

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

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

CASE NO. _____

12516

OIL CONSERVATION DIV.
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APPLICATION

MANZANO OIL CORPORATION. ("Manzano"), through its undersigned attorneys, hereby makes application to the Oil Conservation Division for an order approving an directional drilling and an unorthodox well location, and in support of this application states:

1. Applicant is a working interest owner in the SE/4 NE/4 of Section 35 and the SW/4 NW/4 of Section 36 , Township 13 South, Range 37 East, N.M.P.M., Lea County, New Mexico which, in a companion case, Manzano is seeking to unitize for the re-entry of the proposed Manzano New Mexico C - #3 Well.

2. A unit comprised of this acreage was previously formed by Paladin Energy Corporation (Division Case No. 10916, Order No. R-10916) but was terminated when Paladin's State "C" Well No. 3 was dry in the Devonian formation.

3. Manzano has acquired a portion of the interest of Paladin Energy Corporation in this acreage and now proposes to re-enter the former Paladin well (now the Manzano New Mexico C - #3 Well) at a previously approved unorthodox surface location 1550 feet from

the North line and 10 feet from the West line (Unit E) of Section 36 (Case 11871, Order No. R-10917), and kick the well off and directionally drill in a south southwesterly direction and complete it in the Devonian formation, King-Devonian Pool, at an unorthodox gas well bottomhole location 2400 feet from the North line and 190 feet from the East line (Unit H) of Section 35.

2. Applicant seeks an exception to Rule 104 of the General Rules and Regulations of the Oil Conservation Division to permit the drilling of this well at this unorthodox gas well location.


3. The SE/4 NE/4 of Section 35 should be dedicated to the well.

4. Approval of this application will afford the interest owners in this unit the opportunity to produce their just and equitable share of the reserves under the subject spacing and proration unit and will otherwise be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, Manzano Oil Corporation requests that this application be set for hearing before an Examiner of the Oil Conservation Division on October 19, 2000, that notice be given as required by law and the rules of the Division, and that the Division enter its Order granting this application.

Respectfully submitted,

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& SHERIDAN, P.A.

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ATTORNEYS FOR MANZANO OIL
CORPORATION

CASE 2516 : Application of Manzano Oil Corporation for directional drilling and an unorthodox well location, Lea County, New Mexico. Applicant in the above-styled cause seeks authorization to re-enter its New Mexico C - #3 Well at a previously approved unorthodox surface location 1550 feet from the North line and 10 feet from the West line of Section 36, Township 13 South, Range 37 East, NMPM, and directionally drill in the Devonian formation, King Devonian Pool, to an unorthodox bottom hole location 2400 feet from the North line and 190 feet from the East line of Section 35, Township 13 South, Range 37 East, N.M.P.M., Lea County, New Mexico. The SE/4 NE/4 of Section 35 is to be dedicated to said well. Said unit is located approximately 9 miles east of McDonald, New Mexico.