

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]
 [A] Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☒ NSP ☐ SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM
 [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR
 [D] Other: Specify _____

2005 OCT 31 PM 4 21

- [2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply
 [A] ☐ Working, Royalty or Overriding Royalty Interest Owners
 [B] ☒ Offset Operators, Leaseholders or Surface Owner
 [C] ☐ Application is One Which Requires Published Legal Notice
 [D] ☐ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
 [E] ☒ For all of the above, Proof of Notification or Publication is Attached, and/or,
 [F] ☐ Waivers are Attached

- [3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

James Bruce
 Print or Type Name

Signature

Attorney for applicant
 Title

Date

jamesbruc@aol.com
 e-mail Address

10/31/05

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)
(505) 660-6612 (Cell)
(505) 982-2151 (Fax)

jamesbruc@aol.com

October 31, 2005

Michael E. Stogner
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Dear Mr. Stogner:

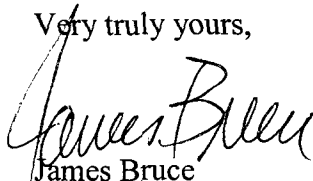
Arch Petroleum Inc. requests approval of a non-standard gas spacing and proration unit in the Jalmat Gas Pool for the following well:

<u>Well:</u>	C.E. LaMunyon Fed. Well No. 3	<u>30-025-10815</u>
<u>Well Location:</u>	1980 feet FNL & FWL	
<u>Well Unit:</u>	NW¼ §21-23S-37E, NMPM, Lea County, New Mexico	

A non-standard Jalmat Gas Pool well unit comprising the NW¼ §21 was approved by Division Order No. R-12273, a copy of which is attached as Exhibit A. The well unit was to be dedicated to the existing C.E. LaMunyon Fed. Well No. 2, located 1980 feet FNL & 660 feet FWL §21, which was to be recompleted uphole from the Langlie-Mattix Pool. The recompletion was not successful, and applicant requests that the previously approved non-standard unit be dedicated to the existing C.E. Lamunyon Fed. Well No. 3, to be recompleted in the Jalmat Gas Pool.

A land plat is attached as Exhibit B. All offsetting operators, and mineral interest owners in acreage in which applicant is operator, have been notified of this application, as shown by Exhibit C.

Very truly yours,


James Bruce

Attorney for Arch Petroleum Inc.

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

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:**

**CASE NO. 13275
ORDER NO. R-12273**

**APPLICATION OF ARCH PETROLEUM, INC. FOR A NON-STANDARD GAS
SPACING UNIT IN THE JALMAT GAS POOL, LEA COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on May 27, 2004, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 14th day of January, 2005, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given, and the Division has jurisdiction of this case and its subject matter.

(2) At the hearing, this case was consolidated with Division Case No. 13274 for the purpose of testimony.

(3) The applicant, Arch Petroleum, Inc. ("Arch"), seeks to establish a non-standard 160-acre gas spacing unit within the Jalmat Gas Pool (79240) comprising the NW/4 of Section 21, Township 23 South, Range 37 East, NMPM, Lea County, New Mexico. This unit is to be dedicated to Arch's existing La Munyon Federal Well No. 2 (API No. 30-025-10814), to be recompleted up-hole from the Langlie-Mattix (Seven Rivers-Queen-Grayburg) Pool (37240) to the Jalmat Gas Pool located at a standard gas well location 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 21.

(4) Fulfer Oil and Cattle Company, LLC ("Fulfer"), an offset operator, appeared at the hearing but offered no opposing testimony to this application.



