



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

May 15, 2000

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

Re: *Administrative application on behalf of Arch Petroleum, Inc. dated May 12, 2000 for an exception to Division Rule 104.B (1), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999, in order to drill its proposed Lamunyon Federal Well No. 70 at an unorthodox infill oil well location 2475 feet from the South line (which is 50 % closer to the north line of this well's proposed unit then allowed) and 1100 feet from the West line (which is 33 % closer to the east line of this well's proposed unit then allowed) (Unit L) of Section 22, Township 23 South, Range 37 East, NMPM, Lea County, New Mexico. This well is to be dedicated to the existing 40-acre oil spacing and proration unit comprising the NW/4 SW/4 of Section 22, which is currently dedicated to Arch Petroleum, Inc.'s C. E. Lamunyon Well No. 25 (API No. 30-025-22416), located at a standard oil well location 1980 feet from the South line and 660 feet from the West line of Section 22.*

Dear Mr. Bruce:

Your geological reasoning for the proposed unorthodox infill oil well location as stated on the cover page of this application contradicts the attached supporting data. Since there are standard locations within this 40-acre unit that will meet Arch Petroleum, Inc.'s geological objective to move toward the high portion of the structure, this application is hereby denied.

Sincerely

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division - Hobbs
Ms. Lori Wrotenbery, Director - NMOCD, Santa Fe
Ms. Kathy Valdes, NMOCD - Santa Fe
U. S. Bureau of Land Management - Roswell
U. S. Bureau of Land Management - Carlsbad

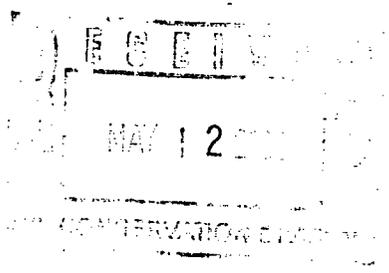
NSL 6/1/00

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

3304 CAMINO LISA
SANTA FE, NEW MEXICO 87501

(505) 982-2043
(505) 982-2151 (FAX)



May 12, 2000

Hand Delivered

Michael E. Stogner
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Dear Mr. Stogner:

Pursuant to Division Rule 104.F.(2), Arch Petroleum Inc. ("Arch") applies for administrative approval of an unorthodox oil well location for the following well:

Lamunyon Federal Well No. 70
2475 feet FSL & 1100 feet FWL
NW $\frac{1}{4}$ SW $\frac{1}{4}$ S22, Township 23 South, Range 37 East, NMPM
Lea County, New Mexico

The well will be drilled to test the Blinebry formation. A C-102 for the well is attached as Exhibit A.

The proposed location is based upon geological reasons. Attached as Exhibit B is a structure. The proposed location is a high structural position. The unorthodox location substantially increases the chance of encountering commercial quantities of hydrocarbons.

Attached as Exhibit C is a land plat of the area. Exhibit D shows a plat of offset operators. Notice has been given to the offsets.

Please call me if you need anything further regarding this matter.

Very truly yours,

James Bruce

Attorney for Arch

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
P.O. Box 2088, Santa Fe, NM 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		Pool Code		Pool Name	
Property Code	Property Name			Well Number	
	LAMUNYON FEDERAL			70	
OGRID No.	Operator Name			Elevation	
	ARCH PETROLEUM INC.			3288	

