



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor

March 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

Administrative Order NSL-5027

Dear Mr. Bruce:

Reference is made to the following: (i) your application (*administrative application reference No. pMES0-408629982*) dated March 24, 2004 on behalf of the operator Arch Petroleum, Inc. ("Arch"); (ii) your telefax of March 25, 2004 with attachment containing supplemental data to support this application; and (iii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe: all concerning Arch's request for an unorthodox Devonian replacement oil well location within a former standard 40-acre oil spacing and proration unit in the Fowler-Devonian Pool (26030) comprising the SW/4 NE/4 (Unit G) of Section 16, Township 24 South, Range 37 East, NMPM, Lea County, New Mexico.

This 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 initial development of Devonian oil production within this 40-acre unit commenced in the 1958 when Gulf Oil Corporation ("Gulf") drilled and completed its J. R. Holt (NCT-A) Well No. 3 (API No. 30-025-11126) at a standard oil well location 1980 feet from the North and East lines of Section 16. Fowler-Devonian oil production ceased in August, 1977 when Gulf abandoned the Devonian interval within this wellbore and recompleted up-hole into the Fowler Upper-Yeso Pool (26680).

Further, 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 fee lease with common ownership in which Arch is the leasehold operator.

It is further understood that such unorthodox location is necessitated for geologic and engineering reasons. This replacement well at the proposed unorthodox oil well location will enable Arch to further develop and deplete the Devonian reserves within this fee lease that might not otherwise be recovered.

By the authority granted me under the provisions of Division Rule 104.F (2), the following described well to be drilled at an unorthodox oil well location within this former 40-acre Fowler-Devonian oil spacing and proration unit is hereby approved:

J. R. Holt (NCT-A) Well No. 6
2530' FNL & 1980' FEL.

Sincerely,

Michael E. Stogner
Engineer/Hearing Officer

MES/ms

cc: New Mexico Oil Conservation Division - Hobbs

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Avenue, Artesia, NM 88210

District III

1000 Rio Brazos Road, Aztec, NM 87410

District IV

1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural ResourcesOil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-101

Revised June 10, 2003

Submit to appropriate District Office

State Lease - 6 Copies

Fee Lease - 5 Copies

☐ AMENDED REPORT**APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE**

¹ Operator Name and Address Arch Petroleum Inc. P. O. Box 10340, Midland, TX 79702-7340		² OGRID Number 000962
³ Property Code 14900		⁴ Property Name J. R. Holt NCT A
		⁵ API Number 30-025-36679
		⁶ Well No. 6V

⁷ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	16	24S	37E		2530	North	2005	East	Lea

⁸ Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
⁹ Proposed Pool 1 Fowler Devonian (26030)						¹⁰ Proposed Pool 2 South Fowler Tubb (26635)			

¹¹ Work Type Code N	¹² Well Type Code 0	¹³ Cable/ Rotary R	¹⁴ Lease Type Code P	¹⁵ Ground Level Elevation 3251'
¹⁶ Multiple No	¹⁷ Proposed Depth 7700'	¹⁸ Formation Devonian	¹⁹ Contractor Capstar	²⁰ Spud Date When Approved

²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
17-1/2	13-3/8	48	1100'	850 sks	Surface
11	8-5/8	24 & 32	2500'	600 sks	Surface
7-7/8	5-1/2	15.5 & 17	7700'	1450 sks	1500' FS

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

SEE ATTACHED

X
Approval for drilling only -- CANNOT produce until approval for Non-Standard Location from OCD Santa Fe.

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Signature:

Cathy Wright

Printed name: Cathy Wright

Title: Sr. Operation Tech

E-mail Address: tomler11@pogoproducing.com

Date: 04/20/04

Phone: 432-685-8100

OIL CONSERVATION DIVISION

Approved by:

Paul J. Harty

Title:

Approval Date:

APR 20 2004

PETROLEUM ENGINEER

Expiration Date:

Conditions of Approval:

Attached ☐

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Avenue, Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87410

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1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico

Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

Form C-102

Revised June 10, 2003

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code 26030	³ Pool Name Fowler Devonian
⁴ Property Code 14900	⁵ Property Name J. R. Holt NCT A	⁶ Well Number 6Y
⁷ OGRID No. 000962	⁸ Operator Name Arch Petroleum Inc.	⁹ Elevation 3251'

¹⁰ Surface Location

UL or lot no. G	Section 16	Township 24S	Range 37E	Lot Idn	Feet from the 2530	North/South line North	Feet from the 2005	East/West line East	County Lea
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¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
¹² Dedicated Acres 40	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.						

