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May 4, 2004

Hand Delivered

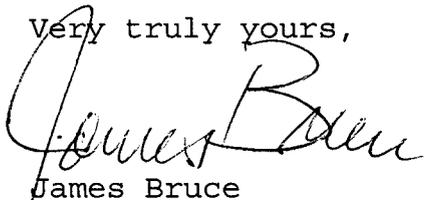
Florene Davidson  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

Dear Florene:

Enclosed for filing are an original and one copy of an application for a non-standard well unit, together with a proposed advertisement, filed on behalf of Arch Petroleum Inc. Please set this matter for the May 27, 2004 Examiner hearing. Thank you.

The advertisement is also on the enclosed disk.

Very truly yours,



James Bruce

Attorney for Arch Petroleum Inc.

RECEIVED

MAY - 4 2004

Oil Conservation Division  
1220 S. St. Francis Drive  
Santa Fe, NM 87505

Case 13275

PROPOSED ADVERTISEMENT

Case 13275: Application of Arch Petroleum Inc. for approval of a non-standard gas spacing and proration unit in the Jalmat Gas Pool, Lea County, New Mexico. Applicant seeks approval of a non-standard gas spacing and proration unit in the Jalmat Gas Pool comprised of the NW¼ of Section 21, Township 23 South, Range 37 East, NMPM, to be dedicated to the C.E. Lamunyon Well No. 2, located 1980 feet from the north line and 660 feet from the west line of the section. The unit is located approximately 10 miles south of Eunice, New Mexico.

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Oil Conservation Division  
1220 S. St. Francis Drive  
Santa Fe, NM 87505

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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MAY - 4 2004

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

Oil Conservation Division  
1220 St. Francis Drive  
Santa Fe, NM 87505  
No. 135

APPLICATION

Arch Petroleum Inc. applies for approval of a non-standard gas spacing and proration unit in the Jalmat Gas Pool comprised of the NW $\frac{1}{4}$  of Section 21, Township 23 South, Range 37 East, N.M.P.M., Lea County, New Mexico, and in support thereof, states:

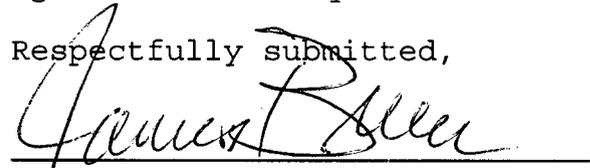
1. Applicant is the operator of the Jalmat Gas Pool in the NW $\frac{1}{4}$  of Section 21. The Jalmat Gas Pool is spaced on 640 acres, with provision for non-standard units comprised of half or quarter sections.

2. Applicant proposes to form a non-standard gas spacing and proration unit comprised of the NW $\frac{1}{4}$  of Section 21, to be dedicated to the re-entered C.E. Lamunyon Well No. 2, located 1980 feet from the north line and 660 feet from the west line of the section.

3. The granting of the non-standard gas spacing and proration unit will prevent waste and protect correlative rights.

**WHEREFORE**, applicant requests that, after notice and hearing, the Division enter its order granting the relief requested above.

Respectfully submitted,



James Bruce  
Post Office Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043

Attorney for Arch Petroleum  
Inc.