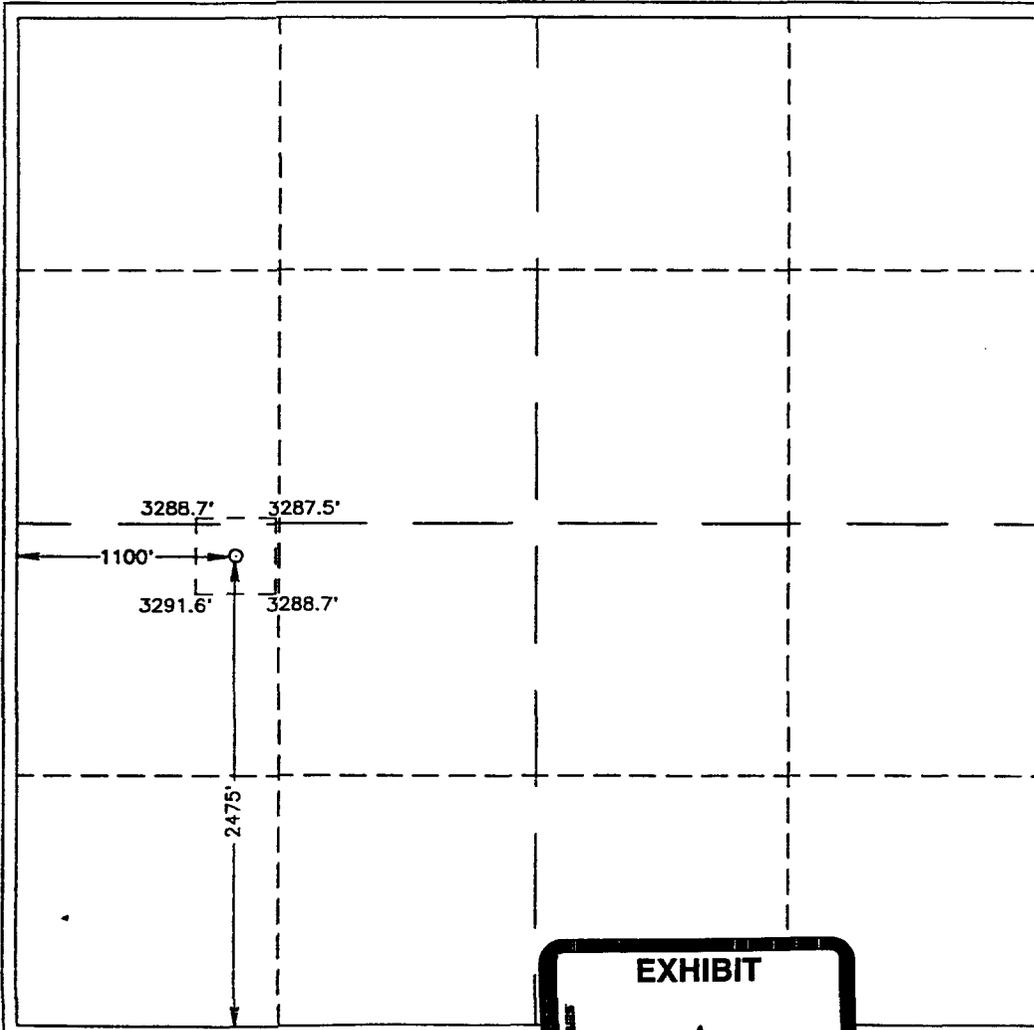
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	22	23 S	37 E		2475	SOUTH	1100	WEST	LEA

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
Dedicated Acres		Joint or Infill		Consolidation Code		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



OPERATOR CERTIFICATION

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

Signature _____

Printed Name _____

Title _____

Date _____

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.

