

9/20/99 10/12/99 MS NW NSL

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

SEP 20 1999

ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

Application Acronyms:

- [NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location] [DD-Directional Drilling] [SD-Simultaneous Dedication] [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling] [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement] [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion] [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase] [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Directional Drilling [X] NSL [] NSP [] DD [] SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement [] DHC [] CTB [] PLC [] PC [] OLS [] OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery [] WFX [] PMX [] SWD [] IPI [] EOR [] PPR

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or [] Does Not Apply

- [A] [] Working, Royalty or Overriding Royalty Interest Owners [B] [X] Offset Operators, Leaseholders or Surface Owner [C] [] Application is One Which Requires Published Legal Notice [D] [] Notification and/or Concurrent Approval by BLM or SLO [E] [X] For all of the above, Proof of Notification or Publication is Attached, and/or, [F] [] Waivers are Attached

[3] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I further verify that all applicable API Numbers are included. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with supervisory capacity.

Garland H. Lang III Print or Type Name

Garland H. Lang III Signature

Land Consultant Title

9/17/99 Date



Arch Petroleum Inc.

September 17, 1999

Administrative Application for Unorthodox
Well Location-Fowler-Upper Paddock Gas Pool,
Lillie #1 Well, 660' FNL and 330' FWL, Unit Letter D,
Section 23, T-24-S, R-37-E, N.M.P.M.,
Lea County, New Mexico

State of New Mexico
Energy, Minerals & Natural Resources Dept.
Oil Conservation Division
2040 S. Pacheco
Santa Fe, New Mexico 87505

Attention: Mr. Michael E. Stogner

Dear Mr. Stogner:

Arch Petroleum Inc. respectfully requests approval of the subject Unorthodox Gas Well Location and rededication of a Standard 320-acre Fowler-Upper Paddock Gas Unit.

Arch Petroleum Inc. is planning to re-complete the Lillie #1 uphole in the Fowler-Upper Paddock Gas Pool. The Lillie #1 well is currently completed in the South Fowler (Tubb) Oil Pool. The location of the Lillie #1 is 660' FNL and 330' FWL of Section 23, Unit Letter D, Township 24 South, Range 37 East, N.M.P.M., Lea County, New Mexico. It is our desire to dedicate a Standard 320 acre Fowler-Upper Paddock Gas Unit (GPU), comprising the W/2 of Section 23, T-24-S, R-37-E, to this well. This 320 acre GPU has historically been dedicated to the Plains Knight #3 Well (located in Unit Letter L, or NW/4 SW/4 of Section 23). The Plains Knight #3 Well was Plugged and Abandoned on September 11, 1997. There are no other Fowler-Upper Paddock producers within the 320 acres comprising the W/2 of Section 23, T-24-S, R-37-E, N.M.P.M., Lea County, New Mexico.

Pursuant to the Oil Conservation Commission's Order No. R-2426 the Lillie #1 Well location is less than the required distance from the outer boundary of the proration unit; therefore, Arch Petroleum Inc. requests that you grant an exception to the requirements of Rule 4 of said order.

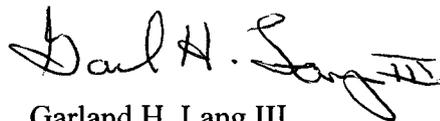
Application for Unorthodox Location
Lillie #1 Well
September 17, 1999
Page Two

In order to prevent waste, Arch Petroleum Inc. respectfully requests approval of this administrative application for the stated unorthodox gas well location and a Standard 320 acre GPU for the Lillie #1 Well. Attached hereto as Exhibit "A" is a map showing the offset operators, a list of offset operators that could be effected by this unorthodox location, Form C-101 and Form C-102 plat. A copy of this letter and attachments are being furnished by Certified Mail to the offset operators as their notice of this application.

If you have any questions or require any further information concerning this application, please contact me at (915) 685-8126.

Yours very truly,

ARCH PETROLEUM INC.



