

CASE 12083: Application of Yates Petroleum Corporation for compulsory pooling and an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests underlying the N/2 of Section 13, Township 20 South, Range 24 East in all formations developed on 320-acre spacing including the Atoka and Morrow formations, Undesignated Cemetery-Morrow Gas Pool. Applicant proposes to dedicate these pooled units to its Ceniza AGZ Com Well No. 3 which has been reentered and recompleted in these formations at an unorthodox gas well location 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 13. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling the well. This area is located approximately 19 miles southwest of Artesia, New Mexico.

CASE 12084: Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests in all formations developed on 320-acre spacing underlying the S/2, in all formations developed on 160-acre spacing underlying the SE/4, in all formations developed on 80-acre spacing underlying the W/2 SE/4, and in all formations developed on 40-acre spacing underlying the SW/4 SE/4, from the surface to the base of the Morrow formation, Logan Draw-Morrow Gas Pool, in Section 8, Township 17 South, Range 27 East. The units are to be dedicated to the proposed Riverside ASS Federal Com Well No. 1 which will be drilled at a standard location 660 feet from the South line and 1650 feet from the East line (Unit O) of Section 8. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling the well. This area is located approximately 7 miles northeast of Artesia, New Mexico.

CASE 12085: Application of John H. Hendrix Corporation for compulsory pooling and a horizontal well, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in the Abo formation, Southeast Monument-Abo Pool, underlying the following described acreage in Section 16, Township 20 South, Range 37 East, and in the following manner: (a) the SE/4 NW/4 to form a standard 40-acre oil spacing and proration unit within this pool for a vertical wellbore; or, in the alternative, (b) the E/2 NW/4 to form an 80-acre project area, as defined by Division Rule 111.A(4), by combining the two standard 40-acre oil spacing and proration units that comprise the SE/4 NW/4 and the NE/4 NW/4, for a horizontal wellbore. The applicant proposes to locate its Wood State Well No. 5 at a surface location 1650 feet from the North line and 2310 feet from the West line (Unit F) of Section 16 and drill to the Abo formation with either a straight vertical wellbore or to kick-off in a northerly direction with a horizontal drainhole. Also to be considered will be the cost of drilling and completing this well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well, and a charge for risk involved in drilling the well. The proposed well site is located approximately 3.5 miles southeast of Monument, New Mexico.

CASE 12008: Continued from October 8, 1998, Examiner Hearing.

Application of Robert E. Landreth for a determination of reasonable well costs, Lea County, New Mexico. Applicant, as a mineral interest owner in the standard 320-acre gas spacing and proration unit comprising the S/2 of Section 29, Township 22 South, Range 34 East, seeks an order ascertaining the reasonableness of actual well costs for: (i) the Santa Fe Energy Resources, Inc. Gaucho Unit Well No. 2-Y (API No. 30-025-34026), located 1650 feet from the South line and 1725 feet from the West line (Unit K) of Section 29; and (ii) the plugged and abandoned Gaucho Unit Well No. 2 (API No. 30-025-33682), located 1650 feet from the South and West lines (Unit K) of Section 29. This 320-acre unit was the subject of compulsory pooling Order No. R-10764, dated February 14, 1997. This area is located approximately 20 miles west by south of Eunice, New Mexico.

CASE 12051: Continued from September 17, 1998, Examiner Hearing.

Application of Texaco Exploration and Production Inc. for compulsory pooling, an unorthodox gas well location and non-standard spacing and proration units, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests in the Upper Pennsylvanian formation and Morrow formation, Catclaw Draw-Morrow Gas Pool, underlying the following described acreage in irregular Section 1, Township 21 South, Range 25 East, in the following manner: Lots 11 through 14 and 17 through 28 to form a 555.74-acre non-standard gas spacing and proration unit for any and all formations and/or pools developed on 640-acre spacing within that vertical extent and, Lots 11 through 14 and Lots 19 through 22 to form a 288.19-acre non-standard spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within that vertical extent. The units are to be dedicated to the proposed Rocky Arroyo Federal Com Well No. 1 which is proposed at an unorthodox location 3200 feet from the North line and 660 feet from the West line (Unit L) of Section 1. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling the well. The area is located approximately 1 3/4 mile east of the junction of State Highway 137 and U.S. Highway 285, Eddy County, New Mexico.

