

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF MANZANO OIL
CORPORATION FOR COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO.

No. 12334

AMENDED APPLICATION

Manzano Oil Corporation applies for an order pooling all mineral interests from the surface to the base of the Strawn formation underlying Lots 12 and 13 of irregular Section 1, Township 16 South, Range 36 East, N.M.P.M., Lea County, New Mexico, and in support thereof, states:

1. Applicant is a working interest owner in Lots 12 and 13 of Section 1, and has the right to drill a well thereon.

2. Applicant proposes to re-enter the existing Cayuma Well No. 1, which was directionally drilled from an unorthodox surface location 3580 feet from the south line and 990 feet from the west line to an orthodox bottom hole location 3175 feet from the south line and 743 feet from the west line. The well tested the Strawn formation, but was dry. Applicant will re-designate the well as the Cayuma Well No. 1-A and deepen it to the Strawn formation at the unorthodox location 3580 feet from the south line and 990 feet from the west line, and seeks to dedicate Lots 12 and 13 of Section 1 to the well for all pools or formations developed on 80-acre spacing, including the Undesignated Northeast Lovington-Pennsylvanian Pool. (**Applicant is seeking administrative approval for the unorthodox location.**)

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in Lots 12

and 13 of Section 1 for the purposes set forth herein.

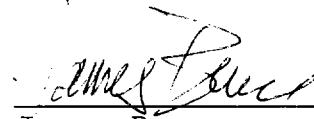
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the re-entry and deepening of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in Lots 12 and 13 of Section 1, pursuant to NMSA 1978 §70-2-17 (1996).

5. The pooling of all mineral interests underlying Lots 12 and 13 of Section 1 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, applicant requests that, after notice and hearing, the Division enter its order:

- A. Pooling all mineral interests in Lots 12 and 13 of Section 1, from the surface to the base of the Strawn formation;
- B. Designating applicant as operator of the well;
- C. Considering the cost of re-entering, deepening, and completing the well, and allocating the cost thereof among the well's working interest owners;
- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting said rates as provided in the COPAS accounting procedure; and
- E. Setting a penalty for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "James Bruce", is written over a horizontal line.

James Bruce
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Attorney for Manzano Oil Corporation