

Scale: 5,280'  
1" = 2,000'



✓ - Requesting App.

**Before The Oil Conservation Division  
Santa Fe, New Mexico**

Case No. 10,878  
 Exhibit No. 1  
 Submitted by: Kinlaw Oil Corporation  
 Hearing Date: December 16, 1993

**KINLAW OIL CORPORATION**

**Mexico "F" Wells #1, 3, 5, & 10**  
 Lea County, New Mexico  
 Lease Acreage Plat

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. 10819*  
*ORDER NO. R-9970*

**APPLICATION OF PETROLEUM DEVELOPMENT COMPANY FOR A SHORT  
RADIUS HORIZONTAL DIRECTIONAL DRILLING PROJECT AREA AND  
SPECIAL OPERATING RULES THEREFOR, ROOSEVELT COUNTY, NEW  
MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on September 9, 1993, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 22nd day of September, 1993, 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) Division Case Nos. 10818, 10819, 10820 and 10821 were consolidated at the time of the hearing for the purpose of testimony.

(3) The applicant, Petroleum Development Company, seeks authority to institute a short radius horizontal directional drilling project in the Tomahawk-San Andres Pool on its Mountain Federal Lease comprising the NE/4 and the E/2 NW/4 of Section 30, Township 7 South, Range 32 East, NMPM, Roosevelt County, New Mexico, hereinafter referred to as the "project area".

(4) Within the project area the applicant seeks authority to:

(10) Division records indicate that the Mountain Federal Well No. 4 is the only well within the project area that is currently producing.

(11) The applicant now seeks approval to develop its Mountain Federal Lease with horizontal drilling technology by initially horizontally drilling its Mountain Federal Well Nos. 4 and 5.

(12) The procedures proposed by the applicant are more flexible and lenient than previously approved by the Division.

(13) According to applicant's testimony, it has tentatively determined the direction the Mountain Federal Well Nos. 4 and 5 will be drilled; however, the applicant seeks the flexibility to alter the proposed direction of either wellbore in the project area when technological or geological data warrant such alteration.

(14) The applicant further seeks the flexibility to traverse quarter or quarter-quarter section lines within the project area with either of its proposed horizontal wellbores in order to remove unnecessary restrictions on lateral wellbore distances which may restrict applicant's ability to test the limits of horizontal drilling technology.

(15) Horizontal drilling within the project area should result in the recovery of a significant volume of oil and gas which was not recovered by the existing conventional vertical wellbores, thereby preventing waste.

(16) The NE/4 and E/2 NW/4 of Section 30 is a single Federal lease which is commonly owned throughout. Approval of the subject application as proposed should not result in the violation of the correlative rights of any interest owner within the project area.

(17) According to applicant's testimony, the proposed 100 foot setback will allow for additional drilling flexibility, however, applicant further testified that it will attempt to maintain a reasonable distance from the outer boundary of the project area within its proposed horizontal wellbores.

(18) Murphy Operating Corporation and Yates Petroleum Corporation, the only offset operators to the proposed project, were notified of the application in this case but did not appear in protest.

(19) No other offset operator and/or interest owner appeared at the hearing in opposition to the application.

(3) The horizontal wellbores may traverse quarter and quarter-quarter section lines within the project area provided that the horizontal or producing portion of each wellbore shall be located no closer than 100 feet from the outer boundary of the project area.

(4) The applicant shall determine the actual location of the kick-off points in each well prior to commencing directional drilling operations. Also, the applicant shall conduct a directional survey on the lateral portion of each wellbore during or after completion of drilling operations.

(5) The applicant shall notify the supervisor of the Hobbs district office of the Division of the date and time of conductance of any directional surveys in order that the same may be witnessed.

(6) The applicant shall submit copies of all directional surveys conducted on the subject well to both the Santa Fe and Hobbs offices of the Division.

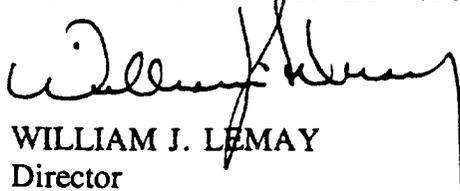
(7) The allowable assigned to the project area in the Tomahawk-San Andres Pool shall be assigned by the supervisor of the Division's Hobbs district office and shall be equal to 80 BOPD X the number of standard 40-acre proration units within the project area which are developed or traversed by a horizontal wellbore.

(8) The portion of the application requesting the establishment of administrative authorization procedures within the project area is hereby dismissed.

(9) 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

S E A L

BEFORE THE  
OIL CONSERVATION DIVISION  
Santa Fe, New Mexico

Case No. 10878 Exhibit No. 2

Submitted by: Kinlaw Oil Corporation

Hearing Date: December 16, 1993

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:

RECEIVED  
NOV 23 1993  
CAMPBELL, CARR, et. al.

