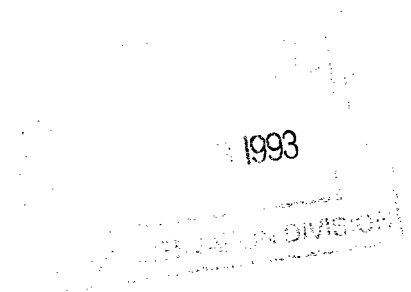


CASE 10808:

Application of Kinlaw Oil Corporation for a high angle/horizontal directional drilling pilot project, and special operating rules therefore, 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 SW/4 of Section 36, Township 15 South, Range 37 East. Applicant proposes to re-enter its Shell Oil Company State "SDA" Well No. 2 which is at an orthodox location 660 feet from the South line and 1650 feet from the West line (Unit N) of said Section 36, kick-off from vertical in a southwesterly 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.



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  
AND SPECIAL OPERATING RULES THEREFORE,  
LEA COUNTY, NEW MEXICO.

RECEIVED  
JUN 10 1993  
CASE NO. 10808

APPLICATION

KINLAW OIL CORPORATION, through its undersigned attorneys, hereby makes application for a high angle/horizontal directional drilling pilot project and special operating rules therefore, and in support thereof states:

1. Applicant is the operator of the Devonian formation, Denton-Devonian Pool, underlying the SE/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. 2 from a surface location 660 feet from the South line and 1,650 feet from the West line of Section 36 by re-entering the wellbore, plugging back the well and then directionally drilling in a southwesterly direction to reach the Devonian formation at a depth of approximately 13,090 feet and then drilling horizontally until approximately 500 feet of lateral distance is attained.
3. The project area for the proposed horizontal well will be a standard oil proration unit comprised of the SE/4 SW/4 of Section 36.

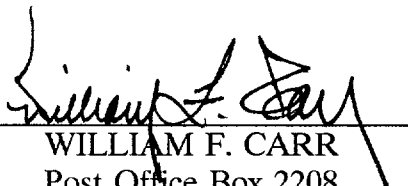
4. Applicant seeks the adoption of special operating provisions and rules within the project area including the designation of a target window for the horizontal portion of the wellbore from 1,650 feet to 2,310 feet from the West line and from 330 feet to 990 feet from the South line of Section 36 thereby requiring the horizontal portion of the wellbore be set back at least 330 feet from the outer boundary of the non-standard unit.

5. 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.

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