(5) All of Section 21, Township 23 South, Range 37 East, NMPM, Lea County, New Mexico, is within the Jalmat Gas Pool and is therefore subject to the "Special Pool Rules for the Jalmat Gas Pool" as promulgated by Division Order No. R-8170-P, issued in Case No. 12563 on December 14, 2001. The rules that govern gas wells within the Jalmat Gas Pool are summarized as follows:

- (a) a gas well in the Jalmat Gas Pool shall be a well producing from the vertical limits of the pool with a gas-liquid ratio in excess of 100,000 cubic feet of gas per barrel of oil;
- (b) a standard gas spacing unit in the Jalmat Gas Pool shall be 640 acres and shall comprise a single governmental section;
- (c) a gas well in the Jalmat Gas Pool shall be located no closer than: (i) 660 feet to any outer boundary of its assigned gas spacing unit; (ii) 660 feet to any governmental quarter section line; and (iii) 330 feet to any governmental quarter-quarter section line or subdivision inner boundary; and
- (d) for any gas spacing unit, either standard or otherwise, the number of wells allowed shall be limited to no more than one well per 160-acre quarter section.

(6) The NW/4 of Section 21 comprises a single Federal lease with common mineral interests (working, royalty, and overriding royalty) in which Arch is the leasehold operator.

(7) The evidence presented in this case demonstrates that:

- (a) it is likely that the Jalmat Gas Pool will be productive within the NW/4 of Section 21;
- (b) development of the Jalmat Gas Pool on effective 160-acre spacing units rather than on a standard 640-acre unit basis is a common practice in this pool; and

- (c) development of the Jalmat Gas Pool on a lease basis has historically been a common practice within this pool.

(8) Fulfer presented no geologic or engineering evidence to demonstrate that its correlative rights would be harmed by the approval of Arch's application in this case.

(9) In addition, Arch provided notice of its application to form its proposed non-standard unit to all working and royalty interest owners in Section 21. No other interested party other than Fulfer appeared at the hearing in opposition to this application.

(10) Approval of this application will afford the applicant the opportunity to produce its just and equitable share of gas in the pool, and will otherwise prevent waste and protect correlative rights.

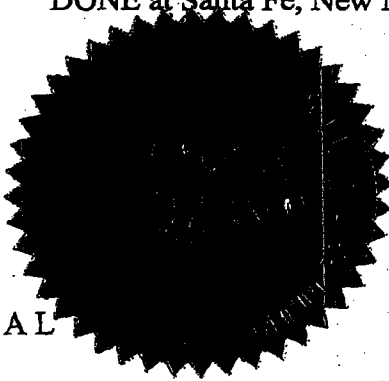
IT IS THEREFORE ORDERED THAT:

(1) The application of Arch Petroleum, Inc. ("Arch") to establish a non-standard 160-acre gas spacing unit within the Jalmat Gas Pool (79240) comprising the NW/4 of Section 21, Township 23 South, Range 37 East, NMPM, Lea County, New Mexico is hereby approved.

(2) This unit is to be dedicated to Arch's La Munyon Federal Well No. 2 (API No. 30-025-10814) located at a standard gas well location 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 21.

(3) Jurisdiction is hereby 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.