CASE NO. 10863  
Order No. R-10022

APPLICATION OF YATES PETROLEUM  
CORPORATION FOR A HORIZONTAL  
DIRECTIONAL DRILLING PILOT PROJECT  
AND SPECIAL OPERATING RULES THEREFOR,  
CHAVES COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on November 4, 1993, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 23rd day of November, 1993, 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, Yates Petroleum Corporation, seeks authority to initiate a horizontal directional drilling pilot project in the Tomahawk-San Andres Pool underlying the SW/4 of Section 36, Township 7 South, Range 31 East, NMPM, Chaves County, New Mexico, thereby creating a non-standard 160-acre oil spacing and proration unit for said pool.
- (3) The applicant further seeks authority to horizontally drill its proposed Loveless "LQ" State Well No. 9 at a surface location 990 feet from the South line and 2310 feet from the West line (Unit N) of Section 36 in the following unconventional manner:

(7) Petroleum Development Corporation, the only affected offset operator, expressed its support of Yates' application by letter which was submitted as evidence in this case.

(8) No other offset operator and/or interest owner appeared at the hearing in opposition to the application.

(9) The SW/4 of Section 36 is currently being developed in the Tomahawk-San Andres Pool by the Loveless "LQ" State Well Nos. 4, 6, 7 and 8 located, respectively, in Units K, L, M and N. All of these wells are currently marginal producing wells in the subject pool.

(10) Horizontal drilling within the SW/4 of Section 36 should result in the recovery of a significant volume of oil and gas which will otherwise not be recovered by the existing conventional vertical wellbores, thereby preventing waste.

(11) In the interest of conservation and prevention of waste, the application of Yates Petroleum Corporation for a horizontal directional drilling project should be approved.

(12) According to applicant's evidence, the proposed 100 foot setback from the outer boundary of the project area will allow the flexibility to extend the wellbore the maximum distance.

(13) The project allowable should be based upon the number of standard 40-acre proration units within the project area which are developed or traversed by the horizontal wellbore, or  $(4 \times 80 \text{ BOPD}) = 320 \text{ BOPD}$ .

(14) The applicant should be required to determine the actual location of the kick-off point prior to commencing directional drilling operations. Also, the applicant should be required to conduct a directional survey on the lateral portion of the wellbore during or after completion of drilling operations.

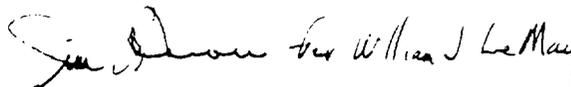
(15) The applicant should notify the supervisor of the Hobbs district office of the Division of the date and time of conductance of any directional surveys in order that the same may be witnessed.

(16) The applicant should be required to submit copies of all directional surveys conducted on the subject well to both the Santa Fe and Hobbs offices of the Division.