(Readvertised)

Application of Manzano Oil Corporation for compulsory pooling and a non-standard subsurface oil well location/producing area, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in the Undesignated North Lovington-Wolfcamp Pool and the Undesignated Northeast Lovington-Pennsylvanian Pool underlying the S/2 SE/4 of Section 2, Township 16 South, Range 36 East in order to form a standard 80-acre oil spacing and proration unit for both pools. This unit is to be dedicated to the applicant's existing "SV" Killer Bee Well No. 1 (API No. 30-025-33807) located at an unorthodox surface oil well location 487 feet from the South line and 1270 feet from the East line (Unit P) of Section 2 (approved by Division Order No. R-10775, issued in Case No. 11725 and dated February 27, 1997). Further, in accordance with Division Rules 104.F and 111.C(2), the applicant seeks approval to recomplete this well by directionally drilling to a non-standard subsurface oil well location/producing area within the proposed 80-acre unit for both the Undesignated North Lovington-Wolfcamp and Undesignated Northeast Lovington-Pennsylvanian Pools that will be no closer than 510 feet to the east, south, and west boundaries of the unit nor closer than 171 feet to the western boundary of the unit. Also to be considered will be the cost of recompleting the well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in recompleting this well. This well and 80-acre unit area are located approximately one mile east of Lovington, New Mexico.

CASE 12078: **Application of David H. Arrington Oil & Gas, Inc. for an unorthodox well location, Lea County, New Mexico.** Applicant seeks authorization to drill a well to the Strawn formation, at an unorthodox well location 2446 feet from the South line and 1006 feet from the East line (Unit I) of Section 29, Township 15 South, Range 36 East. The E/2 SE/4 of Section 29 is to be dedicated to the well forming a standard 80-acre spacing and proration unit. The unit is located approximately 2 miles northeast of Lovington, New Mexico.

CASE 12079: **Application of David H. Arrington Oil and Gas, Inc. for compulsory pooling, directional drilling and an unorthodox well location, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Lower Mississippian formation, underlying Lots 9, 10, 15 and 16 and the SE/4 for all formations developed on 320-acre spacing including the Undesignated North Show Bar-Atoka Gas Pool, Undesignated North Hume-Morrow Gas Pool and the Undesignated Townsend-Morrow Gas Pool, the SE/4 for all formations developed on 160-acre spacing, the N/2 SE/4 for all formations developed on 80-acre spacing including the Undesignated Big Dog-Strawn Pool, and the NE/4 SE/4 for all formations developed on 40-acre spacing including the Undesignated Northwest Townsend-Abo Pool, Townsend-Permo Upper Pennsylvanian Pool and the Undesignated Townsend-Strawn Pool, all in Section 3, Township 16 South, Range 35 East. Applicant proposes to dedicate this pooled unit to its Parachute Adams Well No. 1 to be directionally drilled from a surface location 1859 feet from the South line and 777 feet from the East line (Unit I) to an unorthodox gas well bottomhole location 1450 feet from the South line and 990 feet from the East line (Unit I) of Section 3. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling the well. This area is located approximately 5 miles west of Lovington, New Mexico.

CASE 12080: **Application of David H. Arrington Oil and Gas, Inc. for amendment of Division Order No. R-11028, Lea County, New Mexico.** Applicant seeks an order amending Order No. R-11028 to pool all mineral interests from the surface to the base of the Lower Mississippian formation, underlying Lots 11 through 14 and the SW/4 for all formations developed on 320-acre spacing including the Undesignated North Shoe Bar-Atoka Gas Pool, Undesignated North Hume-Morrow Gas Pool and the Undesignated Townsend-Morrow Gas Pool, the SW/4 for all formations developed on 160-acre spacing, the N/2 SW/4 for all formations developed on 80-acre spacing including but not limited to the Undesignated Big Dog-Strawn Pool, and the NE/4 SW/4 for all formations developed on 40-acre spacing including the Undesignated Northwest Townsend-Abo Pool, Townsend-Permo Upper Pennsylvanian Pool and the Undesignated Townsend-Strawn Pool, all in Section 3, Township 16 South, Range 35 East. Applicant proposes to dedicate these pooled units to its Parachute Hopper Well No. 1 to be drilled at a standard gas well location in the NE/4 SW/4 of Section 3. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling the well. The area is located approximately 5 miles west of Lovington, New Mexico.

