

OIL CONSERVATION DIVISION

HINKLE, COX, EATON, COFFIELD & HENSLEY

LEWIS C. COX
PAUL W. EATON
CONRAD E. COFFIELD
HAROLD L. HENSLEY, JR.
STUART D. SHANOR
ERIC D. LANPHERE
C. D. MARTIN
PAUL J. KELLY, JR.
MARSHALL G. MARTIN
OWEN M. LOPEZ
DOUGLAS L. LUNSFORD
JOHN J. KELLY
T. CALDER EZZELL, JR.
WILLIAM B. BURFORD*
RICHARD E. OLSON
RICHARD R. WILFONG*
THOMAS J. MCBRIDE
STEVEN D. ARNOLD
JAMES J. WECHSLER
NANCY S. CUSACK
JEFFREY L. FORNACIARI
JEFFREY D. HEWETT
JAMES BRUCE
JERRY F. SHACKELFORD*
JEFFREY W. HELLBERG*
ALBERT L. PITTS
THOMAS M. HNASKO
JOHN C. CHAMBERS*
MICHAEL A. GROSS
THOMAS D. HAINES, JR.

FRANKLIN H. MCCALLUM
GREGORY J. NIBERT
DAVID T. MARKETTE*
MARK C. DOW
KAREN M. RICHARDSON*
FRED W. SCHWENDIMANN
JAMES M. HUDSON
STANLEY K. KOTOVSKY, JR.
BETTY H. LITTLE*
JEFFREY S. BAIRD*
RUTH S. MUSGRAVE
HOWARD R. THOMAS
PATRICIA A. WATTS
MACDONNELL GORDON
REBECCA NICHOLS JOHNSON
WILLIAM P. JOHNSON
ELLEN S. CASEY
S. BARRY PAISNER
MARGARET CARTER LUDEWIG
MARTIN MEYERS
GREGORY S. WHEELER
ANDREW J. CLOUTIER
JAMES A. GILLESPIE
GARY W. LARSON
STEPHANIE LANDRY
JOHN R. KULSETH, JR.
LISA K. SMITH*

191 JUN 20 AM 9 08

ATTORNEYS AT LAW
500 MARQUETTE N.W., SUITE 800
ALBUQUERQUE, NEW MEXICO 87102-2121
(505) 768-1500
FAX (505) 768-1529

OF COUNSEL
O. M. CALHOUN*
MACK EASLEY
JOE W. WOOD
RICHARD S. MORRIS
CLARENCE E. HINKLE (904-1985)
W. E. BONDURANT, JR. (913-1973)
ROY C. SNOODGRASS, JR. (914-1987)

June 19, 1991

700 UNITED BANK PLAZA
POST OFFICE BOX 10
ROSWELL, NEW MEXICO 88202
(505) 622-6510
FAX (505) 623-9332

2800 CLAYDESTA NATIONAL BANK BUILDING
POST OFFICE BOX 3580
MIDLAND, TEXAS 79702
(915) 683-4691
FAX (915) 683-6518

1700 TEAM BANK BUILDING
POST OFFICE BOX 9238
AMARILLO, TEXAS 79105
(806) 372-5569
FAX (806) 372-9761

218 MONTEZUMA
POST OFFICE BOX 2068
SANTA FE, NEW MEXICO 87504
(505) 982-4554
FAX (505) 982-8623

*NOT LICENSED IN NEW MEXICO

VIA TELECOPY

Mr. Michael E. Stogner
Mr. Robert G. Stovall
New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504
Telecopy No. (505) 827-5741

Re: Case No. 10,332; Application of Veteran Exploration, Inc.

Dear Gentlemen:

The above application requests permission to drill horizontally from the NW $\frac{1}{4}$ of Section 7 to the W $\frac{1}{2}$ of Section 6 (all in 20 North-2 West). The W $\frac{1}{2}$ of Section 7 and the W $\frac{1}{2}$ of Section 6 will be dedicated to the well.

