

RECEIVED
SEP 30 2003
Oil Conservation Division

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF ARCH PETROLEUM INC.
FOR APPROVAL OF LEASE COMMINGLING,
LEA COUNTY, NEW MEXICO.

Case No. 13151

APPLICATION

Arch Petroleum Inc. applies for an order granting an exception to Division Rule 303.A, and in support thereof, states:

1. Applicant is the operator of the fee leases and lands described below:

| <u>Lease</u> | <u>Lands</u> |
|---------------------|--|
| E.C. Hill "A" Lease | W $\frac{1}{2}$ SE $\frac{1}{4}$ §27-23S-37E |
| E.C. Hill "B" Lease | E $\frac{1}{2}$ SW $\frac{1}{4}$ §27-23S-37E |
| E.C. Hill "C" Lease | W $\frac{1}{2}$ SW $\frac{1}{4}$ §27-23S-37E |

2. Applicant proposes to commingle Teague Paddock-Blinebry Pool production from the eleven wells described below into the existing tank battery for the E.C. Hill "C" Well No. 3, located in the NW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 27, without separately metering production, by allocating production to each well and to each lease on the basis of monthly well tests:

| <u>Well</u> | <u>Location</u> |
|---------------------|---|
| E.C. Hill "A" No. 2 | NW $\frac{1}{4}$ SE $\frac{1}{4}$ §27-23S-37E |
| E.C. Hill "A" No. 3 | SW $\frac{1}{4}$ SE $\frac{1}{4}$ §27-23S-37E |
| E.C. Hill "A" No. 5 | NW $\frac{1}{4}$ SE $\frac{1}{4}$ §27-23S-37E |
| E.C. Hill "A" No. 6 | SW $\frac{1}{4}$ SE $\frac{1}{4}$ §27-23S-37E |
| E.C. Hill "B" No. 2 | SE $\frac{1}{4}$ SW $\frac{1}{4}$ §27-23S-37E |
| E.C. Hill "B" No. 3 | NE $\frac{1}{4}$ SW $\frac{1}{4}$ §27-23S-37E |
| E.C. Hill "B" No. 5 | SE $\frac{1}{4}$ SW $\frac{1}{4}$ §27-23S-37E |
| E.C. Hill "B" No. 6 | NE $\frac{1}{4}$ SW $\frac{1}{4}$ §27-23S-37E |
| E.C. Hill "C" No. 1 | SW $\frac{1}{4}$ SW $\frac{1}{4}$ §27-23S-37E |
| E.C. Hill "C" No. 2 | NW $\frac{1}{4}$ SW $\frac{1}{4}$ §27-23S-37E |
| E.C. Hill "C" No. 4 | SW $\frac{1}{4}$ SW $\frac{1}{4}$ §27-23S-37E |

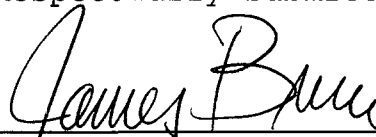
3. Interest ownership differs in the three leases, and notice of this application has been given to all interest owners as required by Division rules.

4. Applicant also requests approval to commingle production from additional Teague Paddock-Blinebry Pool wells on the leases without additional hearings.

5. The granting of this application is in the interests of conservation, the prevention of waste, and the protection of correlative rights.

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

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "James Bruce", is written over a horizontal line.

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

Attorney for Arch Petroleum Inc.