



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor

April 26, 2004

Joanna Prukop
Cabinet Secretary
Acting Director
Oil Conservation Division

Arch Petroleum, Inc.
c/o James Bruce
P. O. Box 1056
Santa Fe, New Mexico 87504

AMENDED *Administrative Order NSL-5027*

Dear Mr. Bruce:

Reference is made to the following: (i) your application telefaxed to the New Mexico Oil Conservation Division ("Division") on April 9, 2004 (*administrative application reference No. pMES0-411738324*); (ii) my e-mail at 3:55 p.m. on Monday, April 12, 2004 requesting further explanation and copies of forms that support your application; (iii) your initial response by e-mail on Wednesday evening, April 14, 2004 that this information would be forth-coming; (iv) my reminder for you to submit this information during your visit to the Division's office in Santa Fe on Friday, April 23, 2004; (v) your response by telefax on Monday morning, April 26, 2004 with the necessary information to complete this application; and (vi) the Division's records in Santa Fe and Hobbs, including the file on Division Administrative Order NSL-5027: all concerning Arch request to amend Division Administrative Order NSL-5027, dated March 26, 2004, which order authorized Arch Petroleum, Inc. ("Arch") to drill its J. R. Holt (NCT-A) Well No. 6 (API No. 30-025-36647) at an unorthodox replacement Devonian oil well location 2530 feet from the North line and 1980 feet from the East line (Unit G) of Section 16, Township 24 South, Range 37 East, NMPM, Fowler-Devonian Pool (26030), Lea County, New Mexico.

This amended application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

It is the Division's understanding that Arch, while drilling the J. R. Holt (NCT-A) Well No. 6, experienced problems that resulted in the abandonment of this wellbore. The drilling rig on location was skidded to the west 25 feet and the replacement wellbore, designated the J. R. Holt (NCT-A) Well No. 6-Y (API No. 30-025-36679), was spudded.

It is further understood that the SW/4 NE/4 (Unit G), SE/4 SW/4 (Unit N), and W/2 SE/4 (Units J and O) of Section 16 is a single state lease issued by the New Mexico State Land Office (State Lease No. B-00243) with common ownership in which Arch is the leasehold operator.

By the authority granted me under the provisions of Division Rule 104.F (2), Arch is hereby authorized to continue drilling its J. R. Holt (NCT-A) Well No. 6-Y and complete this well in the Fowler-Devonian Pool at an unorthodox oil well location 2530 feet from the North line and 2005 feet from the East line (Unit G) of Section 16. Further, this well is to be dedicated to the standard Devonian 40-acre oil spacing and proration unit comprising the SW/4 NE/4 of Section 16.

Arch Petroleum, Inc.

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AMENDED Administrative Order NSL-5027

This amended order shall supersede the original Administrative Order NSL-5027, dated March 26, 2004, which order is hereby placed in abeyance until further notice.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael E. Stogner", with a long horizontal flourish extending to the right.

Michael E. Stogner
Engineer/Hearing Officer

MES/ms

cc: New Mexico Oil Conservation Division – Hobbs
New Mexico State Land Office – Santa Fe
File: NSL-5027