

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF VETERAN EXPLORATION,
INC. FOR THE DRILLING OF A
HORIZONTAL WELL CROSSING A SECTION
LINE, AND FOR A SPACING AND PRORATION
UNIT COVERING LAND IN TWO SECTIONS,
WITHIN THE SAN ISIDRO (SHALLOW) UNIT,
SANDOVAL COUNTY, NEW MEXICO.

No. 10332

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MAY 9 1991

APPLICATION

OIL CONSERVATION DIVISION

Applicant Veteran Exploration, Inc. hereby applies for approval of a horizontal or high angle directionally drilled well with the San Isidro (Shallow) Unit ("the Unit") which crosses section lines, and for a spacing and proration unit which covers land in two sections, and in support thereof states:

1. Applicant is a working interest owner in, and the operator of, the Unit, which covers 18,897.16 acres in Sandoval County, New Mexico, all of which are federal minerals. One hundred percent of working interests in the Unit are committed to the Unit, and the Bureau of Land Management has approved the Unit.

2. Applicant seeks approval to directionally drill a horizontal/high angle well for the Johnson 7-3 Well, with a surface location 660 feet from the North line and 1452 feet from the West line of Section 7, Township 20 North, Range 2 West, N.M.P.M.

3. The above well will be drilled vertically to an approximate depth of 3,500 feet, at which point it will kick-off in a north-northeasterly direction, build angle and

drill horizontally or at a high angle in the Mancos formation (Rio Puerco-Mancos Oil Pool). The horizontal portion of the wellbore will be approximately 4,000 feet long. The anticipated end point of the horizontal wellbore will be at a location approximately 2112 feet from the West line and 1452 feet from the North line of Section 6.

4. The horizontal portion of the wellbore will be located in Sections 6 and 7, Township 20 North, Range 2 West, and Applicant requests permission to dedicate the $W\frac{1}{2}$ of Section 6 and the $W\frac{1}{2}$ of Section 7 to the well.

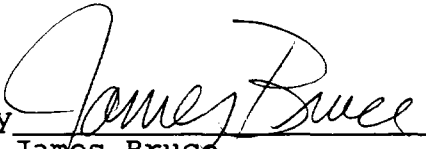
5. The matters requested herein by Applicant are in the interests of conservation, the prevention of waste, and the protection of correlative rights.

WHEREFORE, Applicant requests that the above relief be granted.

Respectfully Submitted,

HINKLE, COX, EATON, COFFIELD &
HENSLEY

By


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