

CASE 10807:

Application of Kinlaw Oil Corporation for a high angle/horizontal directional drilling pilot project, special operating rules therefore, a non-standard oil proration unit, an unorthodox well location, and a special project oil allowable, Lea County, New Mexico. Applicant in the above-styled cause, seeks to initiate a horizontal drilling project in the Devonian formation, Denton-Devonian Pool underlying the SE/4 SE/4 of Section 35 and the SW/4 SW/4 of Section 36, Township 15 South, Range 37 East, thereby creating a non-standard 80-acre spacing and proration unit for said pool. Applicant proposes to re-enter its Shell Oil Company State "SDA" Well No. 1 which is at an orthodox location 660 feet from the South and West lines (Unit M) of said Section 36, kick-off from vertical in a northwesterly direction commencing to build angle at an appropriate rate to vertically and horizontally traverse the proposed producing area. Applicant further seeks the adoption of special operating provisions and rules within the project area including the designation of a target window such that the horizontal or producing portion of the wellbore shall be no closer than 330 feet to any boundary of the proration unit, and for a special project allowable. Said project is located approximately \_\_\_\_ miles \_\_\_\_ of \_\_\_\_\_, New Mexico.

1993

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& SHERIDAN, P.A.  
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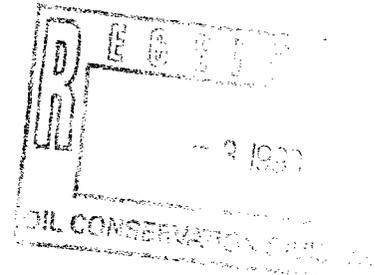
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August 3, 1993

HAND-DELIVERED

William J. LeMay, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
State Land Office Building  
Santa Fe, New Mexico 87503



10807

Re: Application of Kinlaw Oil Corporation for Horizontal Drilling, a Non-Standard Spacing Unit, an Unorthodox Well Location and Special Allowable, Lea County, New Mexico

Application of Kinlaw Oil Corporation for Horizontal Drilling, a Non-Standard Spacing Unit, an Unorthodox Well Location and Special Allowable, Lea County, New Mexico

Application of Kinlaw Oil Corporation for Horizontal Drilling, a Non-Standard Spacing Unit, an Unorthodox Well Location and Special Allowable, Lea County, New Mexico

Application of Kinlaw Oil Corporation for Horizontal Drilling, Lea County, New Mexico

Dear Mr. LeMay:

Enclosed in triplicate are the Applications of Kinlaw Oil Corporation in the above-referenced cases as well as the drafts of a legal advertisements for these matters. Kinlaw Oil Corporation respectfully request that these cases be placed on the docket for the August 26, 1993 Examiner hearings.

Very truly yours,

WILLIAM F. CARR  
WFC:mlh

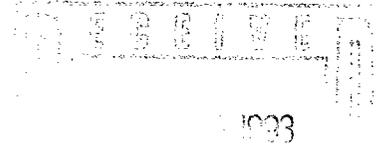
Enclosures

cc: Mr. Mike Hill (w/enclosures)

BEFORE THE  
OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION  
OF KINLAW OIL CORPORATION  
FOR A HIGH ANGLE/HORIZONTAL  
DIRECTIONAL DRILLING PILOT PROJECT,  
SPECIAL OPERATING RULES THEREFORE, A  
NON-STANDARD OIL PRORATION UNIT, AN  
UNORTHODOX WELL LOCATION, AND A  
SPECIAL PROJECT OIL ALLOWABLE,  
LEA COUNTY, NEW MEXICO.



CASE NO. 10807

**APPLICATION**

KINLAW OIL CORPORATION, through its undersigned attorneys, hereby makes application for approval of a high angle/horizontal directional drilling pilot project, special operating rules, a non-standard oil proration unit, an unorthodox well location, and a special project oil allowable, and in support thereof states:

1. Applicant is the operator of the Devonian formation, Denton-Devonian Pool, underlying the SE/4 SE/4 of Section 35 and the SW/4 SW/4 of Section 36, Township 15 South, Range 37 East, N.M.P.M., Lea County, New Mexico.

2. Applicant proposes to re-enter and horizontally drill its Shell Oil Company State "SDA" Well No. 1 from a surface location 660 feet from the South and West lines of Section 36 by re-entering the wellbore, plugging back the well and then directionally drilling in a northwesterly direction to reach the Devonian formation at a depth of approximately 12,948 feet and then drilling horizontally until approximately 1,500 feet of lateral distance is attained.

3. The project area for the proposed horizontal well will be a non-standard oil proration unit comprised of the SE/4 SE/4 of Section 35 and the SW/4 SW/4 of Section 36.

4. Applicant seeks the adoption of special operating provisions and rules within the project area including the designation of a target window for the horizontal portion of the wellbore from 990 feet from the East line of Section 35 and 990 feet from the West line of Section 36 and from 330 feet to 990 feet from the South lines of Sections 35 and 36 thereby requiring the horizontal portion of the wellbore be set back at least 330 feet from the outer boundary of the non-standard unit.

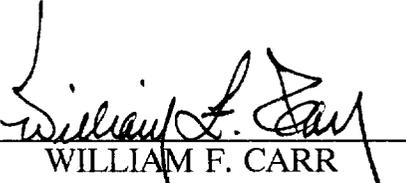
5. Applicant also seeks an exception to the spacing and well location requirements of General Rule 104 for the Shell Oil Company State "SDA" Well No. 1 and a special project oil allowable based on the total acreage dedicated to it.

6. Granting this application will be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, Applicant requests that this application be set for hearing before a duly appointed Examiner of the Oil Conservation Division on August 26, 1993, and, after notice and hearing as required by law, the Division enter its Order granting this application.

Respectfully submitted,

CAMPBELL, CARR, BERGE  
& SHERIDAN, P.A.

By: 

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Post Office Box 2208  
Santa Fe, New Mexico 87504  
Telephone: (505) 988-4421

ATTORNEYS FOR KINLAW OIL  
CORPORATION