



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury

Cabinet Secretary

June 15, 2000

Lori Wrotenbery

Director

Oil Conservation Division

**Arch Petroleum, Inc.
c/o James Bruce
P. O. Box 1056
Santa Fe, New Mexico 87504**

Telefax No. (505) 982-2151

Administrative Order NSL-4467

Dear Mr. Bruce:

Reference is made to the following: (i) your application on behalf of the operator, Arch Petroleum, Inc. ("Arch"), submitted to the New Mexico Oil Conservation Division ("Division") on May 26, 2000; and (ii) the Division's records in Santa Fe, including the file in Division Administrative Order NSL-4449: all concerning Arch's request to drill its proposed C. E. Lamunyon Well No. 71 at an unorthodox oil well location within the Teague-Simpson Pool 2310 feet from the North line and 1310 feet from the West line (Unit E) of Section 27, Township 23 South, Range 37 East, NMPM, Lea County, New Mexico.

The SW/4 NW/4 (Unit E) of Section 27 is to be dedicated to this well in order to form a standard 40-acre oil spacing and proration unit.

This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

It is the Division's understanding that the NW/4 and the S/2 of Section 22 and the N/2 of Section 27, Township 23 South, Range 37 East, NMPM, Lea County, New Mexico is a single Federal lease (United States Government Lease No. LC-030187) in which Arch is the leasehold operator; therefore, there are no effected offsets to the subject 40-acre tract other than Arch. It is further understood that the proposed location is of equidistance between two previously producing Teague-Simpson oil wells in the SW/4 NW/4 (Unit E) of Section 27 and the SE/4 NW/4 (Unit F) of Section 27 [(i) Arch's C. E. Lamunyon Well No. 12 (API No. **30-025-10856**) located at a standard oil well location 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 27; and (ii) the plugged and abandoned Chevron U.S.A., Inc.'s C. E. Lamunyon Well No. 13 (API No. **30-025-10857**), located at a standard oil well location 1980 feet from the North and West lines (Unit F) of Section 27].

The proposed C. E. Lamunyon Well No. 71 is at the optimum location to test for remaining oil reserves within these two standard 40-acre tracts that comprise the S/2 NW/4 of Section 27, and, if successful, will allow the operator to drain production from the lease that

Administrative Order NSL-4467

Arch Petroleum, Inc.

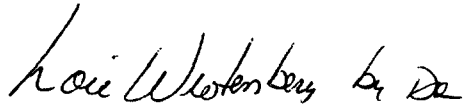
June 15, 2000

Page 2

would not otherwise be drained, thereby preventing waste.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox oil well location is hereby approved.

Sincerely,

A handwritten signature in cursive script, appearing to read "Lori Wrotenbery".

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
File: NSL-4449