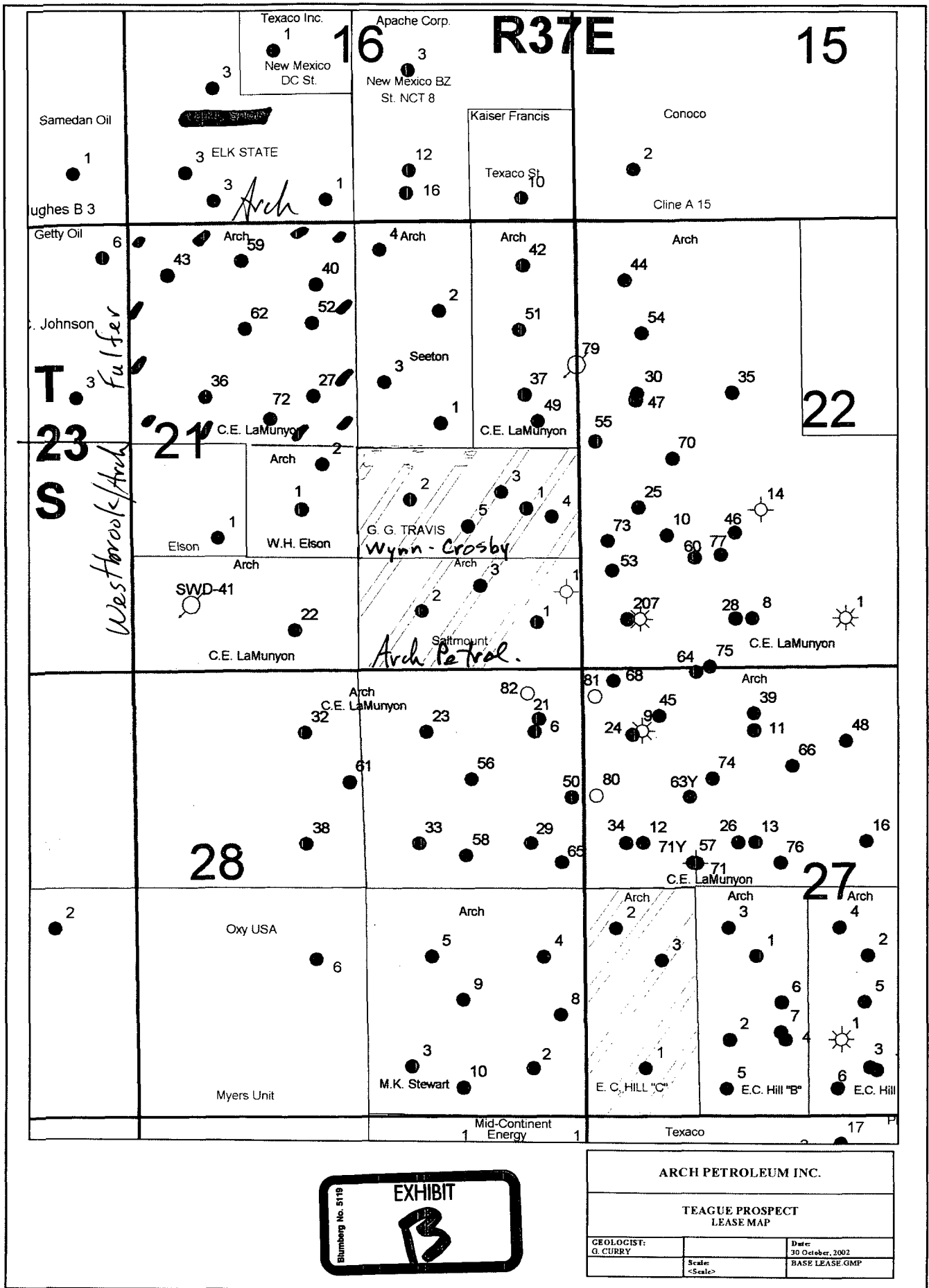


SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Handwritten signature of Mark E. Fesmire.

MARK E. FESMIRE, PE
Director



JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)
(505) 660-6612 (Cell)
(505) 982-2151 (Fax)

jamesbruc@aol.com

October 31, 2005

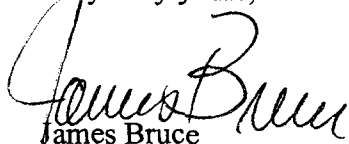
CERTIFIED MAIL - RETURN RECEIPT REQUESTED

To: Operators or mineral interest owners offsetting the NW¼ §21-23S-37E, NMPPM, Lea County, New Mexico

Ladies and gentlemen:

Enclosed is a copy of an application to amend a previously approved non-standard gas spacing and proration unit in the Jalmat Gas Pool, filed with the New Mexico Oil Conservation Division by Arch Petroleum Inc., regarding the above acreage. If you object to the application, you must notify the Division in writing within 20 days from the date of this letter, at the Division's offices at 1220 South St. Francis Drive, Santa Fe, New Mexico 87505. Failure to object will preclude you from contesting this matter at a later date.

Very truly yours,


James Bruce

Attorney for Arch Petroleum Inc.



OFFSET INTEREST OWNERS

BP America Production Company
P.O. Box 3092
Houston, Texas 77253

Fulfer Oil & Gas Company
P.O. Box 578
Jal, NM 88252

ChevronTexaco
15 Smith Road
Midland, TX 79705

Apache Corporation
Two Warren Place
Suite 1500
6120 South Yale
Tulsa, OK 74136

Attention: Mario R. Moreno, Jr.

