

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

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

CASE NO. \_\_\_\_\_

OIL CONSERVATION DIV.  
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**APPLICATION**

MANZANO OIL CORPORATION ("Manzano"), through its undersigned attorneys, hereby makes application pursuant to the provisions of NMSA 1978, Section 70-2-17, for an order pooling all mineral interests from the surface to the base of the Morrow formation in Section 23, Township 24 South, Range 26 East, in the following described manner: all of Section 23 forming a standard 640-acre spacing for all formations and/or pools developed on 640-acre spacing including but not limited to the White City-Pennsylvanian Gas Pool, the S/2 forming a standard 320-acre spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing; the SW/4 forming a standard 160-acre spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing; the W/2 SW/4 forming a standard 80-acre spacing and proration unit for any and all formations and/or pools developed on 80-acre spacing, and the SW/4 SW/4 forming a standard 40-acre spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing, and in support thereof states:

1. Manzano is a working interest owner in the Section 23, on which it proposes to drill its Rio Negro Well No. 1 to an approximate depth of 12,000 feet to test all formations

from the surface to the base of the Morrow formation at an unorthodox location 660 feet from the South and West lines of said Section 23.

2. Manzano has sought and been unable to obtain either voluntary agreement for pooling or farmout from certain interest owners in said Section 23.

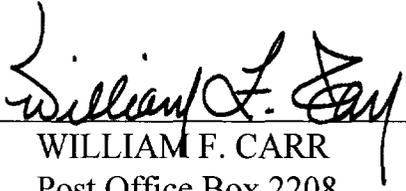
3. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

4. 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 Manzano 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 September 3, 1998 and, after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions designating Manzano operator of said Section 23, and authorizing Manzano to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including overhead charges, imposing a risk factor for the risk assumed by the Manzano in drilling, completing and equipping the well, and approving an unorthodox well location for its proposed Rio Negro Well No. 1.

Respectfully submitted,

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

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