(8) 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

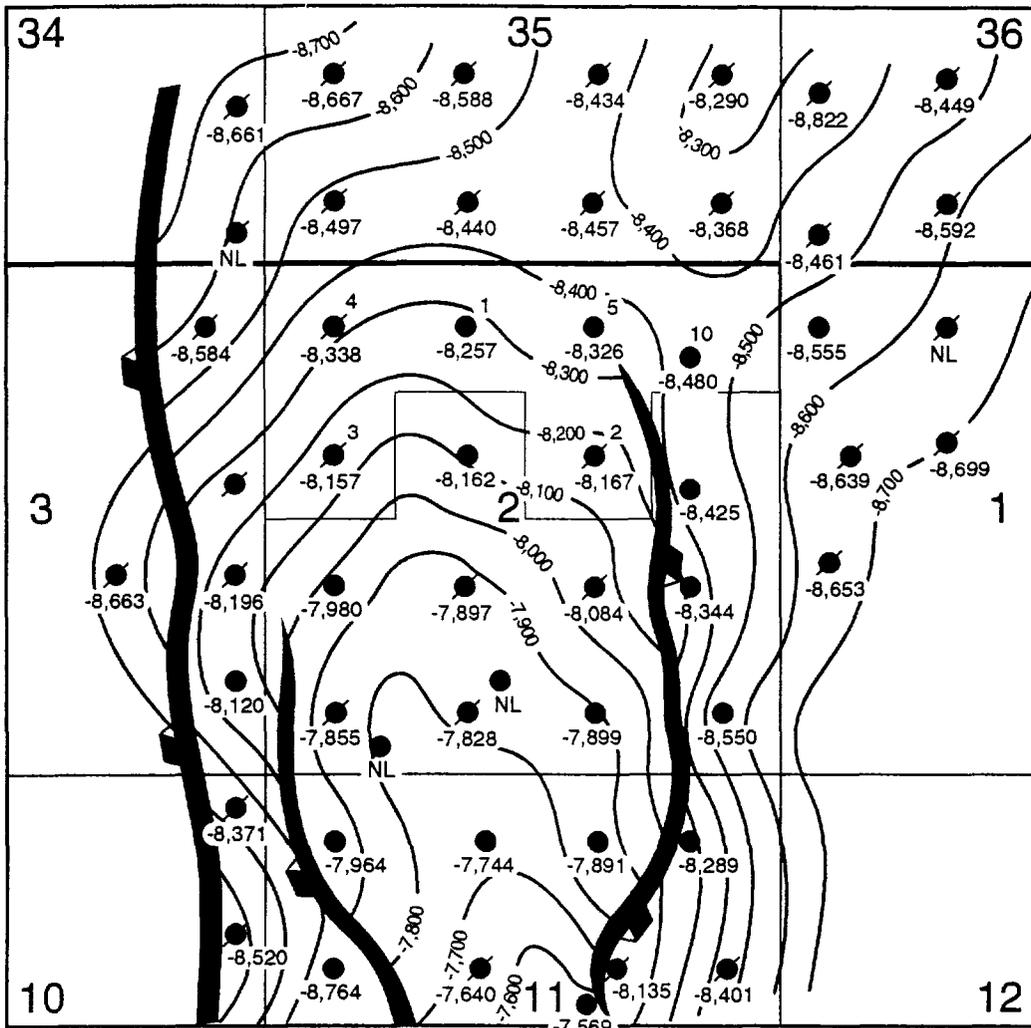
S E A L

BEFORE THE  
OIL CONSERVATION DIVISION  
Santa Fe, New Mexico

Case No. 10878 Exhibit No. 3

Submitted by: Kinlaw Oil Corporation

Hearing Date: December 16, 1993



Scale: 5,280'  
1" = 2,000'