JANUARY 20, 2000

Date Surveyed _____ JLP

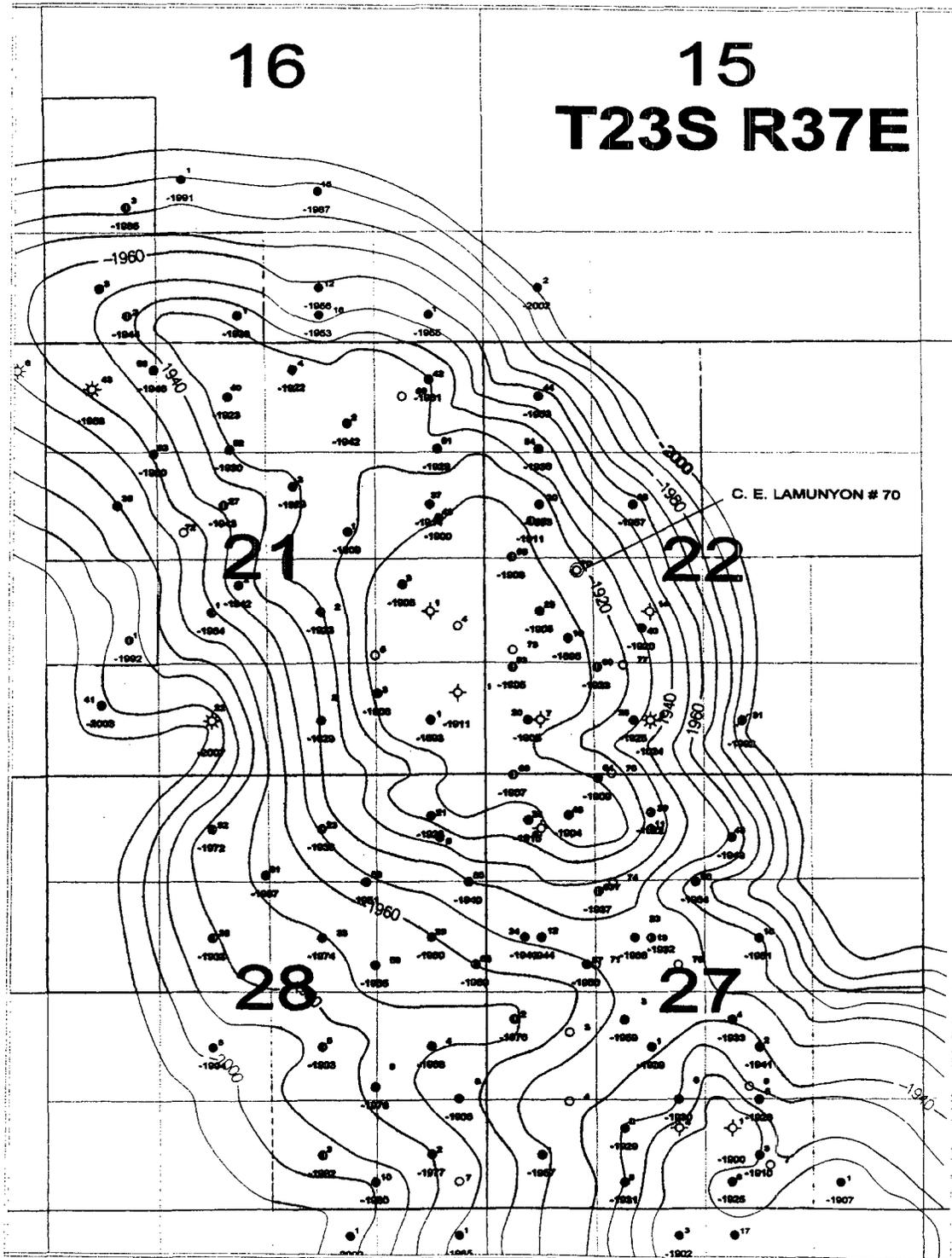
Signature & Seal of Professional Surveyor _____

Ronald S. Edson 1/24/2000

W.O. Num. 00-11-0050

Certificate No. RONALD S. EDSON, 3239
GARY G. EDSON, 12841
RONALD S. EDSON, 12185