CASE 12081: **Application of Yates Petroleum Corporation for compulsory pooling and an unorthodox gas well location, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests underlying the S/2 of Section 13, Township 20 South, Range 24 East in all formations developed on 320-acre spacing including but not limited to the Atoka and Morrow formations, Undesignated Cemetery-Morrow Gas Pool. Applicant proposes to dedicate these pooled units to its Hillview AHE Federal Com Well No. 7 which Yates proposes to reenter and recomplete in these formations at an unorthodox gas well location 660 feet from the South and West lines (Unit M) of Section 13. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling the well. This area is located approximately 19 miles southwest of Artesia, New Mexico.

CASE 12082: **Application of Yates Petroleum Corporation for compulsory pooling and an unorthodox gas well location, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests underlying the S/2 of Section 12, Township 20 South, Range 24 East in all formations developed on 320-acre spacing including the Atoka and Morrow formations, Undesignated Cemetery-Morrow Gas Pool. Applicant proposes to dedicate these pooled units to its Ceniza AGZ Com Well No. 2 which has been reentered and recompleting in these formations at an unorthodox gas well location 660 feet from the South line and 725 feet from the West line (Unit M) of said Section 12. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling the well. This area is located approximately 19 miles southwest of Artesia, New Mexico.

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October 13, 1998

HAND-DELIVERED

OIL CONSERVATION DIV.
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10/13/98

Lois Wrotenbery, Director
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2040 South Pacheco Street
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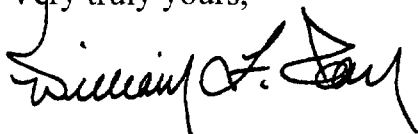


Re: ***Amended Application of Manzano Oil Corporation for Compulsory Pooling
and an Unorthodox Well Location, Lea County, New Mexico***

Dear Ms. Wrotenbery:

Enclosed in triplicate is an Amended Application of Manzano Oil Corporation in the above-referenced case as well as a copy of a legal advertisement. Manzano Oil Corporation respectfully requests that this matter be placed on the docket for the November 5, 1998 Examiner hearings.

Very truly yours,



WILLIAM F. CARR

WFC:mlh

Enclosures

cc: Debbie Jeffers (w/enclosures)
Manzano Oil Corporation

**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,
DIRECTIONAL DRILLING AND AN
UNORTHODOX WELL LOCATION,
EDDY COUNTY, NEW MEXICO.

CASE NO. 12049

AMENDED APPLICATION

MANZANO OIL CORPORATION ("Manzano"), through its undersigned attorneys, hereby makes application pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all mineral interests in the S/2 SE/4 of Section 2, Township 16 South, Range 36 East, NMPM, for formations developed on 80-acre spacing including but not limited to the Undesignated Northeast Lovington-Pennsylvanian Pool and the Undesignated North Lovington-Wolfcamp Pool, and in support thereof states:

1. Manzano is a working interest owner in the S/2 SE/4 of Section 2, on which it proposes to drill its Odyssey Well No. 1 by reentering its temporarily abandoned "SV" Killer Bee Well No. 1 which is located at a previously approved surface location 487 feet from the South line and 1270 feet from the East line (Order No. R-10775) and kick off at an approximate depth of 9,000 feet and directionally drill in a North northwesterly direction to an unorthodox bottomhole location in the Strawn formation 1149 feet from the South line and 1370 feet from the East line of said Section 2.

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

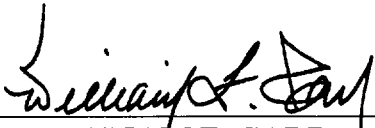
3. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

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 amended application be set for hearing before an Examiner of the Oil Conservation Division on November 5, 1998 and, after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions designating Manzano operator of the pooled unit comprised of the S/2 SE/4 of said Section 2, 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 bottomhole location for the Odyssey Well No. 1 in the Strawn formation 1149 feet from the South line and 1370 feet from the East line of said Section 2.

Respectfully submitted,

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

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