At the hearing in this matter on June 13, 1991, you requested clarification on the following matter:

1. Johnson 6-16 Well Unit: We examined the OCD's well file, and the 6-16 well has the E $\frac{1}{2}$ of Section 6 dedicated to it. Therefore, there are no "overlapping" spacing units.

2. Current Unit Boundaries: There was a discrepancy between the San Isidro (Shallow) Unit Boundaries as shown on Exhibit No. 1 and on Exhibit B at the hearing. The Exhibit No. 1 boundaries are the correct boundaries. We will be submitting an affidavit from the Applicant so stating, in the form attached. As the witness testified, there have been negotiations between various lessees to contract the unit, which is the reason for the confusion. If there is a contraction in unit boundaries, the OCD will be promptly notified.

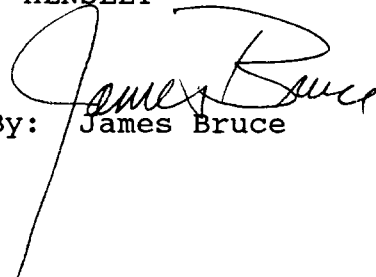
Please let me know if you would like further information regarding these issues. If not, we urge you to approve this Application in the interests of conservation and prevention of

Mr. Michael E. Stogner
Mr. Robert G. Stovall
June 19, 1991
Page 2

waste. As can be seen from Applicant Exhibits B and D, drilling across section lines is necessary to be near the point of "maximum flexure," which is where the only commercial wells in the unit are located. A copy of Exhibit B, with the information from Exhibit D superimposed on it, is attached hereto.

Very truly yours,

HINKLE, COX, EATON, COFFIELD &
HENSLEY


By: James Bruce

JB:le

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF VETERAN EXPLORATION,
INC. FOR A NON-STANDARD OIL PRORATION
UNIT, ETC., SANDOVAL COUNTY, NEW
MEXICO.

Case No. 10,332

AFFIDAVIT

STATE OF COLORADO)
)ss.
CITY AND COUNTY OF DENVER)

Robert P. Jacobsen, being duly sworn upon his oath,
deposes and states:

1. I am over 18 years of age and have personal knowledge of the matters stated herein.
2. I am the president of Veteran Exploration, Inc., and am familiar with land matters pertaining to the San Isidro (Shallow) Unit ("the Unit").
3. The Unit boundaries described in Exhibit No. 1 of OCD Case No. 10099 (attached hereto) are the current Unit boundaries. The Unit area has not been contracted.
4. The W $\frac{1}{2}$ of Section 6 and the W $\frac{1}{2}$ of Section 7, Township 20 North, Range 2 West, are covered by one lease (United States Oil and Gas Lease NM 44453) which has uniform royalty, overriding royalty, and working interest ownership.

Robert P. Jacobsen

Subscribed and sworn to before me this ____ day of June,
1991, by Robert P. Jacobsen.

