

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. 10951
ORDER NO. R-10105*

APPLICATION OF SEAGULL MIDCON INC. (THORNTON OPERATING CORPORATION AS SUCCESSOR OPERATOR TO SEAGULL MIDCON INC.) FOR AN UNORTHODOX OIL WELL LOCATION, CHAVES COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on March 31, 1994, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 26th day of April, 1994, the Division Director, having considered the testimony, the record, and the recommendations 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, Seagull Midcon Inc., seeks approval for an unorthodox oil well location to be drilled 2428 feet from the South line and 1154 feet from the East line (Unit I) of Section 6, Township 13 South, Range 29 East, NMPM, Chaves County, New Mexico, to test the Devonian formation.

(3) The NE/4 SE/4 of said Section 6 is to be dedicated to said well forming a standard 40-acre oil spacing and proration unit.

(4) The subject 40-acre tract is included in a single 480-acre United States Government lease administered by the U. S. Bureau of Land Management in which ownership is common throughout.

(5) At the time of the hearing Thornton Operating Corporation, successor operator of the Seagull Midcon Inc. properties as described above requested that they be named applicant in this matter.

(6) The applicant presented geological evidence which indicates the existence of a small structural feature in portions of the NE/4, E/2 NW/4, and N/2 SE/4 of said Section 6. Further, indications that a well drilled at the proposed location should intersect this structure at a point of maximum thickness within the potentially productive area, thereby increasing the likelihood of obtaining commercial oil production.

(7) Since ownership within said lease is common throughout and the proposed location is not encroaching on properties controlled by other operators, mineral interests, or royalty owners, correlative rights should therefore be protected.

(8) No other interested party appeared at the hearing in opposition to this application.

(9) Approval of the subject application is in the best interest of conservation, will afford the applicant the opportunity to produce its just and equitable share of any oil that may be encountered in this limited geologic structure, serve to prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste.

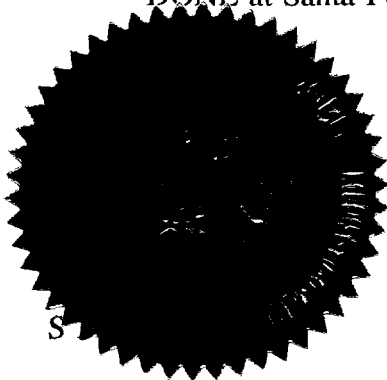
IT IS THEREFORE ORDERED THAT:

(1) The application of Thornton Operating Corporation for an unorthodox oil well location 2428 feet from the South line and 1154 feet from the East line (Unit I) of Section 6, Township 13 South, Range 29 East, NMPM, Chaves County, New Mexico, to test the Devonian formation is hereby approved.

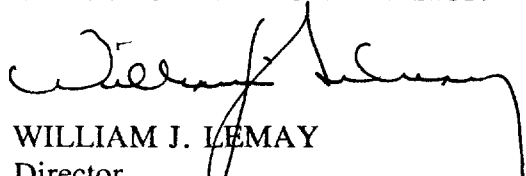
(2) The NE/4 SE/4 of said Section 6 shall be dedicated to said well forming a standard 40-acre oil spacing and proration unit.

(3) Jurisdiction of this cause 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


WILLIAM J. LEMAY
Director