Before The Oil Conservation Division  
Santa Fe, New Mexico

Case No. 10,878

Exhibit No. 4

Submitted by: Kinlaw Oil Corporation

Hearing Date: December 16, 1993

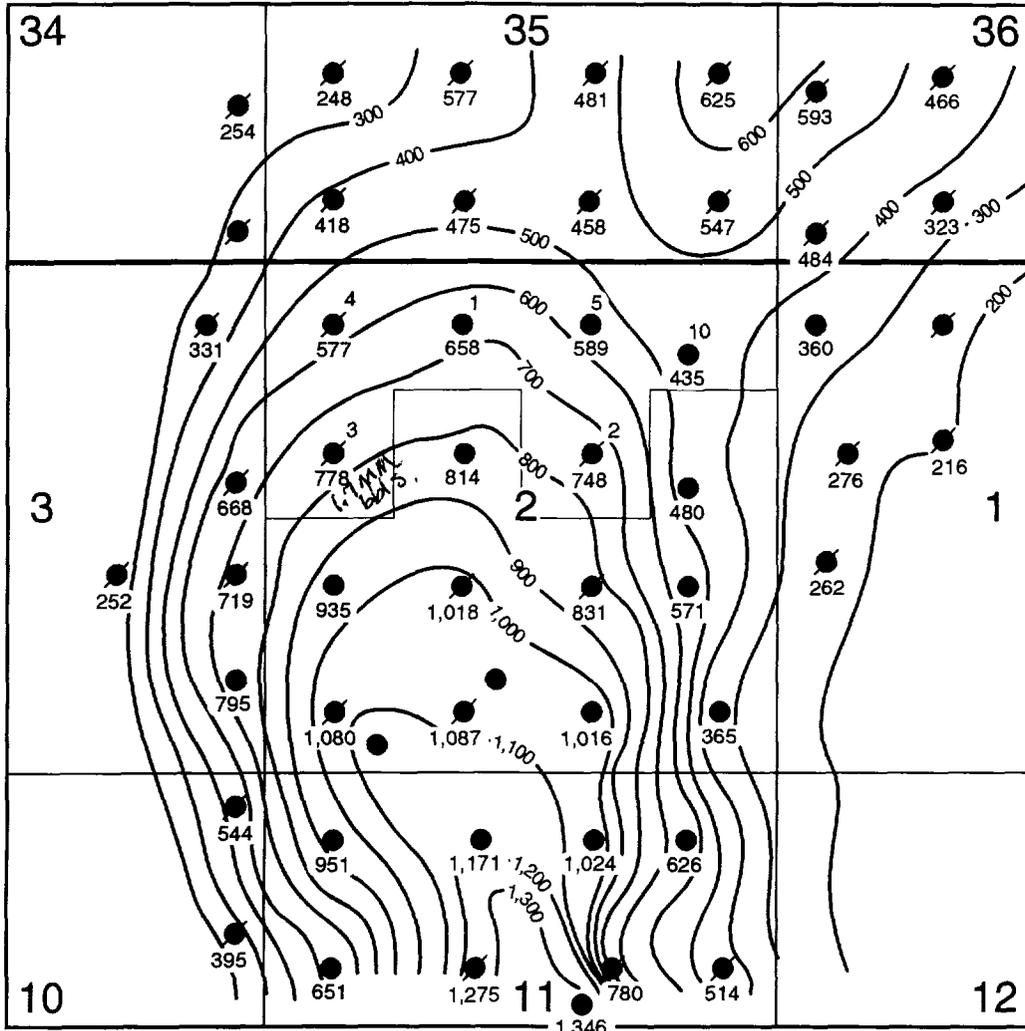
**KINLAW OIL CORPORATION**

**Mexico "F" Wells #1, 3, 5, & 10**

Lea County, New Mexico

Structure Contour – Top Devonian

C.I. 100'



Scale: 5,280'  
1" = 2,000'

Before The Oil Conservation Division  
Santa Fe, New Mexico

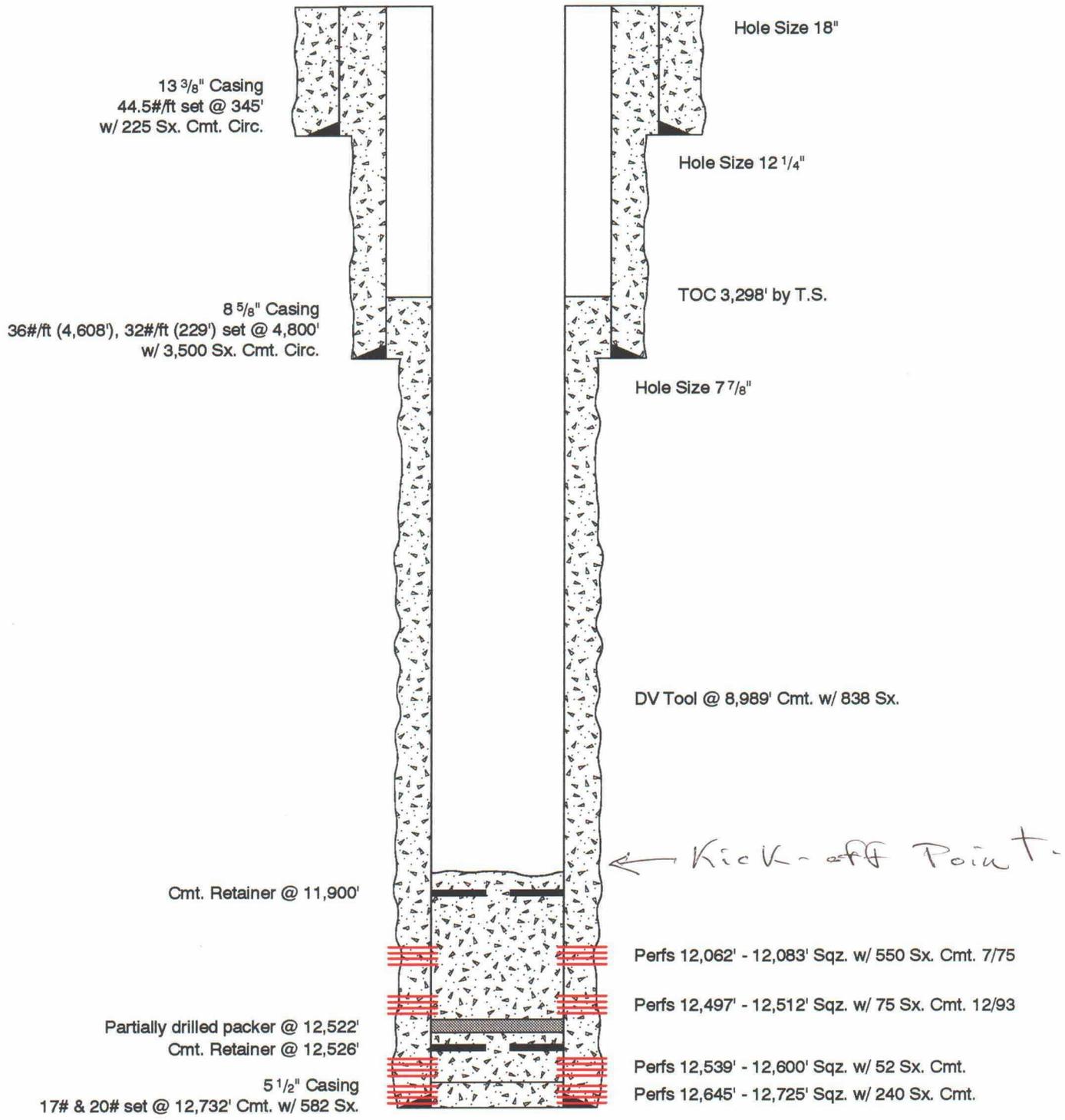
Case No. 10,878  
Exhibit No. 5

Submitted by: Kinlaw Oil Corporation  
Hearing Date: December 16, 1993

**KINLAW OIL CORPORATION**

**Mexico "F" Wells #1, 3, 5, & 10**  
Lea County, New Mexico

**Devonian Net Pay Isopach**  
Above Original Oil/Water Contact  
C.I. 100'



**Before The Oil Conservation Division  
Santa Fe, New Mexico**

Case No. 10,878  
Exhibit No. 6  
Submitted by: Kinlaw Oil Corporation  
Hearing Date: December 16, 1993

