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January 13, 2000

Hand DeliveredMichael E. Stogner
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Dear Mr. Stogner:

Pursuant to Division Rules 104.C and 104.F, Manzano Oil Corporation ("Manzano") applies for administrative approval of an unorthodox oil well location for the following well:

Cayuma Well No. 1-A
3580 feet FSL & 990 feet FWL
Lots 12 and 13 of Irregular Section 1, Township 16
South, Range 36 East, NMPM
Lea County, New Mexico

Manzano intends 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 line¹ to an orthodox bottom hole location 3175 feet from the south line and 743 feet from the west line of Section 1. 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 of Section 1. A Form C-102 for the re-entry is attached hereto as Exhibit A.

The well is in the Undesignated Northeast Lovington-Pennsylvanian Pool, which is spaced on 80 acres, with wells to be located within 150 feet of the center of a quarter-quarter section or lot.

¹The unorthodox surface location was due to topographic reasons.