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A
NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

¹⁶	¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature Cathy Wright Printed Name Sr. Operation Tech Title and E-mail Address 04/20/04 Date
	¹⁸ SURVEYOR CERTIFICATION 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 belief.
	Date of Survey Signature and Seal of Professional Surveyor:
	Certificate Number

CMD : ONGARD 04/26/04 10:11:19
OG6C101 C101-APPLICATION FOR PERMIT TO DRILL OGOMES -TPVG

OGRID Idn : 962 API Well No: 30 25 36679 APD Status(A/C/P): A
Opr Name, Addr: ARCH PETROLEUM INC Aprvl/Cncl Date : 04-08-2004
PO BOX 10340
MIDLAND, TX 79702-7340

Prop Idn: 14900 J R HOLT NCT A Well No: 6 Y

U/L	Sec	Township	Range	Lot	Idn	North/South	East/West
---	---	---	---	---	---	---	---
Surface Locn	: G	16	24S	37E		FTG 2530 F N	FTG 2005 F E
OCD U/L	: G	API County : 25					

Work typ(N/E/D/P/A) : N Well typ(O/G/M/I/S/W/C): O Cable/Rotary (C/R) : R
Lease typ(F/S/P/N/J/U/I): P Ground Level Elevation : 3251

State Lease No: Multiple Comp (S/M/C) : S
Prpsd Depth : 7700 Prpsd Frmtn : DEVONIAN

E0009: Enter data to modify record

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06 CONFIRM
PF07	PF08	PF09 PRINT	PF10 C102	PF11 HISTORY	PF12

Sec : 16 Twp : 24S Rng : 37E Section Type : NORMAL

<p>D</p> <p>40.00</p> <p>CS</p> <p>B01327 0002</p> <p>CHEVRON USA INC</p> <p>11/02/38</p> <p>A</p>	<p>C</p> <p>40.00</p> <p>CS</p> <p>B01327 0002</p> <p>CHEVRON USA INC</p> <p>11/02/38</p>	<p>B</p> <p>40.00</p> <p>CS</p> <p>B02616 0001</p> <p>OCCIDENTAL PERMIA</p> <p>03/10/44</p> <p>A C</p>	<p>A</p> <p>40.00</p> <p>CS</p> <p>B00934 0037</p> <p>JOHN H HENDRIX CO</p> <p>11/22/38</p> <p>A</p>
<p>E</p> <p>40.00</p> <p>CS</p> <p>B01327 0002</p> <p>CHEVRON USA INC</p> <p>11/02/38</p> <p>A</p>	<p>F</p> <p>40.00</p> <p>CS</p> <p>B01327 0002</p> <p>CHEVRON USA INC</p> <p>11/02/38</p> <p>A</p>	<p>G</p> <p>40.00</p> <p>CS</p> <p>B00243 0002</p> <p>ARCH PETROLEUM IN</p> <p>11/22/38</p> <p>A A A</p>	<p>H</p> <p>40.00</p> <p>CS</p> <p>B00934 0037</p> <p>JOHN H HENDRIX CO</p> <p>11/22/38</p> <p>A A A C</p>
<p>L</p> <p>40.00</p> <p>CS</p> <p>B00934 0000</p> <p>EXXON MOBIL CORPO</p> <p>11/22/38</p> <p>A</p>	<p>K</p> <p>40.00</p> <p>CS</p> <p>B00934 0000</p> <p>EXXON MOBIL CORPO</p> <p>11/22/38</p> <p>A</p>	<p>J</p> <p>40.00</p> <p>CS</p> <p>B00243 0002</p> <p>ARCH PETROLEUM IN</p> <p>11/22/38</p> <p>P</p>	<p>I</p> <p>40.00</p> <p>CS</p> <p>B00934 0037</p> <p>JOHN H HENDRIX CO</p> <p>11/22/38</p> <p>A A</p>
<p>M</p> <p>40.00</p> <p>CS</p> <p>B02657 0000</p> <p>CONOCOPHILLIPS CO</p> <p>09/25/38</p> <p>A</p>	<p>N</p> <p>40.00</p> <p>CS</p> <p>B00243 0002</p> <p>ARCH PETROLEUM IN</p> <p>11/22/38</p> <p>A</p>	<p>O</p> <p>40.00</p> <p>CS</p> <p>B00243 0002</p> <p>ARCH PETROLEUM IN</p> <p>11/22/38</p> <p>A A</p>	<p>P</p> <p>40.00</p> <p>CS</p> <p>B02616 0001</p> <p>OCCIDENTAL PERMIA</p> <p>03/10/44</p> <p>A A A</p>

CMD : ONGARD 04/12/04 15:35:55
 OG6C101 C101-APPLICATION FOR PERMIT TO DRILL OGOMES -TPGQ

OGRID Idn : 962 API Well No: 30 25 36647 APD Status(A/C/P) : A
 Opr Name, Addr: ARCH PETROLEUM INC Aprvl/Cncl Date : 03-31-2004
 PO BOX 10340
 MIDLAND, TX 79702-7340

Prop Idn: 14900 J R HOLT NCT A Well No: 6

U/L	Sec	Township	Range	Lot	Idn	North/South	East/West
Surface Locn	: G	16	24S	37E		FTG 2530 F N	FTG 1980 F E
OCD U/L	: G	API County		: 25			

Work typ(N/E/D/P/A) : N Well typ(O/G/M/I/S/W/C) : O Cable/Rotary (C/R) : R
 Lease typ(F/S/P/N/J/U/I) : P Ground Level Elevation : 3251

State Lease No: Multiple Comp (S/M/C) : S
 Prpsd Depth : 7700 Prpsd Frmtn : DEVONIAN NSL 5027

E0009: Enter data to modify record
 PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM
 PF07 PF08 PF09 PRINT PF10 C102 PF11 HISTORY PF12