Pure Energy Group, Inc.
Suite 220
153 Treeline Park
San Antonio, TX 78209

Chisos, Ltd.
670 Dona Ana Road S.W.
Deming, NM 88030

Occidental Permian, Ltd.
P.O. Box 4294
Houston, TX 77210

Ross Travis
P.O. Box 1202
Ojai, CA 93024

Lawrence I. Travis
424 Lombard Avenue
Pacific Palisades, CA 90272

Carole A. Travis, Trustee
P.O. Box 2870
Jackson, WY 83001

George G. Travis Trust
1712 Palisades Drive
Pacific Palisades, CA 90272

Robert Miles Travis
P.O. Box 25156
Seattle, WA 98125

Cissy R. Travis, Trustee
135 Coral Cay Drive
Palm Beach Gardens, FL 33418

Elson Oil Company
Suite 1404
20 East 5th Street
Tulsa, OK 74103

Frank Seeton
1815 Union Drive
Lakewood, CO 80215

The Long Trusts
P.O. Box 3096
Kilgore, TX 75663

Tom R. Cone
P.O. Box 778
Jay, OK 74346

Kenneth G. Cone
Kenneth G. Cone, Trustee
P.O. Box 11310
Midland, TX 79702

Cathie Cone McCown
Cathie Cone McCown, Trustee
P.O. Box 507
Dripping Springs, TX 78620

Randy Lee Cone
P.O. Box 552
Jay, OK 74346

Bank of Oklahoma, Trustee for
the children of Tom R. Cone
P.O. Box 3499
Tulsa, OK 74101

Clifford Cone
P.O. Drawer 1629
Lovington, NM 88260

Blackstone Minerals Company, LP
P.O. Box 201709
Houston, TX 77216

Dorothy Campbell, Trustee
Suite 203
2323 South Voss
Houston, TX 77057

Mary Jon Bryan
P.O. Box 1358
Lindale, TX 75771

Evans Oil & Gas, L.L.C.
3513 East Old Shakopee Road
Bloomington, MN 55425

Sheridan Family Trust
2711 West Calle de Dali
Tucson, AZ 85745

BMNW Resources, L.L.C.
P.O. Box 180573
Dallas, TX 75218

Stroube Energy Corporation
No. 123, LB 249
17194 Preston Road
Dallas, TX 75248

John E. McConnell
1318 Briar Bayou
Houston, TX 77077

Leila McConnell Gadbois
2525 Stanmore Drive
Houston, TX 79019

F. Bennett Watts
P.O. Box 231
Breckenridge, TX 76424

Roy G. Barton, Jr., Trustee
1919 North Turner Street
Hobbs, NM 88240

Harry L. Jones, II Trust
2315 Candy Lane
Malabar, FL 32950

Nomarth Corporation
404 Hilda Street
East Meadow, New York 11554

Michael Gidwitz
Suite 1705
208 South LaSalle Street
Chicago, IL 60604

Marjo Operating Co., Inc.
P.O. Box 729
Tulsa, OK 74101

BNW, Inc.
P.O. Box 892044
Oklahoma City, OK 73189

Osprey Resources, Inc.
Suite 1512
921 Main Street
Houston, TX 77002

Estate of Max R. Chudy, Sr.
50 South Meadow Drive
Orchard Park, NY 14127

Lenox Partners
P.O. Box 3096
Mill River, MA 01244

Estate of John L. Brady
5220 West Barry Avenue
Chicago, IL 60641

Kirby Minerals
P.O. Box 268947
Oklahoma City, OK 73125

Westbrook Oil Corporation
P.O. Box 2264
Hobbs, New Mexico 88241

Wynn-Crosby Energy, Inc.
Suite 200
5500 West Plano Parkway
Plano, Texas 75093

OXY USA WTP Limited Partnership
P.O. Box 4294
Houston, Texas 77210

New Mexico Oil Conservation Division, District I
UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
625 N. French Drive
Alamogordo, NM 88240

FORM APPROVED
OM B No. 1004-0137
Expires: March 31, 2007

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE- Other instructions on reverse side.

