

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

**IN THE MATTER OF THE APPLICATION OF
ARCO (BP) FOR SIMULTANEOUS DEDICATION,
EDDY COUNTY, NEW MEXICO.**

CASE NO. 12788

APPLICATION

ARCO (BP), through its undersigned attorneys, hereby makes application for an order authorizing the simultaneous dedication of the following wells to an existing 233.79-acre spacing unit comprised of Lots 1 through 5 (SE/4 SW/4 and S/2 SE/4 equivalent) of irregular Section 31, Township 20.5 South, Range 22 East, NMPM, Eddy County, New Mexico in the Undesignated Little Box Canyon-Morrow Gas Pool:

- A. Sweet Thing Federal Unit Well No. 2 located at a standard gas well location 660 feet from the North and West lines of said irregular Section 31, and
- B. Sweet Thing Federal Unit Well No. 5 to be drilled at a standard gas well location 660 feet from the North line and 1800 feet from the West line of said irregular Section 31.

In support of its application, ARCO (BP) states:

1. The Morrow formation in the Little Box Canyon-Morrow Gas Pool consists of multiple pay intervals (the lower A zone and the upper B zone) which are separate from and not in communication with other pay intervals in the Morrow formation.

2. ARCO (BP) is the operator of a 233.79-acre spacing and proration comprised of irregular Section 31, Township 20.5 South, Range 22 East, NMPM, Eddy County New Mexico. This spacing unit is currently dedicated in the Sweet Thing Federal Unit Well No.2 which produces from the Morrow B zone. The Morrow A zone is not present in the Sweet Thing Federal Unit Well No. 2 and to be able to produce the reserves in this Morrow sand an additional well is needed.

3. This pool is governed by the acreage and well location requirements of Division Rule 104.C.(2) of the General Rules and Regulations of the Oil Conservation Division which provide in part:

- (A) the initial well on a 320-acre unit shall be located no closer than 660 feet to the outer boundary of the quarter section on which the well is located and no closer than 10 feet to any quarter-quarter section line or subdivision inner boundary; and
- (B) only one infill well on a 320-acre unit shall be allowed provided that the well is located in the quarter section on the 320-acre unit not containing the initial well and is no closer than 660 feet to the outer boundary of the quarter section and no closer than 10 feet to any quarter-quarter section line or subdivision inner boundary.

4. ARCO (BP) seeks an exception to Rule 104.C.(2)(b) to permit it to drill the Sweet Thing Federal Unit Well No. 5 to the Morrow A Zone of the Undesignated Little Box Canyon-Morrow Gas Pool. This location will be in the same quarter section containing the initial Morrow well on this spacing unit. ARCO (BP) seeks permission

for only two wells on this irregular 233.79-acre unit but desires to locate the infill well in the same quarter section equivalent as the initial well.

5. Approval of the drilling of the Sweet Thing Federal Unit Well No. 5 and the simultaneous dedication of the Sweet Thing Federal Unit Well Nos. 2 and 5 to the 233.79-acre Morrow spacing unit comprised of irregular Section 31 will protect correlative rights by affording ARCO (BP) the opportunity to produce the reserves in the separate and distinct Morrow pay zones under this spacing unit which cannot currently be produced by the Sweet Thing Federal Unit Well No. 2.

6. The names and addresses of the persons to whom notice of this application will be provided in accordance with Oil Conservation Division Rules and Regulations is attached hereto as Exhibit A.

7. Approval of this application will be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

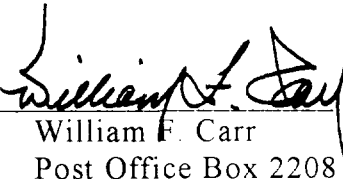
WHEREFORE, ARCO (BP) requests that this application be set for hearing before an Examiner of the Oil Conservation Division on January 10, 2002 and after notice and hearing as required by law, the Division enter its order granting an exception to Division Rule 104.C.(2)(b) and approving the simultaneous dedication of the existing 233.79-acre spacing unit comprised of irregular Section 31 to the ARCO (BP) Sweet thing Federal Unit Well No. 5 to be dilled to test the A Zone of the Morrow formation at a location 660 feet from the North line and 1800 feet from the West line of Section 35; and the ARCO (BP) Sweet Thing Federal Unit Well No 2 located at a standard gas well location 660 feet from the North and West lines which produces from the Upper B Zone of the Morrow formation

APPLICATION

Page 3

Respectfully submitted,

HOLLAND & HART LLP

By: 
William F. Carr
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone (505) 988-4421

ATTORNEYS FOR ARCO (BP)

CASE_____: Application of ARCO (BP) for simultaneous dedication, Eddy County, New Mexico. Applicant in the above-styled cause seeks an exception to Division Rule 104.C.(2)(b) to permit the simultaneous dedication of the following wells to an existing 233.79-acre spacing and proration unit in the Morrow formation, Undesignated Little Box Canyon-Morrow Gas Pool, comprised of irregular Section 31, Township 20.5 South, Range 22 East, NMPM:

- A. the Sweet Thing Federal Unit Well No. 5 to be drilled to test the Morrow A Zone at a location 660 feet from the North line and 1800 feet from the West line; and
- B. the Sweet Thing Federal Unit Well No. 2 which produces from the Morrow B Zone located at a standard gas well location 660 feet from the North and West lines.

