

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. 10806
ORDER NO. R-9989

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

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on August 26, 1993, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 13th day of October, 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, Kinlaw Oil Corporation, seeks authority to initiate a short radius high angle/horizontal directional drilling pilot project in the South Denton-Devonian Pool underlying the NE/4 SE/4 of Section 35 and the NW/4 SW/4 of Section 36, both in Township 15 South, Range 37 East, NMPM, Lea County, New Mexico, thereby creating a non-standard 80-acre oil spacing and proration unit for said pool.

(3) The applicant proposes to re-enter the Bristol Resources Corporation New Mexico "M" Well No. 1 located at a standard surface location 1980 feet from the South line and 660 feet from the West line (Unit L) of said Section 36 in the following unconventional manner:

mill the 7-inch casing from approximately 13,042 feet to 13,092 feet, set a cement plug and kick off from the vertical at a depth of approximately 13,062 feet and drill in a southwesterly direction building angle to approximately 96 degrees, continue drilling horizontally a distance of 500 to 700 feet in the Devonian formation.

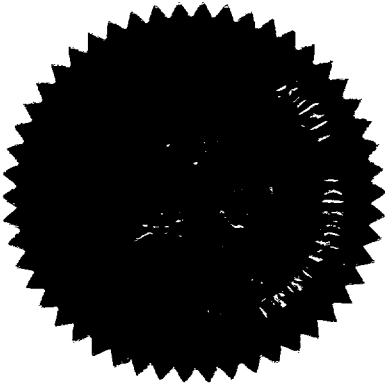
(4) The applicant further seeks the adoption of special operating provisions and rules within said pilot project area including the designation of a target window within said pilot project area such that the horizontal or producing portion of the wellbore shall be no closer than 330 feet to the outer boundary of the proration unit and for a special project oil allowable to be assigned thereto in accordance with Division General Rule 104.H based upon the unit size of 80 acres.

(5) Subsequent to the hearing the applicant requested that this matter be dismissed.

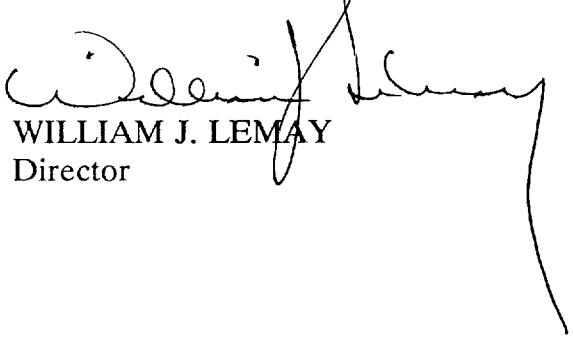
IT IS THEREFORE ORDERED THAT:

Division Case No. 10806 is hereby dismissed.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director