1. Type of Well ☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator **Arch Petroleum Inc.**

3a. Address
P. O. Box 10340, Midland, TX

3b. Phone No. (include area code)
432-685-8100

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

1980' FNL & 1980' FWL, Section 21, T23S, R37E

5. Lease Serial No.

LC-030187

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No

Lamunyon Federal #3

9. API Well No.

30-025-10815

10. Field and Pool, or Exploratory Area

Langlie Mattix 7Rvrs O GB

11. County or Parish, State

Lea County, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input checked="" type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Arch Petroleum Inc. respectfully request permission to plug back from the Langlie-Mattix to the Jalmat in the above-captioned. Procedure is as follows:

1. POH w/ rods, pump & tbq.
2. Set CIBP @ 3440'. Cap w/ 50' cmt.
3. Perf Jalmat w/ 1 spf 2495, 2512, 42, 62, 73, 2602, 16, 49, 82, 2714, 34, 55, 91, 95, 2810, 22, 44776, 29559, 287.
4. Acdz Jalmat perms w/ 2000 gals 15% acid.
5. Swab test.
6. Frac as directed.
7. Swab.
8. TIH w/ production tbq, Run rods & pump
9. Test well.

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Cathy Wright

Title **Sr. Eng Tech**

Signature

Cathy Wright

Date **10/21/05**

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Title

Date

Office

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

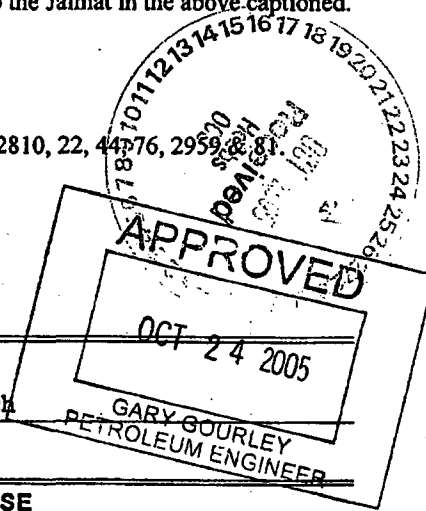
Last Production
09/04, the 3 months
08/05 → NON commercial

APPROVED FOR 3 MONTH PERIOD

ENDING

1/24/05

Kz



District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Form C-104A
March 19, 2001

RECEIVED
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit 1 copy of the final affected wells
list along with 1 copy of this form per
number of wells on that list to appropriate
District Office

MIDLAND
Change of Operator

Previous Operator Information:

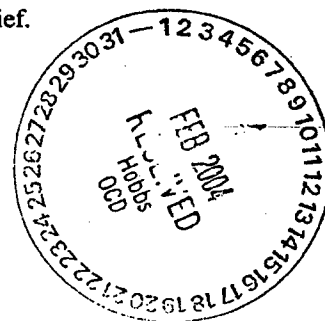
OGRID: 213509
Name: Chance Tool Ltd
Address: c/o Oil Reports & Gas Services, Inc.
Address: 1008 W. Broadway
City, State, Zip: Hobbs, NM 88240

New Operator Information:

Effective Date: February 1, 2004
New Ogrid: 000962
New Name: Arch Petroleum, Inc.
Address: P. O. Box 10340
Address:
City, State, Zip: Midland, TX 79702

I hereby certify that the rules of the Oil Conservation Division have been complied with and that the information on this form and the attached list of wells is true and complete to the best of my knowledge and belief.

New Operator
Signature: Cathy Wright
Printed name: Cathy Wright
Title: Sr. Operation Tech
Date: 02/03/04 Phone: 432-685-8100



Previous operator complete below:

Previous
Operator: Chance Tool Ltd.
Previous
OGRID: 213509
Signature: Gaye Heard
Printed
Name: Gaye Heard -Agent

NMOCD Approval	
Signature:	<u>Paul F. Korte</u>
Printed	Name: <u>PAUL F. KORTE</u>
	PETROLEUM ENGINEER
District:	<u>1</u>
Date:	FEB 23 2004