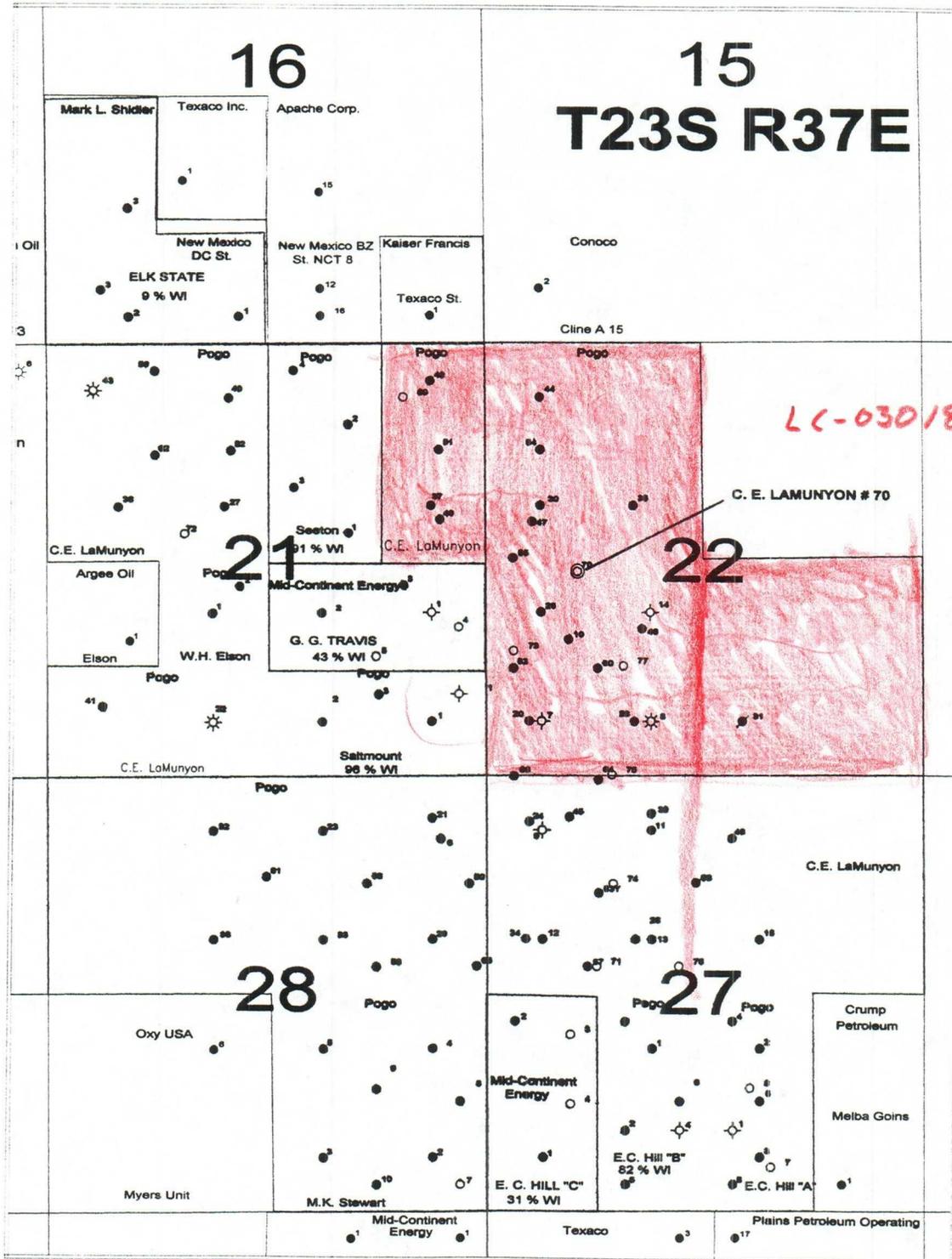
EXHIBIT
 A



EXHIBIT

B

POGO PRODUCING COMPANY		
TEAGUE BLINEBRY FIELD STRUCTURE ON TOP OF BLINEBRY		
G. CURRY	CH 10 FEET	3/23/00
WELLS > 400'	1:1250'	TORLPH



