



Manzano Oil Corporation

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May 6, 1997

William J. LeMay
New Mexico Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87504-2088

Re: Application of Manzano Oil Corporation for Administrative Approval of an
Unorthodox Well Location Pursuant to NMOCD Rule 104(F)

Dear Mr. LeMay:

Pursuant to NMOCD Rule 104(F), Manzano Oil Corporation requests administrative approval of an unorthodox well location in the S/2NW/4 of Section 22, Township 18 South, Range 35 East. Manzano proposes to drill its "SV" Honey Bee State No. 1 Well at an unorthodox location 2372 feet from the North line and 994 feet from the West line of Section 22. The well will be drilled to a depth of approximately 12,000 feet to the Devonian formation, South Vacuum Devonian Pool.

Manzano seeks an unorthodox location for geologic reasons. Exhibit 1 (Structure Map - Top of Devonian) shows the 3-D seismic structural picture of the top of the Devonian Formation. The proposed unorthodox location is predicted to be at or near the crest of a potentially undrained portion of the South Vacuum Devonian structural complex. The 3-D predicts that only 75-100 feet of closure are present over an area of 65-80 acres. Moving the proposed location to an orthodox location could result in a loss of structure of nearly 50 feet, leaving a substantial amount of attic oil unrecovered. This attic oil column is not recoverable from any orthodox location. In order to insure adequate drainage of this small structure and to prevent waste, Manzano Oil Corporation is requesting that it be allowed to drill the "SV" Honey Bee State #1 in the proposed unorthodox location.

Also enclosed is a plat which shows the ownership of all leases offsetting the proposed spacing unit and all wells that have been completed thereon. Manzano has provided notice of this application all of the operators of the offsetting units or working interest owners by certified mail. Copies of the letters to the offsetting operators or owners are attached hereto.