

(12) A representative for Pennzoil Exploration and Production Company and Cody Energy appeared at the hearing and questioned Kinlaw's witness concerning the crossing of quarter-quarter section lines and the proposed 330 foot set-back from the lease boundary, but did not oppose the application.

(13) No other interest owner appeared at the hearing in opposition to this application.

(14) This application should be approved to prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Kinlaw Oil Corporation, is hereby authorized to initiate a horizontal directional drilling project in the Denton-Devonian Pool on 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, Lea County, New Mexico.

(2) Within the Mexico "F" lease, the applicant is authorized to horizontally drill Well Nos. 1, 3, 5, and 10 at the surface locations shown in Exhibit "A", in a direction and lateral distance determined by the applicant. Drilling procedures consistent with Finding Paragraph Nos. (5) and (6) of this order shall be utilized.

(3) The horizontal wellbores may traverse quarter-quarter section lines within the project area provided that the horizontal or producing portion of each wellbore shall be located no closer than 330 feet from the outer boundary of the Mexico "F" lease.

(4) The applicant shall determine the actual location of 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.