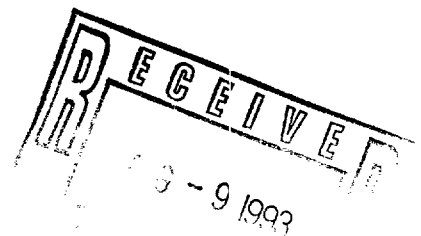


STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 10796

APPLICATION OF MANZANO OIL CORPORATION
FOR AN UNORTHODOX GAS WELL LOCATION,
LEA COUNTY, NEW MEXICO.



PRE-HEARING STATEMENT

This pre-hearing statement is submitted by MARATHON OIL COMPANY as required by the Oil Conservation Division.

APPEARANCE OF PARTIES

APPLICANT

Manzano Oil Corporation

ATTORNEY

William F. Carr. Esq.
P. O. Box 2208
Santa Fe, New Mexico 87504

Pre-Hearing Statement
Case No. 10796
Page 2

OPPOSITION

Marathon Oil Company
Box 552
Midland, Texas 79702
Attn: Thomas C. Lowry, Esq.

ATTORNEY

W. Thomas Kellahin
KELLAHIN AND KELLAHIN
P.O. Box 2265
Santa Fe, NM 87504
(505) 982-4285

STATEMENT OF CASE

OPPOSITION OR OTHER PARTY

Manzano Oil Corporation permitted its Neuhaus Federal Well No 2 as an oil well to be drilled on 40-acre to test the Strawn formation for oil production.

However, instead of drilling to the Strawn, Manzano stopped drilling when it got to the Wolfcamp and elected to complete the well as a Wolfcamp gas well.

The subject well is 660 feet instead of 1980 feet from the Marathon Oil Company's offsetting spacing unit.

The Division should deny Wolfcamp production from the subject well. However, if it is allowed to produce at all, its production should be subject to the maximum production penalty authorized by the Division.

PROPOSED EVIDENCE


OPPOSITION

WITNESSES	EST. TIME	EXHIBITS
Lisa Gholston (geologist)	30-40 min.	est. 2-3
Robin W. Tracy (petroleum engineer)	30-40 min.	est. 2-3

PROCEDURAL MATTERS

None applicable at this time.

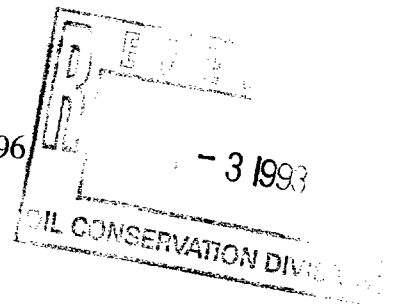
KELLAHIN AND KELLAHIN

By: 
W. Thomas Kellahin
P.O. Box 2265
Santa Fe, New Mexico 87504
(505) 982-4285

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

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
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CONSIDERING:

CASE NO. 10796



APPLICATION OF MANZANO OIL CORPORATION
FOR AN UNORTHODOX GAS WELL LOCATION,
LEA COUNTY, NEW MEXICO.

PRE-HEARING STATEMENT

This Prehearing Statement is submitted by Campbell, Carr, Berge & Sheridan, P.A.,
as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

Manzano Oil Corporation _____
c/o Ken Barbe _____
1801 West Second Street _____
Roswell, New Mexico 88201 _____

(505) 623-1996 _____
name, address, phone and
contact person

ATTORNEY

William F. Carr, Esq. _____
Campbell, Carr, Berge & Sheridan, P.A.
Post Office Box 2208 _____
Santa Fe, New Mexico 87504 _____

(505) 988-4421 _____

OPPOSITION OR OTHER PARTY

name, address, phone and
contact person

ATTORNEY

STATEMENT OF CASE

APPLICANT

(Please make a concise statement of what is being sought with this application and the reasons therefore.)

Manzano Oil Corporation, applicant in the above-captioned cause, seeks approval of an unorthodox location in the Wolfcamp formation, Osudo-Wolfcamp Pool, for its Neuhaus Federal Well No. 2 which has been drilled 660 feet from the North line and 1650 feet from the East line (Unit B) of Section 14, Township 20 South, Range 35 East. Applicant further requests approval of the unorthodox location as to all prospective pools or formations including but not limited to the Wolfcamp, spaced on 320-acres.

OPPOSITION OR OTHER PARTY

(Please make a concise statement of the basis for opposing this application or otherwise state the position of the party filing this statement.)

PROPOSED EVIDENCE

APPLICANT

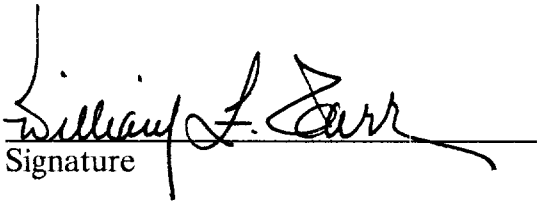
WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
Mike Brown, Geologist	15 Min.	Approximately 5
Donnie Brown, Petroleum Engineer	15 Min.	Approximately 6

OPPOSITION

WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
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PROCEDURAL MATTERS

(Please identify any procedural matters which need to be resolved prior to hearing)


Signature