**KINLAW OIL CORPORATION**

*sample well 5*  
**Mexico "F" Wells #1, 3, 5, & 10**  
Lea County, New Mexico

**Re-entry Wellbore Diagram**

*how are other similar.*

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  
LEASEWIDE HIGH ANGLE/HORIZONTAL  
DIRECTIONAL DRILLING PILOT PROJECT  
AND FOR THE PROMULGATION OF SPECIAL  
OPERATING RULES THEREFOR,  
LEA COUNTY, NEW MEXICO.

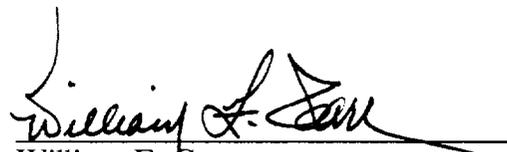
CASE NO. 10878

AFFIDAVIT OF MAILING

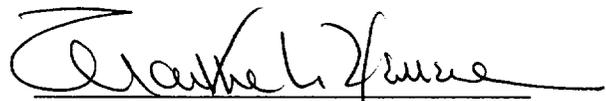
STATE OF NEW MEXICO        )  
  ) ss.  
COUNTY OF SANTA FE        )

WILLIAM F. CARR, attorney in fact and authorized representative of Kinlaw Oil Corporation, the Applicant herein, being first duly sworn, upon oath, states that the notice provisions of Rule 1207 of the New Mexico Oil Conservation Division have been complied with, that Applicant has caused to be conducted a good faith diligent effort to find the correct addresses of all interested persons entitled to receive notice as shown by Exhibit "A" attached hereto, and that pursuant to Rule 1207, notice has been given at the correct addresses provided by such rule.

Further Affiant sayeth naught.

  
William F. Carr

SUBSCRIBED AND SWORN to before me this 15th day of December, 1993.

  
Notary Public

My Commission Expires:

August 19, 1995

**EXHIBIT A**

Devon Energy Corp. (Nevada)  
1500 Mid-America Tower  
20 North Broadway  
Oklahoma City, OK 73102

Cody Energy, Inc.  
Suite 1200  
16825 North Chase  
Houston, TX 77060

Pennzoil Petroleum Co.  
Post Office Box 2967  
Houston, TX 77252

Chevron U.S.A. Inc.  
Post Office Box 1150  
Midland, TX 79702

Polaris Production Corp.  
415 W. Wall, Suite 2010  
Midland, TX 79701

S & J Operating Company  
Box 2249  
Wichita Falls, TX 76307

**BEFORE THE  
OIL CONSERVATION DIVISION  
Santa Fe, New Mexico**

Case No. 10878 Exhibit No. 7

Submitted by: Kinlaw Oil Corporation

Hearing Date: December 16, 1993

CAMPBELL, CARR, BERGE

& SHERIDAN, P.A.

LAWYERS

MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE  
MARK F. SHERIDAN  
WILLIAM P. SLATTERY

PATRICIA A. MATTHEWS  
MICHAEL H. FELDEWERT  
DAVID B. LAWRENZ  
TANYA M. TRUJILLO

JACK M. CAMPBELL  
OF COUNSEL

JEFFERSON PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
TELEPHONE: (505) 988-4421  
TELECOPIER: (505) 983-6043

November 11, 1993

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

Devon Energy Corp. (Nevada)  
1500 Mid-America Tower  
20 North Broadway  
Oklahoma City, OK 73102

Re: Application of Kinlaw Oil Corporation for a Horizontal Directional Drilling  
Pilot Project and Special Operating Rules therefor, Lea County, New Mexico

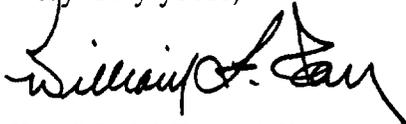
Gentlemen:

This letter is to advise you that Kinlaw Oil Corporation has filed the enclosed application with the New Mexico Oil Conservation Division seeking approval to re-enter and horizontally drill four wells on its Mexico Lease comprised of the N/2 N/2, SW/4 NW/4 and SW/4 NE/4 of Section 2, Township 15 South, Range 37 East, N.M.P.M., in the South Crossroads-Devonian Pool.

