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August 25, 1998

HAND-DELIVERED

Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87505

12049

Re: *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 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 September 17, 1998 Examiner hearings.

Very truly yours,



WILLIAM F. CARR

WFC:mlh
Enclosures

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

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OIL CONSERVATION DIV.

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,
LEA COUNTY, NEW MEXICO.

CASE NO. 12049

APPLICATION

MANZANO OIL CORPORATION ("Manzano"), through its undersigned attorneys hereby makes application pursuant to the provisions of NMSA 1978, Section 70-2-1 for an order pooling all mineral interests from the surface to the base of the Strawn formation in the S/2 SE/4 of Section 2, Township 16 South, Range 36 East, in the following described manner: the S/2 SE/4 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 the SW/4 SE/4 for all formations developed on 40-acre spacing 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 to an approximate depth of 11,800 feet test all formations from the surface to the base of the Strawn formation at an unorthodox location 1149 feet from the South line and 1370 feet from the East line of 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

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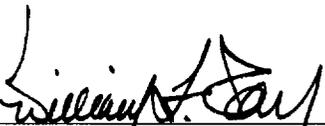
prevent waste and will protect correlative rights.

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 17, 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 units in 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 location for the Odyssey Well No. 1 to be drilled 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.

By:  _____

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ATTORNEYS FOR MANZANO OIL CORPORATION

CASE 12049

Application of Manzano Oil Corporation for compulsory pooling and an unorthodox well location, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests from the surface to the base of the Strawn formation underlying the following described spacing and proration units in Section 2, Township 16 South, Range 36 East in the following manner: the S/2 SE/4 for all formations developed on 80-acre spacing which presently includes but is not limited to the Undesignated Northeast Lovington-Pennsylvanian Pool and the Undesignated North Lovington-Wolfcamp Pool; and the SW/4 SE/4 for all formations developed on 40-acre spacing. Applicant proposes to dedicate these pooled units to its Odyssey Well No. 1 to be drilled at an unorthodox location 1149 feet from the South line and 1370 feet from the East line of said Section 2. Also to be considered will the cost of drilling and completing said 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 drilling said well. Said area is located approximately one mile East of Lovington, New Mexico.

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CASE _____:

Amended Application of Manzano Oil Corporation for compulsory pooling and an unorthodox well location, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests from the surface to the base of the Strawn formation underlying the S/2 SE/4 of Section 2, Township 16 South, Range 36 East, NMPM, for all formations developed on 80-acre spacing which presently includes but is not limited to the Undesignated Northeast Lovington-Pennsylvanian Pool and the Undesignated North Lovington-Wolfcamp Pool. Applicant proposes to dedicate these pooled units to its Odyssey Well No. 1 to be drilled by reentering an existing wellbore located 478 feet from the South line and 1270 feet from the East line of said Section 2 and directionally drilling 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. Also to be considered will the cost of drilling and completing said 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 drilling said well. Said area is located approximately one mile East of Lovington, New Mexico.

OIL CONSERVATION DIV.

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