



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor

June 16, 2004

Mark E. Fesmire, P.E.
Director

Joanna Prukop
Cabinet Secretary

Oil Conservation Division

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

Re: *Administrative application (Division reference No. pSEM0-412431231) filed with the Division on April 30, 2004 to "amend" Division Administrative Order NSP-928, which order established a non-standard 332.64-acre gas spacing unit in the Jalmat Gas Pool (79240) comprising Lots 1 through 4 and the S/2 N/2 (N/2 equivalent) of Section 2, Township 23 South, Range 36 East, NMPM, Lea County, New Mexico, so that this unit will be simultaneously dedicated to Devon's proposed: (i) J. F. Janda (NCT-I) Well No. 11 (API No. 30-025-36396), to be drilled at an unorthodox gas well location 560 feet from the North line and 2310 feet from the East line (Lot 2/Unit B) of Section 2; and (ii) J. F. Janda (NCT-I) Well No. 12 (API No. 30-025-36406), to be drilled at a standard gas well location 1890 feet from the North line and 1650 feet from the East line (Unit F) of Section 2.*

Dear Mr. Bruce:

After reviewing the subject application, I find that this non-standard 332.64-acre unit terminated when the last Jalmat gas well on this unit, Chevron U.S.A., Inc.'s J. F. Janda (NCT-I) Well No. 2 (API No. 30-025-09211), located 990 feet from the North and West lines (Lot 4/Unit D) of Section 2, ceased producing in September, 1987. Your application therefore is essentially to restore this 332.64-acre unit for Arch's proposed J. F. Janda (NCT-I) Wells No. 11 and 12. Please reference the attached Memorandum issued by the Division on June 8, 2004 that addresses this matter.

This application is incomplete with respect to notice. Please refer to Rules 4 (A) (2), 4 (C) (1) (a), and 4 (D) of the "*Special Pool Rules for the Jalmat Gas Pool*," as promulgated by Division Order No. R-8170-P, issued in Case No. 12563 on December 14, 2001 (see copy enclosed).

Please submit proof of notice and a plat identifying **all** offsetting units and/or properties as soon as practical. Thank you.

Sincerely,

Michael E. Stogner
Engineer/Hearing Officer

MES/ms

cc: New Mexico Oil Conservation Division – Hobbs

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)
(505) 660-6612 (Cell)
(505) 982-2151 (Fax)

jamesbruc@aol.com

June 24, 2004

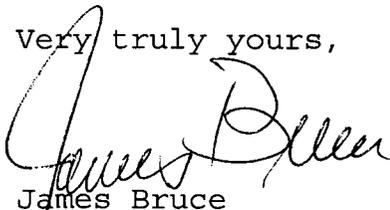
Michael E. Stogner
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: Reference No. pSEM0-412431231/Arch Petroleum Inc.

Dear Mr. Stogner:

Please see your recent correspondence (copy attached) regarding the above application. Notice to all offset operators in the Jalmat Gas Pool has been given, as required by Order No. R-8170-P. See Exhibits 1 and 2 attached hereto.

Very truly yours,



James Bruce

Attorney for Arch Petroleum Inc.

RECEIVED

JUN 28 2004

OIL CONSERVATION
DIVISION

20 days sent → July 19, 2004



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This application is incomplete with respect to notice. Please refer to Rules 4 (A) (2), 4 (C) (1) (a), and 4 (D) of the "Special Pool Rules for the Jalmat Gas Pool," as promulgated by Division Order No. R-8170-P, issued in Case No. 12563 on December 14, 2001 (see copy enclosed).

Please submit proof of notice and a plat identifying **all** offsetting units and/or properties as soon as practical. Thank you.

Sincerely,

Michael E. Stogner

Engineer/Hearing Officer

MES/ms

cc: New Mexico Oil Conservation Division – Hobbs

Offset Jalmat Operators List For The J. F. Janda NCT-I Lease - Section 2 (N/2), T-23-S, R-36-E, NMPM, Lea County, New Mexico

Operator Name	Operator No.	Section	Portion	Gross Acres	Lease Name	Township	Range
Gruy Petroleum Management Co.	162683	2	N/2 S/2	160	Shell State	23-S	36-E
Gruy Petroleum Management Co.	162683	34	SE/4	160	Otis Jones	22-S	36-E
Quay Valley Inc.	10461	1	SW/4	160	E. F. King	23-S	36-E
Doyle Hartman, Oil Operator	6473	1	NW/4	160	Emery King NW	23-S	36-E
BP America Production Company	778	3	N/2	320	Sinclair B State	23-S	36-E
BP America Production Company	778	35	SW/4	160	Rodman Clay-Jones	22-S	36-E
BP America Production Company	778	36	S/2	320	McDonald WN State	22-S	36-E
Mission Resources Incorporated	148381	3	S/2	320	State AA C1	23-S	36-E
Lewis B. Burleson Incorporated	13300	35	S/2 SE/4	80	McDonald A 35 State Com	22-S	36-E



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ATTORNEY AT LAW

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June 24, 2004

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

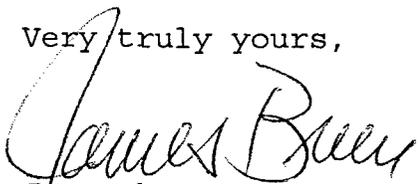
To: Offset operators

Ladies and gentlemen:

Enclosed is a copy of an application for administrative approval of a non-standard gas spacing unit, simultaneous dedication, and an unorthodox gas well location, filed with the New Mexico Oil Conservation Division by Arch Petroleum Inc., regarding the N $\frac{1}{2}$ of Section 2, Township 23 South, Range 36 East, N.M.P.M., Lea County, New Mexico. Also enclosed is a letter dated June 16, 2004 from the Division, requiring additional notice for the application.

If you object to the application, you must notify the Division, in writing, no later than July 14, 2004 (1220 South St. Francis Drive, Santa Fe, New Mexico 87505). Failure to object will preclude you from contesting this matter at a later date.

Very truly yours,



James Bruce

Attorney for Arch Petroleum Inc.



OFFSET OPERATORS

Gruy Petroleum Management Co.
P.O. Box 140907
Irving, Texas 75014

Quay valley, Inc.
P.O. Box 10280
Midland, Texas 79702

Doyle Hartman, Oil Operator
500 North Main
Midland, Texas 79701

BP America Production Company
P.O. Box 3092
Houston, Texas 77253

Mission Resources Corporation
Suite 1455
1331 Lamar
Houston, Texas 77010

Lewis B. Burleson, Inc.
P.O. Box 2479
Midland, Texas 79702