This application has been set for hearing before an Examiner of the Oil Conservation Division on December 2, 1993. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear at the hearing and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases have been requested by the Division (Memorandum 2-90) to file a Prehearing Statement substantially in the form prescribed by the Division. Prehearing statements should be filed by 4:00 o'clock p.m. on the Friday before a scheduled hearing.

Very truly yours,



WILLIAM F. CARR  
ATTORNEY FOR KINLAW OIL CORPORATION  
WFC:mlh  
Enc.

**SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.  
 Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check boxes for additional service(s) requested.  
 1.  Show to whom delivered, date, and addressee's address. 2.  Restricted Delivery (Extra charge)

3. Article Addressed to:

Devon Energy Corp. (Nevada)  
 1500 Mid-America Tower  
 20 North Broadway  
 Oklahoma City, OK 73102

4. Article Number

PTLE 017095

Type of Service:  
 Registered  
 Certified  
 Express Mail  
 Insured  
 COD  
 Return Receipt for Merchandise

Always obtain signature of addressee or agent, **not** DATE DELIVERED.

8. Addressee's Address (ONLY if requested and fee paid)

5. Signature - Address

X

6. Signature - Agent

X

7. Date of Delivery

11-15-93

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

P 176 017 095



**Receipt for Certified Mail**

No Insurance Coverage Provided  
 Do not use for International Mail

Devon Energy Corp. (Nevada)  
 1500 Mid-America Tower  
 20 North Broadway  
 Oklahoma City, OK 73102

	\$
Postage	
Registration Fee	
Certification Fee	
Insurance Fee	
Return Receipt Fee	
Signature Required Fee	
Restrictive Delivery Fee	
Other Fees	
Total	\$
NOV 11 1993	

PS Form 3800, June 1991

CAMPBELL, CARR, BERGE

& SHERIDAN, P.A.

LAWYERS

MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE  
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TANYA M. TRUJILLO

JACK M. CAMPBELL  
OF COUNSEL

JEFFERSON PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
TELEPHONE: (505) 988-4421  
TELECOPIER: (505) 983-6043

November 11, 1993

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

Cody Energy, Inc.  
Suite 1200  
16825 North Chase  
Houston, TX 77060

Re: Application of Kinlaw Oil Corporation for a Horizontal Directional Drilling  
Pilot Project and Special Operating Rules therefor, Lea County, New Mexico

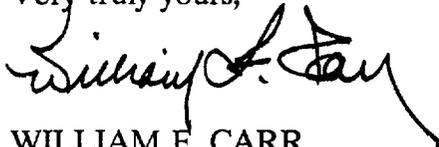
Gentlemen:

This letter is to advise you that Kinlaw Oil Corporation has filed the enclosed application with the New Mexico Oil Conservation Division seeking approval to re-enter and horizontally drill four wells on its Mexico Lease comprised of the N/2 N/2, SW/4 NW/4 and SW/4 NE/4 of Section 2, Township 15 South, Range 37 East, N.M.P.M., in the South Crossroads-Devonian Pool.

This application has been set for hearing before an Examiner of the Oil Conservation Division on December 2, 1993. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear at the hearing and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases have been requested by the Division (Memorandum 2-90) to file a Prehearing Statement substantially in the form prescribed by the Division. Prehearing statements should be filed by 4:00 o'clock p.m. on the Friday before a scheduled hearing.

Very truly yours,



WILLIAM F. CARR  
ATTORNEY FOR KINLAW OIL CORPORATION  
WFC:mlh  
Enc.

**SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check boxes for additional services requested.

1.  Show to whom delivered, date, and addressee's address. **2.  Restricted Delivery** (Extra charge)

3. Article Addressed to:

Cody Energy, Inc.  
Suite 1200  
16825 North Chase  
Houston, TX 77060

4. Article Number

PM 07096

Type of Service:

- Registered
- Certified
- Express Mail
- Insured
- COD
- Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

8. Addressee's Address (ONLY if Registered or Certified)

Signature - Agent

6. Signature - Agent

7. Date of Delivery

PS Form 3811, Mar. 1988

\* U.S.G.P.O. 1988-212-885

DOMESTIC RETURN RECEIPT



Cody Energy, Inc.  
Suite 1200  
16825 North Chase  
Houston, TX 77060

P 176 017 096

Postage	\$							
Insurance								
Registered Mail								
Return Receipt for Merchandise								
Restricted Delivery								
Signature Required								
Postmark of Date								NOV 11 1993

CAMPBELL, CARR, BERGE

& SHERIDAN, P.A.