Notary Public

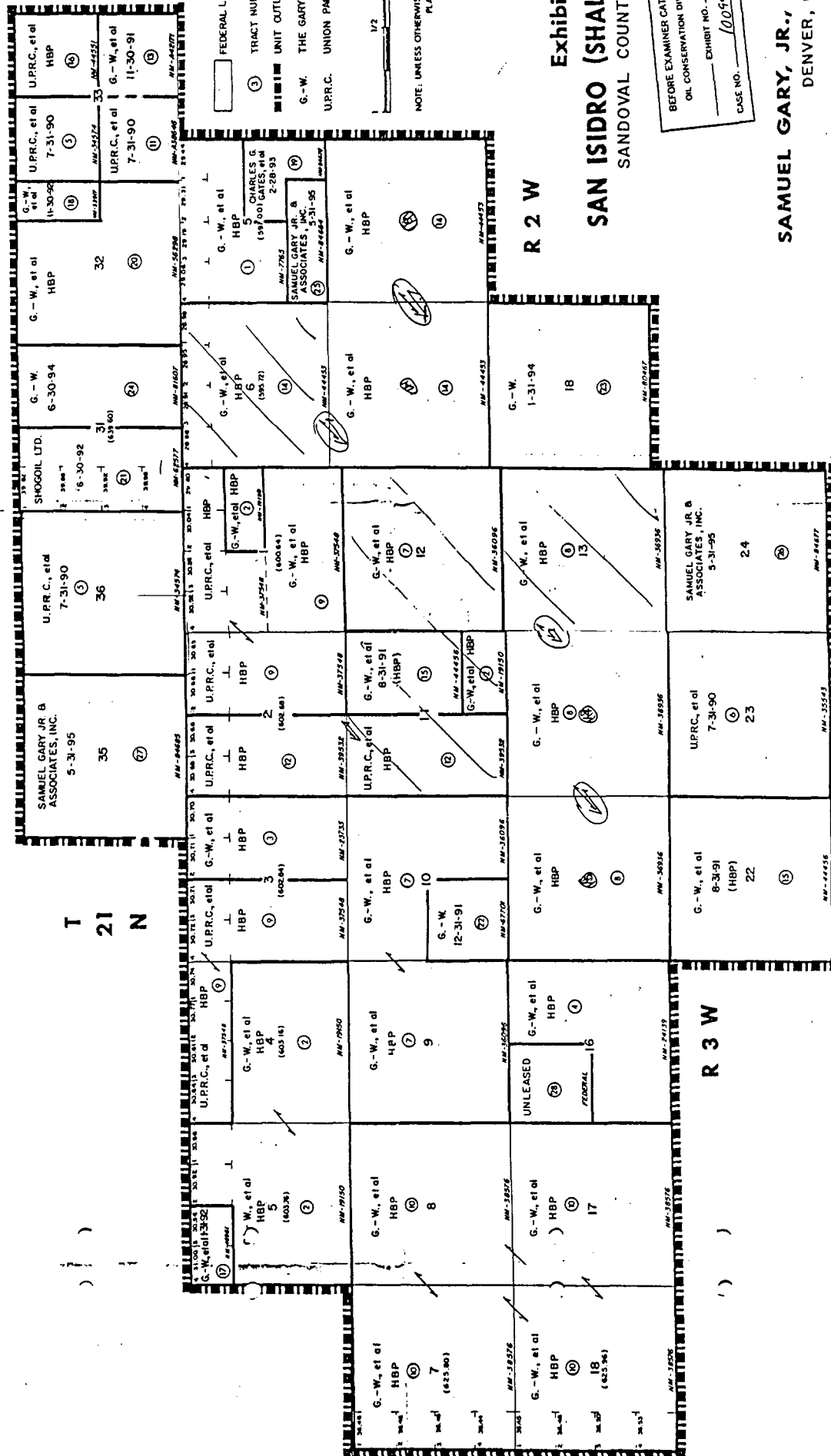
My Commission Expires:

R 3 W

R 2 W

T 21 N

T 21 N



ACREAGE
18,897.16
100.00%

FEDERAL LANDS

TRACT NUMBER

UNIT OUTLINE

G. W. THE GARY WILLIAMS COMPANY

UPRC. UNION PACIFIC RESOURCES COMPANY

SCALE IN MILES

NOTE: UNLESS OTHERWISE INDICATED, THE VARIOUS SECTIONS ON THIS PLAT CONTAIN 640.00 ACRES.

