



BRUCE KING
GOVERNOR

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

For BH Survey
6/1/91
(2)

October 10, 1991

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

Veteran Exploration, Inc.
7535 East Hampden Avenue
Suite 506
Denver, Colorado 80231
Attn: Phillip F. Grey

RECEIVED
OCT 10 1991
OIL CON. DIV.
DIST.

Administrative Order DD-63(H)
Highly Deviated Well Bore

Dear Sir:

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 September 10, 1991 for a highly deviated directional drilled wellbore in Section 15, Township 20 North, Range 3 West, NMPM, Rio Puerco-Mancos Oil Pool, San Isidro (Shallow) Unit Area, Sandoval County, New Mexico.

Now on this 9th day of October, 1991, the Division Director finds that:

(1) The application has been duly filed under the provisions of Rules 2 and 8 of said Order No. R-9330, as amended, for administrative authorization to intentionally deviate its San Isidro "15" Well No. 7 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 85 degrees.

(2) All of said Section 15 should be dedicated to said well to form a non-standard 640-acre oil spacing and proration unit.

(3) There is currently one producing Rio Puerco Mancos Oil well in said Section 12:

- a) the Veteran Exploration, Inc. San Isidro "15" Well No. 4 located 660 feet from the North line and 990 from the West line (Unit D) of said Section 15.

(4) The applicant shall abide by the provisions of Rule 10 as it concerns the simultaneous dedication of two wells on the subject 640-acre oil spacing unit.

(5) Said spacing unit is within the applicant's San Isidro (Shallow) Unit Area and therefore, has no offset operators other than themselves.

(6) Having reviewed the sparse application submitted by Veteran Exploration, supplemented by OCD records in Santa Fe and Aztec, all requirements prescribed in said Rules 2 and 8 have been met.

(7) 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 Section 15, Township 20 North, Range 3 West, Rio Puerco Mancos Oil Pool, San Isidro (Shallow) Unit Area, Sandoval County, New Mexico, thereby forming a 640-acre oil spacing and proration unit, by recompleting its San Isidro "15" Well No. 7 located at a standard oil well location 1650 feet from the North line and 1980 feet from the East Line (Unit G) of said Section 15, drill to a true vertical depth of approximately 3675 feet and kick-off with a medium radius curve in a southwesterly direction, build to angle of approximately 85 degrees and continue drilling horizontally through the Rio Puerco Mancos Oil Pool for approximately 3200 feet.

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.

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

(3) 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).

(4) The applicant shall comply with the terms of Rule 10 of said Order R-9330, as amended with respect to two wells within the 640-acre spacing unit.

(5) The applicant shall operate both wells in said 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.

(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

SEAL

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