LAWYERS

MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE  
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JACK M. CAMPBELL  
OF COUNSEL

JEFFERSON PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
TELEPHONE: (505) 988-4421  
TELECOPIER: (505) 983-6043

November 11, 1993

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

Pennzoil Petroleum Co.  
Post Office Box 2967  
Houston, TX 77252

Re: Application of Kinlaw Oil Corporation for a Horizontal Directional Drilling  
Pilot Project and Special Operating Rules therefor, Lea County, New Mexico

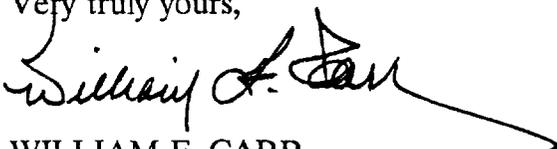
Gentlemen:

This letter is to advise you that Kinlaw Oil Corporation has filed the enclosed application with the New Mexico Oil Conservation Division seeking approval to re-enter and horizontally drill four wells on its Mexico Lease comprised of the N/2 N/2, SW/4 NW/4 and SW/4 NE/4 of Section 2, Township 15 South, Range 37 East, N.M.P.M., in the South Crossroads-Devonian Pool.

This application has been set for hearing before an Examiner of the Oil Conservation Division on December 2, 1993. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear at the hearing and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases have been requested by the Division (Memorandum 2-90) to file a Prehearing Statement substantially in the form prescribed by the Division. Prehearing statements should be filed by 4:00 o'clock p.m. on the Friday before a scheduled hearing.

Very truly yours,



WILLIAM F. CARR  
ATTORNEY FOR KINLAW OIL CORPORATION  
WFC:mlh  
Enc.

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 Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.  
 1.  Show to whom delivered, date, and addressee's address. (Extra charge)  
 2.  Restricted Delivery (Extra charge)

3. Article Addressed to:  
 Pennzoil Petroleum Co.  
 Post Office Box 2967  
 Houston, TX 77252

4. Article Number  
 P176 017 097

Type of Service:  
 Registered  
 Certified  
 Express Mail  
 Insured  
 COD  
 Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

8. Addressee's Address (ONLY if requested and fee paid)

5. Signature - Address  
 X

6. Signature - Agent  
 X

7. Date of Delivery  
 NOV 15 1993

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1989-212-865 DOMESTIC RETURN RECEIPT

P 176 017 097



**Receipt for Certified Mail**  
 No Insurance Coverage Provided

Pennzoil Petroleum Co.  
 Post Office Box 2967  
 Houston, TX 77252

Postage	\$
Registration Fee	
Insurance Fee	
Return Receipt Fee	
Restricted Delivery Fee	
Signature Required Fee	
Signature Required Fee (When the return receipt is addressed to you)	
Postage or Date	\$
NOV 11 1993	

CAMPBELL, CARR, BERGE

& SHERIDAN, P.A.

LAWYERS

MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE  
MARK F. SHERIDAN  
WILLIAM P. SLATTERY

PATRICIA A. MATTHEWS  
MICHAEL H. FELDEWERT  
DAVID B. LAWRENZ  
TANYA M. TRUJILLO

JACK M. CAMPBELL  
OF COUNSEL

JEFFERSON PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
TELEPHONE: (505) 988-4421  
TELECOPIER: (505) 983-6043

November 11, 1993

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

Chevron U.S.A. Inc.  
Post Office Box 1150  
Midland, TX 79702

Re: Application of Kinlaw Oil Corporation for a Horizontal Directional Drilling  
Pilot Project and Special Operating Rules therefor, Lea County, New Mexico

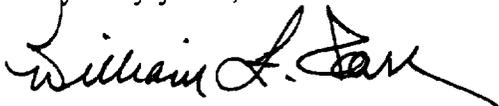
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This application has been set for hearing before an Examiner of the Oil Conservation Division on December 2, 1993. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear at the hearing and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

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Very truly yours,



WILLIAM F. CARR  
ATTORNEY FOR KINLAW OIL CORPORATION

WFC:mlh

Enc.

**SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.  
 Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check boxes for additional service(s) requested.  
 1.  Show to whom delivered, date, and addressee's address. **2.  Restricted Delivery** (Extra charge)

**3. Article Addressed to:**

CHEVRON U.S.A. Inc.  
 Post Office Box 1150  
 Midland, TX 79702

**4. Article Number**  
 P776 017 098

Type of Service:  
 Registered  
 Certified  
 Express Mail  
 Insured  
 COD  
 Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.  
**8. Addressee's Address (ONLY if requested and fee paid)**

**5. Signature - Address**  
 X

**6. Signature - Agent**  
 X

**7. Date of Delivery**  
 NOV 15 1993

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

P 176 017 098  
  
**Receipt for Certified Mail**  
 No Insurance Coverage Provided

Chevron U.S.A. Inc.  
 Post Office Box 1150  
 Midland, TX 79702

Postage	\$
Registration Fee	
Insurance Fee	
Express Mail Fee	
Return Receipt Fee	
Restricted Delivery Fee	
Signature Required Fee	
Postmark or Date	NOV 11 1993

CAMPBELL, CARR, BERGE

& SHERIDAN, P.A.