Garland H. Lang III
Consulting Landman

Attachments

cc: NMOCD-Hobbs, N.M.
Rex Jasper

R 37 E

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14

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22

23

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T
24
S

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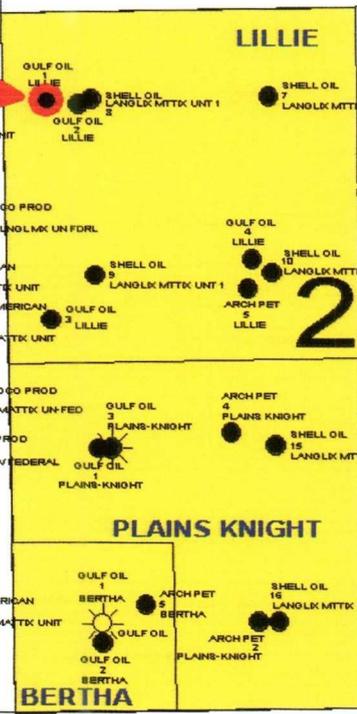


EXHIBIT "A"

LEGEND

- Arch Operated Leasehold
- Lillie #1 to be completed

in the Fowler-Paddock gas pool

ARCH PETROLEUM

FOWLER PROSPECT
Lea County, New Mexico

LNDMN: G. LANG		09/16/1999
TECH: T. RODRIGUEZ	Scale 1:12722.58	LANDLLR.GPF

ARCH PETROLEUM INC.
Request for Unorthodox Location
Fowler-Upper Paddock Gas Pool

Lillie #1

660' FNL and 330' FWL, Unit Letter D, Section 23, T-24-S, R-37-E,
N.M.P.M.,
Lea County, New Mexico

Offset Operators

Altura Energy LTD
P.O. Box 4294
Houston, Texas 77210-4294

John H. Hendrix Corp.
110 N. Marienfeld, Suite 400
Midland, Texas 79701

District I
PO Box 1980, Hobbs, NM 88241-1980

District II
811 South First, Artesia, NM 88210

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

District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-101
Revised October 18, 1994
Instructions on back
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. 300 North Marienfeld, Suite 600 Midland, Texas 79701		² OGRID Number 000962
		³ API Number 30 - 025-11206
⁴ Property Code 014915	⁵ Property Name Lillie	⁶ Well No. 1

⁷Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West Line	County
D	23	24S	37E		660	North	330	West	Lea

⁸Proposed 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-UpperPaddock Gas					¹⁰ Proposed Pool 2				

¹¹ Work Type Code P	¹² Well Type Code G	¹³ Cable/Rotary C	¹⁴ Lease Type Code S	¹⁵ Ground Level Elevation 3227
¹⁶ Multiple	¹⁷ Proposed Depth 5700	¹⁸ Formation Paddock	¹⁹ Contractor	²⁰ Spud Date

²¹Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
17-1/4"	13-3/8"	61#	319	375	surface
12-1/4"	9-5/8"	36#	3800	1050	1970'
8-3/4"	7"	23,26 & 29#	10287	920	8085'

²²Describe 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.

Set CIBP @ 5700' and cap w/2 sx cement abandoning current Tubb completion.
Test CIBP to 3000#.
Run GRN CCL log 4500-5000'
Perforated Paddock as determined by log.
RIH w/2-7/8" work string.
Swab to evaluate for possible frac.

Completion contingent on approval of non-standard location application.

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

Signature:

Robin S. McCarley

Printed name: Robin S. McCarley

Title: Production Tech.

OIL CONSERVATION DIVISION

Approved By:

Title:

Approval Date:

Expiration Date:

District I
PO Box 1980, Hobbs, NM 88241-1980

District II
811 South First, Artesia, NM 88210

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

District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-102
Revised October 18, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1API Number 30-025-11206		2Pool Code 77080		3Pool Name Fowler-Upper Paddock Gas	
4Property Code 014915		5Property Name Lillie			6Well Number 1
7GRID No. 000962		8Operator Name Arch Petroleum Inc.			9Elevation 3227

10Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West Line	County
D	23	24S	37E		660	North	330	West	Lea

11Bottom 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
12Dedicated Acres 320.00		13Joint or Infill		14Consolidation Code		15Order 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

	<p><i>Gulf Oil Corp. originally drilled Lillie Well No. 1 Spud: 6-23-52 TD: 10,288' Elkhorn Test Fowler Elkhorn Completion Recompleted to Fuselman in 1980 Fowler Fuselman Prod. Comp. 1980 vested all interests Fowler McCoy a producer South Fowler Tub Comp. in 1993 Currently Producing in that interest.</i></p>	<p>OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p> <p><i>Robin S. McCarley</i> Signature Robin S. McCarley Printed Name Production Tech. Title 09-14-99 Date</p>	
	<p>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.</p> <p>_____ Date of Survey Signature and Seal of Professional Surveyer:</p>	<p>_____ Certificate Number</p>	