Said wells are located approximately 20 miles south of Hope, New Mexico.

EXHIBIT A

NOTIFICATION LIST

Abo Petroleum Corporation
Attention: Ms. Janet Richardson
105 South 4th Street
Artesia, NM 88210

Doralex Energy, Inc.
3619 South Jackson
San Angelo, TX 76904-5598

Dr. Gus Alexander
3619 South Jackson
San Angelo, TX 76904-5598

Great Western Drilling Company
Attention: Mr. Mike Heathington
P. O. Box 1659
Midland, TX 79702-1659

David J. Andrews
2219 Westlake Drive, Suite 150
Austin, TX 78746

George W. Knox
P. O. Box 7538
Midland, TX 79708

Mary Beth Barton
P. O. Box 4126
Midland, TX 79704-4126

J. A. McClatchy
P. O. Box 4126
Midland, TX 79704-4126

Jack Britain
2419 Wooddale Circle
Waco, TX 76710

Scott E. Muehlbrad
2511 Terrace
Midland, TX 79705

Cannon Exploration Company
3608 SCR 1184
Midland, TX 79706

Myco Industries, Inc.
P. O. Box 840
Artesia, NM 88210

Dennis Corkran
2219 Westlake Drive, Suite 120
Austin, TX 78746

Nadel and Gussman Permian, L.L.C.
601 N. Marienfeld, Suite 508
Midland, TX 79701

Sid Cowan
1010 South Main Street
P. O. Box 1448
Del Rio, Texas 78841-1448

Nearburg Exploration Co., L.L.C.
3300 North A, Building 2
Suite 120
Midland, TX 79705

D & D Partnership
830 East Big Briar Way
LaCanada, California 91011

Wesley Noe
3323 Maxwell Drive
Midland, TX 79707

Dingus Investments, Inc.
P. O. Box 11120
Midland, TX 79702

Shirley Smith,
105 Engram Lane
Anderson, SC 29621

Bob Stevens d/b/a SOCO
P. O. Box 11106
Midland, TX 79702

Sutherland Family, L.L.C.
287 Supple Street
Pembroke, Ontario
Canada K8A 3H3

The DeCompiegne Property #20 Ltd.
P. O. Box 1071
Midland, TX 79702

Doug Tull
P. O. Box 11107
Midland, TX 79702

C. C. Tull, Jr.
P. O. Box 11107
Midland, TX 79702

Jerry A. Weant d/b/a Bevoil
P. O. Box 7201
Midland, TX 79708

Westwood Lake Village, Inc.
4800 Lakewood, Suite 2A
Waco, TX 76710

Yates Drilling Company
Attention: Ms. Janet Richardson
105 South 4th Street
Artesia, NM 88210

Yates Petroleum Corporation
Attention: Ms. Janet Richardson
105 South 4th Street
Artesia, NM 88210

HOLLAND & HART ^{LLP}
AND
CAMPBELL & CARR
ATTORNEYS AT LAW

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December 20, 2002

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: AFFECTED INTEREST OWNERS:

Re: Application of ARCO (BP) for simultaneous dedication, Eddy County,
New Mexico.

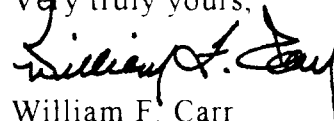
Ladies and Gentlemen:

This letter is to advise you that ARCO (BP) has filed the enclosed application with the New Mexico Oil Conservation Division seeking an exception to Rule 104.C.(2)(b) to permit the simultaneous dedication of the following wells to an existing 233.79-acre spacing and proration unit in the Morrow formation comprised of irregular Section 31, Township 20.5 South, Range 22 East, NMPM: the Sweet Thing Federal Unit Well No. 5 to be drilled to test the Morrow A Zone at a standard gas well location 660 feet from the North line and 1800 Feet from the West line; and the Sweet Thing Federal Unit Well No. 2 which produces from the Morrow B Zone located at a standard gas well location 660 feet from the North and West lines of said irregular Section 31 in the Undesignated Little Box Canyon-Morrow Gas Pool.

This application has been set for hearing before a Division Examiner on January 10, 2002. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 1208.B to file a Prehearing Statement three days in advance of a scheduled hearing. This statement must include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

Very truly yours,



William F. Carr
ATTORNEY FOR ARCO (BP)