EXHIBIT

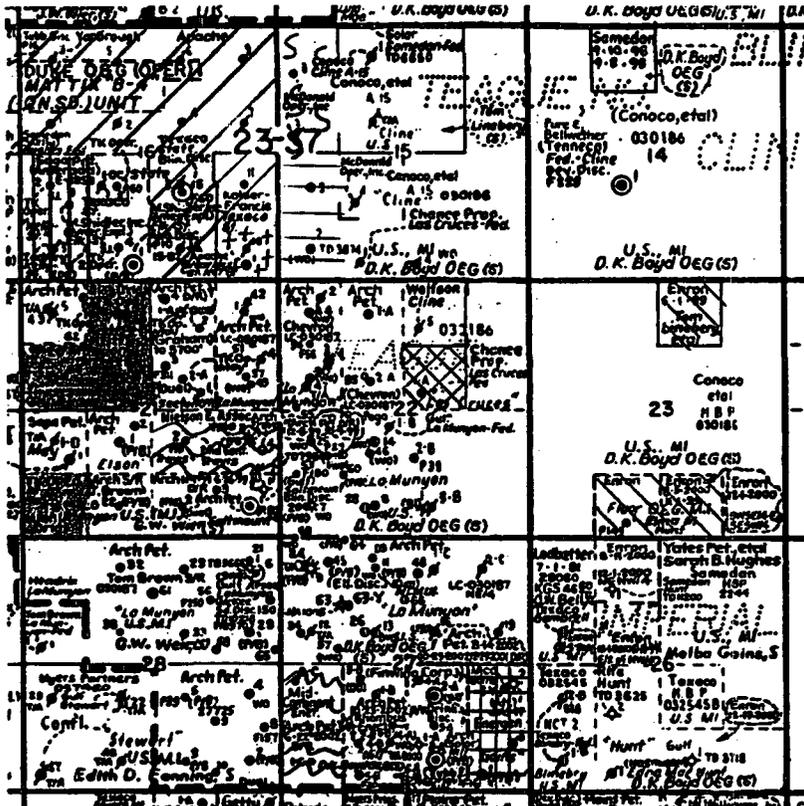
TALKIES

C

POGO PRODUCING COMPANY		
TEAGUE BLINEBRY FIELD LEASE MAP		
G. CURRY	11/20/00	32300
WELLS = 4807		TUBEN

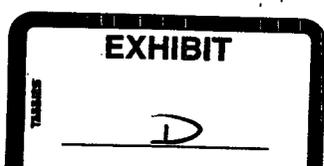
Map of Offset Operators

-  Apache Corp
-  Conoco INC
-  ENRON O+G Co.
-  Kaiser Francis Oil Co.
-  MNA Enterprises Ltd.



-  McDonald Operating Inc.
-  MidContinent Energy Operating
-  Mark Shidler INC.
-  TK operating
-  Taurus Expl. USA INC.

Midland Map Co.
 Posted to 3-1-00
 Lea, NM
 Scale: 1" = 4000'



