

EXHIBIT 8

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SUITE 4900 ONE UNITED BANK CENTER/1700 LINCOLN STREET/DENVER, CO 80203-4549

303/831-6500

December 1, 1986

Arco Oil and Gas Company
Permian District
P. O. Box 1610
Midland, Texas 79702

ATTN: Sandy M. Stash

RE: Spacing Exception
Chacon Federal #102

Dear Ms. Stash:

The Apache Corporation is in receipt of your advisory letter dated November 19, 1986, regarding Arco's proposed Chacon Federal #102, well site Rio Arriba County, New Mexico.

Please be advised that the Apache Corporation will not protest your application as presented in the above referenced letter. Whereby, the Chacon Federal #102 will be produced from the Dakota only and the Chacon Federal #101 will be produced from the Gallup only.

If additional information is needed, please contact the undersigned at (303) 831-6586.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Alex Nash Jr.", written over a white background.

Alex Nash Jr.
Southern Division
Operations Supervisor

AN/amb

cc: New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

West Lindrith Gallup File

DES-1090

ARCO Oil and Gas Company
Permian District
Post Office Box 1610
Midland, Texas 79702
Telephone 915 684 0100
November 19, 1986



EXHIBIT 8

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Apache Corporation
1700 Lincoln, Suite 4900
Denver, Colorado 80203-4549

Attn: Mr. Glen Garvey

RE: Spacing Exception, Chacon Federal #102, Section 19, T24N, R3W,
Rio Arriba County, New Mexico

Dear Mr. Garvey:

ARCO Oil and Gas Company, a Division of the Atlantic Richfield Company, is currently seeking a spacing exception in the development of its Chacon Federal lease in the West Lindrith Field in Rio Arriba County, New Mexico. The subject well, the Chacon Federal #102, is planned as a 7450' Dakota producer, the second Dakota well in the 191.55 acre proration unit in the N/2 of Section 19, T24N, R3W. (Note that this section is a "short section", so the proration unit includes the NE/4 of the section and Lots 1,2,3, and 4 in what exists of the NW/4.

The proposed location deviates from Rule 4, WEST LINDRITH GALLUP-DAKOTA OIL POOL RULES, which states "Each well shall be located no... nearer than 660 feet to the nearest well drilling to or capable of producing from the same pool." (R. W. Byram & Co., June, 1972.) The proposed well location for the Chacon Federal #102 is 275' from ARCO's Chacon Federal #101 well, a Gallup producer. Although the industry generally recognizes the Dakota Formation as being distinctly separate from the Gallup Formation, State Rule 4 classifies the two (2) formations as the same pool or as having the same basal source. Thus, a spacing exception will be necessary. Please find the attached surveyor's plat and map showing the existing and proposed wells in the subject proration unit.

As part of the application to the State of New Mexico for this spacing exception, I am contacting the Leasees of Record whose acreage borders the 191.55 acre proration unit. Apache Corp. holds acreage bordering ARCO's acreage in the SF/4 of Section 13 and in the E/2 of Section 24, T24N, R4W, Rio Arriba Co., New Mexico.

Please call me at (915)688-5675 with any questions or concerns. A spacing exception hearing is scheduled for ~~December 17, 1986~~ in Santa Fe.

JANUARY 7, 1986

Very truly yours,

Sandy Stash
Sandy M. Stash
Drilling Engineer *KDF*
DEL

Enclosures

NOV 21 86

All distances must be from the outer boundaries of the Section.

Operator ARCO OIL & GAS COMPANY			Lease CHACON		Well No. 102
Init Letter A	Section 19	Township 24 North	Range 3 West	County Rio Arriba	
Actual Footage Location of Well: (cardinal) 900 feet from the North line and 990 feet from the East line					
Ground Level Elev. 6878	Producing Formation DAKOTA	Pool WEST LINDRITH CALLUP/DAKOTA		Dedicated Acreage: 191.55 Acres	

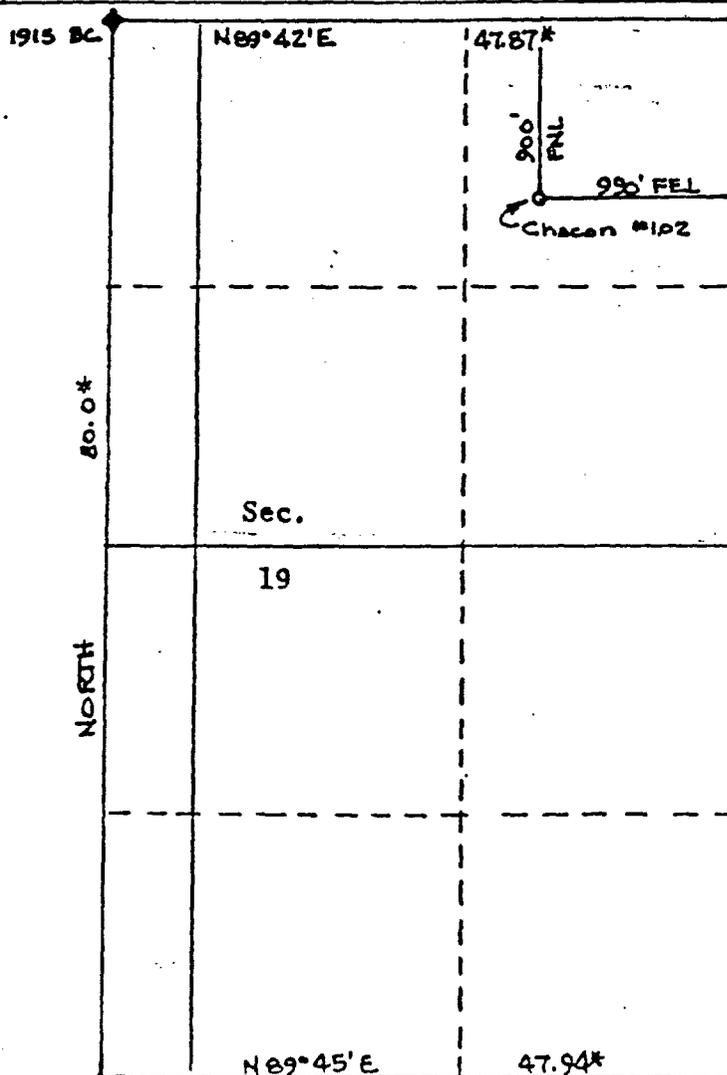
1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Division.

*Record GLO 1918 plat



1915 BC.	CERTIFICATION
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.	
<i>Landra Hask</i>	
Name	DRILLING ENGINEER
Position	ARCO OIL AND GAS
Company	NOVEMBER 19, 1986
Date	
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.	
Date Surveyed	Nov. 6, 1986
Registered Professional Engineer and/or Land Surveyor	8894
Certificate No.	8894

TOPO VICINITY
ONE-MILE RADIUS MAP
EXHIBIT "B"

