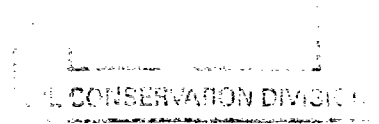


**BEFORE THE OIL CONSERVATION DIVISION
NEW MEXICO DEPARTMENT OF ENERGY,
MINERALS AND NATURAL RESOURCES**

IN THE MATTER OF THE APPLICATION OF
ARCO PERMIAN, A UNIT OF ATLANTIC
RICHFIELD, FOR COMPULSORY POOLING
AND AN UNORTHODOX WELL LOCATION,
EDDY COUNTY, NEW MEXICO.



Case No. 11524

APPLICATION

ARCO PERMIAN, A UNIT OF ATLANTIC RICHFIELD ("ARCO"), through its undersigned attorneys, hereby makes application pursuant to the provisions of N.M. Stat. Ann. § 70-2-17 (1978), for an order (1) pooling all mineral interests in all formations developed on 320-acre spacing in the W/2 of Section 23, Township 17 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, and (2) approving an unorthodox well location, and in support thereof states:

1. ARCO owns or represents approximately 37.5% of the working interest in the W/2 of Section 23 and ARCO has the right to drill thereon.
2. ARCO proposes to drill its Dinah 23 Federal Com #1 Well at an unorthodox location 1077 feet from the South line and 660 feet from the West line of Section 23, and test the Morrow formation, South Empire - Morrow Gas Pool.
3. ARCO has sought and been unable to obtain either a voluntary agreement for pooling or farmout from certain interest owners in the W/2 of said Section 23.
4. Said pooling of interests and the drilling of the Dinah 23 Federal Com #1 Well

at the proposed unorthodox location will avoid the drilling of unnecessary wells, will prevent waste and protect correlative rights.

5. In order to permit ARCO to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and ARCO should be designated the operator of the well to be drilled.

WHEREFORE, ARCO requests that this application be set for hearing before an Examiner of the Oil Conservation Division on May 2, 1996, and after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions designating ARCO operator of the well and spacing unit, authorizing ARCO to recover its costs of supervision while drilling and after completion, including overhead charges, and imposing a risk factor for the risk assumed by ARCO in drilling, completing and equipping the well and approving the proposed unorthodox location for this well.

Respectfully submitted,

**CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.**

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