T 20 N

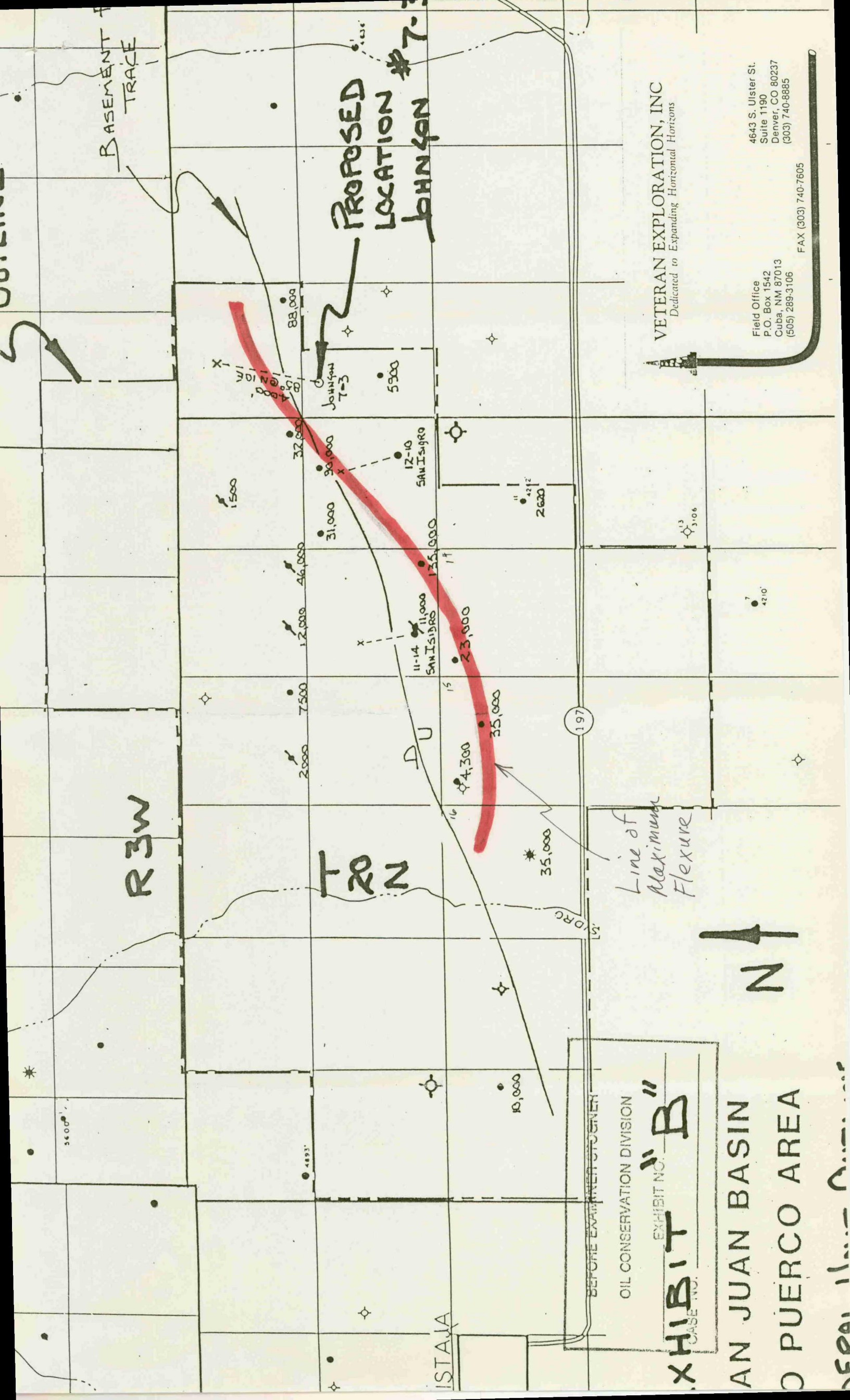
R 2 W

Exhibit "A"

SAN ISIDRO (SHALLOW) UNIT AREA
SANDOVAL COUNTY, NEW MEXICO

BEFORE EXAMINER CATANACH
OIL CONSERVATION DIVISION
CASE NO. 10054
EXHIBIT NO. 1

SAMUEL GARY, JR., & ASSOCIATES, INC.
DENVER, COLORADO



BASEMENT
TRACE

PROPOSED
LOCATION
JOHN 7-3

R3W

T2N

DU

ISTAJA

Line of
Maximum
Flexure

N ↑

BEFORE EXAMINED TO BE GIVEN

OIL CONSERVATION DIVISION

EXHIBIT "B"
CASE NO.

SAN JUAN BASIN
PUERTO RICO AREA

VETERAN EXPLORATION, INC
Dedicated to Expanding Horizontal Horizons

Field Office
P.O. Box 1542
Cuba, NM 87013
(505) 289-3106

4643 S. Ulster St.
Suite 1190
Denver, CO 80237
(303) 740-8885

FAX (303) 740-7605