

**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. 10809

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.

PRE-HEARING STATEMENT

This prehearing statement is submitted by William F. Carr, as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

Kinlaw Oil Corporation
3301 Northland, Suite 102
Austin, Texas 78731
Attn: Mike Hill

(512) 454-4736 _____

name, address, phone and
contact person

ATTORNEY

William F. Carr
Campbell, Carr, Berge & Sheridan
Post Office Box 2208
Santa Fe, New Mexico 87504

(505) 988-4421 _____

OPPOSITION OR OTHER PARTY

name, address, phone and
contact person

ATTORNEY

STATEMENT OF CASE

APPLICANT

Kinlaw Oil Corporation, applicant, seeks to initiate a horizontal drilling project in the Devonian formation, Denton-Devonian Pool underlying Lots 1 and 8 of Section , Township 16 South, Range 38 East, thereby creating a non-standard 80-acre oil spacing and proration unit for said pool. Applicant proposes to re-enter its V. F. Petroleum Huber State Well No. 1 which is at an unorthodox surface location 330 feet from the North line and 1150 feet from the East line (Unit A) of said Section 5, kick-off from vertical in a southeasterly 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.

OPPOSITION OR OTHER PARTY

(Please make a concise statement of the basis for opposing this application or otherwise state the position of the party filing this statement.)

PROPOSED EVIDENCE

APPLICANT

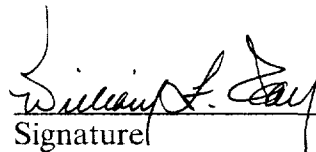
WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
Mike Hill, Geologist	15 Min.	Approximately 4
Dave Phillips, Petroleum Engineer	10 Min.	Approximately 2

OPPOSITION

WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
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PROCEDURAL MATTERS

Kinlaw will request that this case be consolidated for the purpose of hearing with Cases 10807 and 10808.



Signature