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April 23, 1998

HAND-DELIVERED

Mr. Michael E. Stogner, Hearing Examiner
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87505

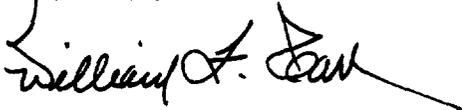
Re: ***Oil Conservation Division Case No. 11949:
Application of Thornton Operating Corporation to Amend Division Order
No. R-9514-C, Chaves County, New Mexico***

Dear Mr. Stogner:

Pursuant to your request, enclosed for your consideration is Thornton Operating Corporation's proposed Order with reference to the April 16, 1998 Examiner hearing in the above-referenced case. For your easy reference, I have also provided it on disk.

If you need anything further from Thornton Operating Corporation to proceed with your consideration of this matter, please advise.

Very truly yours,



WILLIAM F. CARR
WFC:mlh
Enclosure

cc: Mr. Robert Thornton

**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. 11949
ORDER NO. R-9514-D

APPLICATION OF THORNTON
OPERATING CORPORATION TO
AMEND DIVISION ORDER NO. R-9514-C,
CHAVES COUNTY, NEW MEXICO.

**THORNTON OPERATING CORPORATION'S
PROPOSED ORDER OF THE DIVISION**

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on April 16, 1998, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this ____ day of April, 1998, the Division Director, having considered the testimony, the record, and the recommendation of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, Thornton Operating Corporation ("Thornton"), seeks the amendment of Division Order No. R-9514-C, issued in Case 11615 on June 5, 1997 to authorize the bottomhole location of the McClellan Federal Well No. 1 in the Devonian formation, West King Camp-Devonian Pool, 68 feet from the South line and 263 feet from the West line (Unit M) of Section 23, Township 13 South, Range 29 East, NMPM, Chaves County, New Mexico.

(3) Division Order No R-9514-C, among other things, authorized Thornton to re-enter and directionally drill 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 (Unit D) of Section 26, Township 13 South, Range 29 East, to an unorthodox bottomhole location in a target area within 100 feet of a point 148 feet from the South line and 177 feet from the West line of Section 23, Township 13 South, Range 29 East, NMPM.

(4) While directionally drilling the McClellan Federal Well No. 1 toward the approved bottom hole target location, Thornton encountered the Devonian formation at a shallower depth than anticipated. The well penetrated the Devonian formation at a point 48 feet from the South line and 285 feet from the West line of Section 23 and was drilled to a bottomhole location in the Devonian formation 68 feet from the South line and 263 feet from the West line of said Section 23.

(5) Since the bottomhole location for the McClellan Federal Well No. 1 is less unorthodox than the bottomhole location originally approved for the well, Thornton was authorized by the Director of the Division to produce the well pending a hearing to amend Order No. R-9514-C to reflect the actual bottomhole location of the well.

(6) Notice of this application was provided to all offset operators and to all parties notified of the original application in Case 11615 in accordance with Division Rules.

(7) At the hearing, there was no objection to the requested amendment of Division Order No. R-9514-C to correctly reflect the actual bottomhole location of the McClellan Federal Well No. 1.

(8) The application of Thornton Operating Corporation to amend Division Order No. R-9514-C to approve an unorthodox bottomhole location for the McClellan Federal Well No. 1 should be approved.

IT IS THEREFORE ORDERED THAT:

(1) The application of Thornton Operating Corporation for amendment of Division Order No. R-9514-C dated June 5, 1997 to authorize a new bottomhole location for the McClellan Federal Well No. 1 in the Devonian formation, West King Camp-Devonian

Pool, 68 feet from the South line and 263 feet from the West line of Section 23, Township 13 South, Range 239 East, NMPM, Chaves County, New Mexico is granted and Order Paragraph (4) of Division Order No. R-9514-D is hereby amended to read as follows:

"(4) The applicant, Thornton Operating Corporation, is hereby authorized to re-enter its McClellan Federal No. 1 Well located at a previously approved unorthodox location (approved by Division Order R-10295) 182 feet from the North line and 507 feet from the West line (Unit A) of Section 26, Township 13 South, Range 29 East, NMPM, Chaves County, New Mexico, kick off from vertical and directionally drill the subject well in a northwesterly direction to an unorthodox bottomhole oil well location in the West King Camp-Devonian Pool 68 feet from the South line and 263 feet from the West line (Unit M) of Section 23."

(2) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

LORI WROTENBERY
Director

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