COUNTY *Lea*

POOL

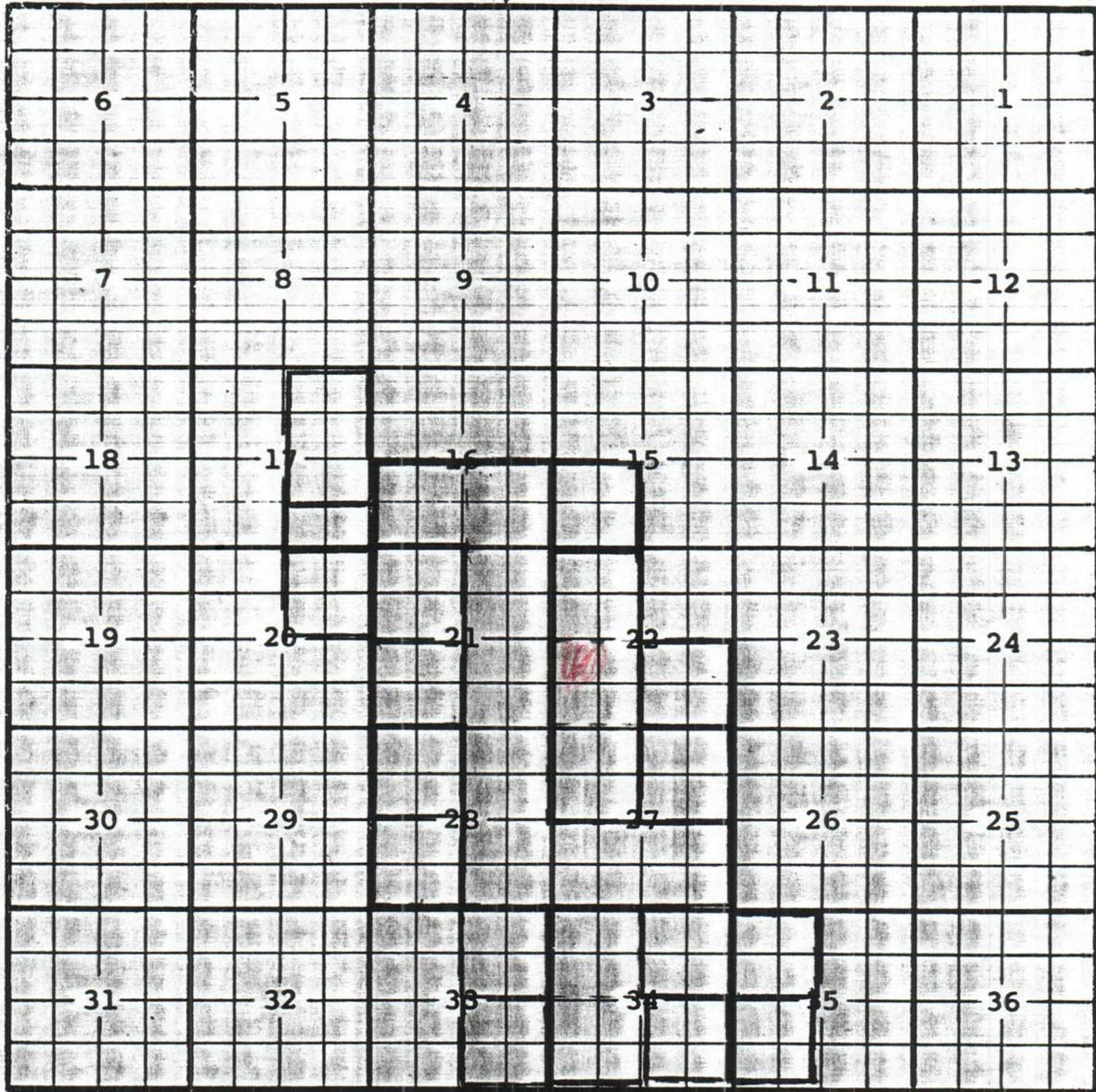
Paddock-Teague-Blinebry

TOWNSHIP *23 South*

RANGE

37 East

NMPM



Description: $\frac{S}{2}$ Sec. 16; $\frac{E}{2}$ Sec. 21; $\frac{S}{2}$ Sec. 27; $\frac{E}{2}$ Sec. 28 (R-3280, 8-1-67)

- $\frac{SW}{4}$ Sec. 21 (R-3355, 1-1-68) - $\frac{W}{4}$ Sec. 22; $\frac{NW}{4}$ Sec. 27 (R-3389, 4-1-68)

- $\frac{NE}{4}$ Sec. 33 (R-3402, 6-1-68) - $\frac{NW}{4}$ Sec. 21; $\frac{SE}{4}$ Sec. 22; $\frac{NW}{4}$ Sec. 28 (R-3438, 7-1-68)

- $\frac{SW}{4}$ Sec. 28 (R-3530, 11-1-68) - $\frac{NE}{4}$ Sec. 20 (R-3662, 2-1-69) - $\frac{SW}{4}$ Sec. 15; $\frac{SE}{4}$ Sec. 33 (R-3731, 5-1-69)

- $\frac{S}{2}$ $\frac{SE}{4}$ Sec. 17; $\frac{NE}{4}$ Sec. 27 (R-3895, 1-1-70) - $\frac{NE}{4}$ Sec. 34 (R-4329, 7-1-72)

Ext: $\frac{NE}{4}$ and $\frac{N}{2}$ $\frac{SE}{4}$ Sec. 17 (A-7131, 11-30-82) EXT: NW/4 sec 35 (R-9741, 9-1-89)

Ext: $\frac{SE}{4}$ Sec. 34 (R-9723, 9-25-92) Ext: $\frac{W}{2}$ Sec. 34 (R-9937, 8-12-93).

Extend vertical limits to include Paddock formation and redesignate as Teague-Paddock-Blinebry Pool (R-10776, 2-28-97)

Ext: $\frac{SW}{4}$ Sec. 35 (R-10776, 2-28-97)