: 

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ATTORNEYS FOR MANZANO OIL
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