



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

Johnson 5 #14



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

May 19, 1992

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STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

Veteran Exploration, Inc.
7535 East Hampden Avenue
Suite 506
Denver, Colorado 80231

Attention: Robert P. Jacobsen

RECEIVED
MAY 21 1992
OIL CON. DIV.
DIST. 3

Administrative Order DD-66(H)

Dear Mr. Jacobsen:

Under the provisions of the Special Operating Rules and Regulations for the San Isidro (Shallow) Unit as promulgated by Division Order No. R-9330, as amended, Veteran Exploration, Inc. made application to the New Mexico Oil Conservation Division on April 27, 1992 for a highly deviated directional drilled wellbore in the W/2 equivalent of Section 5, Township 20 North, Range 2 West, NMPM, Rio Puerco-Mancos Oil Pool, San Isidro (Shallow) Unit Area, Sandoval County, New Mexico.

Now on this 19th day of May, 1992, the Division Director finds that:

- (1) The application has been duly filed under the provisions of Rules 4 and 8 of said Order No. R-9330, as amended, for administrative authorization to intentionally deviate a well in the San Isidro (Shallow) Unit Area for the purpose of penetrating the Mancos formation by means of a highly deviated wellbore, having a maximum angle off vertical of approximately 70 degrees.
- (2) Lots 3 and 4, S/2 NW/4, and SW/4 (W/2 equivalent) of said Section 5 should be dedicated to said well to form a non-standard 298.25-acre oil spacing and proration unit.
- (3) Said spacing unit is within the applicant's San Isidro (Shallow) Unit Area and therefore, has no offset operators other than themselves.
- (4) The applicant has satisfactorily met all requirements prescribed in said Rules 4 and 8.

(5) The subject application should be approved and the well and unit should be governed by the provisions of Special Operating Rules and Regulations for the San Isidro (Shallow) Unit as promulgated by said Order No. R-9330, as amended.

IT IS THEREFORE ORDERED THAT:

(1) Veteran Exploration, Inc. is hereby authorized to initiate a highly deviated directional drilling project in the W/2 equivalent of Section 5, Township 20 North, Range 2 West, NMPM, Rio Puerco-Mancos Oil Pool, San Isidro (Shallow) Unit Area, Sandoval County, New Mexico, thereby forming a 298.25-acre oil spacing and proration unit, by commencing at a non-standard surface oil well location 501 feet from the South line and 1620 feet from the West line (Unit N) of said Section 5, drill to a true vertical depth of approximately 3850 feet and kick-off with a medium radius curve in a northerly direction, build to an angle of approximately 70 degrees and continue drilling at said angle through the Rio Puerco-Mancos Oil Pool to a true vertical depth of approximately 4559 feet with a terminus point for said horizontal wellbore at approximately 2501 feet from the South line and 1620 feet from the West line of said Section 5.

PROVIDED HOWEVER THAT: Prior to directional drilling, the operator shall determine the subsurface location of the kick-off point; and,

PROVIDED HOWEVER THAT: Subsequent to the above-described directional drilling, a survey shall be made of the wellborne from total depth to kick-off point. The operator shall forward a copy of the survey report directionally to the Santa Fe Office and to the Aztec District Office of the Division.

(1) The operator shall notify the Division's Aztec District Office of the date and time said survey is to be commenced.

(2) Form C-105 shall be filed in accordance with Division Rule 1105 and the operator shall indicate thereon true vertical depth (TVD) in addition to measured depths (MVD).

(3) An appropriate allowable shall be assigned said non-standard proration unit in accordance with Rule 5 of said Order R-9330, as amended.

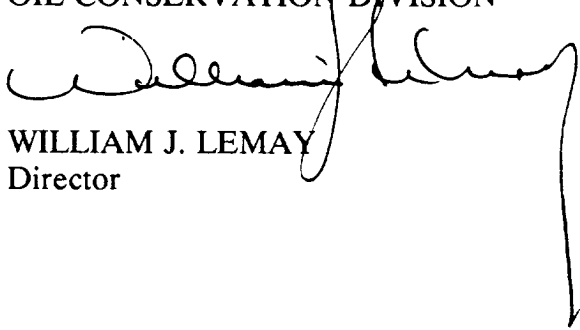
(4) The applicant shall operate said well and unit and conduct said directional drilling operations in accordance with the Special Operating Rules and Regulations for the San Isidro (Shallow) Unit as promulgated by the Division Order No. R-9330, as amended.

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(5) Jurisdiction of this cause is 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

cc: Oil Conservation Division - Aztec ✓
U.S. BLM - Farmington
File: Case No. 10100