

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. 10878
ORDER NO. R-10044

APPLICATION OF KINLAW OIL CORPORATION FOR A LEASE-WIDE HIGH
ANGLE/HORIZONTAL DIRECTIONAL DRILLING PILOT PROJECT AND FOR
THE PROMULGATION OF SPECIAL OPERATING RULES THEREFOR, LEA
COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on December 16, 1993, at Santa Fe, New Mexico, before Examiner Jim Morrow.

NOW, on this 28th day of December, 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 (Kinlaw), seeks to establish a high angle/horizontal directional drilling pilot project in the Denton-Devonian Pool within its Mexico "F" (State) Lease comprising Lots 1 through 4 (N/2 N/2 equivalent) and the SW/4 NE/4 and SW/4 NW/4 of Section 2, Township 15 South, Range 37 East, NMPM, Denton-Devonian Pool, Lea County, New Mexico.
- (3) The applicant also seeks the promulgation of special operating rules and procedures for wells within said lease including provisions for administrative authorization for high angle/horizontal wellbores, the formation of oversized and irregular shaped spacing and proration units to accommodate such wellbores and the assignment of special oil allowable or formula for the project area.