

**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. 10808

APPLICATION OF KINLAW OIL CORPORATION
FOR A HIGH ANGLE/HORIZONTAL DIRECTIONAL
DRILLING PILOT PROJECT AND SPECIAL
OPERATING RULES THEREFORE,
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 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 lines (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.

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

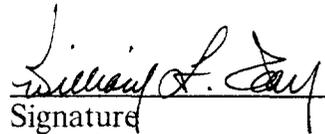
WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
Mike Hill, Geologist	15 Min.	Approximately 4
Dave Phillips, Petroleum Engineer	10 Min.	Approximately 2

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 10809.



Signature