LAWYERS

MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE  
MARK F. SHERIDAN  
WILLIAM P. SLATTERY

PATRICIA A. MATTHEWS  
MICHAEL H. FELDEWERT  
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TANYA M. TRUJILLO

JACK M. CAMPBELL  
OF COUNSEL

JEFFERSON PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
TELEPHONE: (505) 988-4421  
TELECOPIER: (505) 983-6043

November 11, 1993

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

Polaris Production Corp.  
415 W. Wall, Suite 2010  
Midland, TX 79701

Re: Application of Kinlaw Oil Corporation for a Horizontal Directional Drilling  
Pilot Project and Special Operating Rules therefor, Lea County, New Mexico

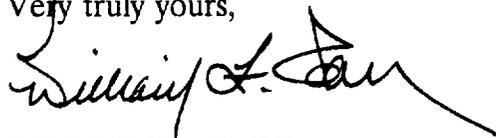
Gentlemen:

This letter is to advise you that Kinlaw Oil Corporation has filed the enclosed application with the New Mexico Oil Conservation Division seeking approval to re-enter and horizontally drill four wells on its Mexico Lease comprised of the N/2 N/2, SW/4 NW/4 and SW/4 NE/4 of Section 2, Township 15 South, Range 37 East, N.M.P.M., in the South Crossroads-Devonian Pool.

This application has been set for hearing before an Examiner of the Oil Conservation Division on December 2, 1993. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear at the hearing and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases have been requested by the Division (Memorandum 2-90) to file a Prehearing Statement substantially in the form prescribed by the Division. Prehearing statements should be filed by 4:00 o'clock p.m. on the Friday before a scheduled hearing.

Very truly yours,



WILLIAM F. CARR  
ATTORNEY FOR KINLAW OIL CORPORATION

WFC:mlh

Enc.

P 176 017 099



**Receipt for Certified Mail**

No Insurance Coverage Provided

Polaris Production Corp.  
415 W. Wall, Suite 2010  
Midland, TX 79701

Postage	\$
Insurance	
Registration	
Postage & Insurance	
Postage	\$
Insurance	
Postage & Insurance	
Postmark or Date	NOV 11 1993

PS Form 3800, June 1991

**SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.**  
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3. Article Addressed to:  
 Polaris Production Corp.  
 415 W. Wall, Suite 2010  
 Midland, TX 79701

4. Article Number  
 P 176 017 099

Type of Service:  
 Registered  Insured  
 Certified  COD  
 Express Mail  Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Address  
 X

6. Signature - Agent  
 X *[Signature]*

7. Date of Delivery  
 11-15-93

8. Addressee's Address (ONLY if requested and fee paid)

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

CAMPBELL, CARR, BERGE

& SHERIDAN, P.A.

LAWYERS

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WILLIAM F. CARR  
BRADFORD C. BERGE  
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SANTA FE, NEW MEXICO 87504-2208  
TELEPHONE: (505) 988-4421  
TELECOPIER: (505) 983-6043

November 11, 1993

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

S & J Operating Company  
Box 2249  
Wichita Falls, TX 76307

Re: Application of Kinlaw Oil Corporation for a Horizontal Directional Drilling  
Pilot Project and Special Operating Rules therefor, Lea County, New Mexico

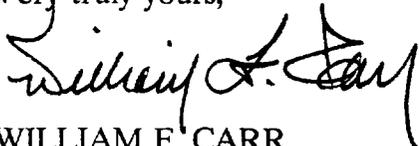
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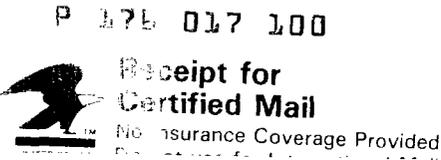
Very truly yours,



WILLIAM F. CARR  
ATTORNEY FOR KINLAW OIL CORPORATION

WFC:mlh

Enc.



S & J Operating Company  
 Box 2249  
 Wichita Falls, TX 76307

Postage	\$
Certified Fee	
Special Services Fee	
Restricted Delivery	
Registered Mail	
Return Receipt for Merchandise	
Return Receipt for Signature	
Return Receipt for Restricted Delivery	
Return Receipt for Registered Mail	
Postmark or Date	NOV 11 1993

PS Form 3800, June 1991

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1.  Show to whom delivered, date, and addressee's address. (Extra charge)  
 2.  Restricted Delivery (Extra charge)

3. Article Addressed to:  
 S & J Operating Company  
 Box 2249  
 Wichita Falls, TX 76307

4. Article Number  
 P17607100

Type of Service:  
 Registered  
 Certified  
 Express Mail  
 Insured  
 COD  
 Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Address  
 X

6. Signature - Agent  
 X *Debra Clark*

7. Date of Delivery  
 NOV 15 1993

8. Addressee's Address (ONLY if requested and fee paid)

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT