

BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION
OF THORNTON OPERATING CORPORATION
FOR POOL CONTRACTION, POOL
CREATION, SPECIAL POOL RULES,
A NONSTANDARD SPACING OR
PRORATION UNIT, DIRECTIONAL DRILLING
AND AN UNORTHODOX BOTTOMHOLE WELL
LOCATION, CHAVES COUNTY, NEW MEXICO.

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AUG 27 1996

Oil Conservation Division

CASE NO. 11615

APPLICATION

COMES NOW THORNTON OPERATING CORPORATION ("Thornton"), through its undersigned attorneys, and hereby makes application to the Oil Conservation Division for an order (1) contracting the boundaries of the South Lone Wolf-Devonian Pool, (2) designating a new pool as a result of discovery of hydrocarbons in the Devonian formation in its Manzano Oil Corporation McClellan Federal Well No. 1 a/k/a West King Camp Unit Well No. 1 ("McClellan Federal Well No. 1") at a surface location 182 feet from the North line and 507 feet from the West line in Unit D of Section 26, Township 13 South, Range 29 East, N.M.P.M., Chaves County, New Mexico, (3) promulgating special rules and regulations for this pool, including 80-acre spacing or proration units and special well location requirements; (4) the dedication of a nonstandard spacing or proration unit comprised of the SW/4 SW/4 of Section 23 and the NW/4 NW/4 of Section 26 to the McClellan Federal Well No. 1, (5) authority to reenter and directionally drill the McClellan

Federal Well No. 1 to an unorthodox bottomhole location within 100 feet of a point 148 feet from the South line and 177 feet from the West line of said Section 23 and in support of this application states:

1. Applicant has recently acquired the McClellan Federal Well No. 1 which was drilled by Manzano Oil Corporation at an unorthodox location in the Devonian formation authorized by Division Order R-10295. Because of completion problems, this well has not been a commercial success. However, the information obtained from this well on Devonian formation shows that one well in this pool will be capable of effectively draining in excess of 80 acres.

2. The McClellan Federal Well No.1 was the original well on the 160-acre West King Camp Federal Unit which is comprised of the S/2 SW/4 of Section 23 and the N/2 NW/4 of Section 26, Township 13 South, Range 29 East. Because of the poor producing capabilities of this well, the BLM has issued a Termination Notice for this unit and has refused to permit Thornton, as successor operator, to form a new unit and attempt to recover the reserves in this Devonian structural anomaly. Unless a unit is formed or a nonstandard spacing unit is authorized for the recompletion of this well, the Devonian reserves under this acreage will never be recovered causing waste.

3. The McClellan Federal Well No. 1 is located in a geological structure that is separate and distinct from the geological anomaly produced in the offsetting South Lone Wolf- Devonian Pool. Accordingly, this pool should be contracted by the deletion of the

following described lands:

TOWNSHIP 13 SOUTH, RANGE 29 EAST, NMPM

Section 26: NW/4
Section 27: NE/4

4. The information now available on the Devonian formation shows that the following lands are reasonably proven to be productive of oil and gas in paying quantities from a new and separate feature in the Devonian formation and should be included in the original definition of a new pool to be created because of this discovery of hydrocarbons in the McClellan Federal Well No. 1:

Township 13 South, Range 29 East, N.M.P.M.

Section 23: SW/4 SW/4
Section 26: NW/4 NW/4

5. In order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells and otherwise prevent waste and protect correlative rights, a new pool for the production of hydrocarbons should be created in the Devonian formation comprised of the lands described in Paragraph 4 of this application and special rules and regulations providing for 80-acre spacing units should be promulgated on a temporary basis for the new pool.

6. Applicant respectfully requests that the special pool rules provide that each well should be located on a standard unit containing 80-acres, more or less, consisting of two governmental quarter-quarter sections and that each well shall be located within 150 feet of

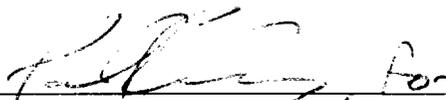
the center of a governmental quarter-quarter section

7. Thornton also requests that it be authorized to directionally drill the McClellan Federal Well No.1 to an unorthodox bottomhole location within 100 feet of a point 148 feet from the South line and 177 feet from the West line of said Section 23 and that his location be approved as an unorthodox location in this new pool.

WHEREFORE, Thornton Operating Corporation requests that this application be set for hearing before an Examiner of the Oil Conservation on September 19, 1996, that notice be given as required by law and the rules of the Division, and that the application be approved.

Respectfully submitted,

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& SHERIDAN, P.A.

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ATTORNEYS FOR THORNTON OPERATING
CORPORATION

CASE 11615:

Application of Thornton Operating Corporation for pool contraction, pool creation, special pool rules, nonstandard spacing or proration unit, directional drilling and an unorthodox well location, Chaves County, New Mexico. Applicant seeks the contraction of the South Lone Wolf-Devonian Pool to exclude the NW/4 of Section 26 and the NE/4 of Section 27, Township 13 South, Range 29 East, N.M.P.M., the creation of a new pool for the production from the Devonian formation underlying the SW/4 SW/4 of Section 23 and the NW/4 NW/4 of Section 26, Township 13 South, Range 29 East, N.M.P.M., for the promulgation of special rules and regulations therefore including 80-acre gas spacing units and designated well location requirements, a nonstandard oil proration unit comprised of the SW/4 SW/4 of said Section 23 and the NW/4 NW/4 of said Section 26, reentry and directional drilling of the McClellan Federal Well No.1 from a previously approved surface location 182 feet from the North line and 507 feet from the West line of said Section 26 and approval of an unorthodox bottomhole location for this well in the Devonian formation within 100 feet of a point 148 feet from the South line and 177 feet from the West line of said Section 23 The proposed pool boundary is located approximately 18 miles east of Hagerman, New Mexico.

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