



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop
Cabinet Secretary

April 9, 2003

Lori Wrotenbery
Director
Oil Conservation Division

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

Telefax No. (505) 982-2151

Administrative Order NSL-4855 (SD)

Dear Mr. Bruce:

Reference is made to the following: (i) your application (*administrative application reference No. pKRV0-309853233*) dated April 7, 2003 on behalf of the operator Arch Petroleum, Inc. ("Arch"); (ii) your telephone conversation with Mr. Michael E. Stogner, Engineer/Chief Hearing Officer with the Division in Santa Fe, New Mexico on Tuesday afternoon, April 8, 2003; (iii) an earlier telephone conversation between someone representing Arch and Mr. Richard Ezeanyim, Chief Engineer with the Division in Santa Fe, requesting Arch be given special preferential consideration in this matter; and (vi) the Division's records in Santa Fe: all concerning Arch's request for an unorthodox infill oil well location within an existing standard 40-acre oil spacing and proration unit comprising the SW/4 SW/4 (Unit M) of Section 27, Township 23 South, Range 37 East, NMPM, Teague-Paddock Blinebry Pool (58300), 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.

This 40-acre Paddock-Blinebry unit is currently dedicated to Arch's E. C. Hill "C" Well No. 1 (API No. 30-025-22547) located at a standard oil well location 660 feet from the South and West lines of Section 27.

It is our understanding that the 80-acre area comprising the E/2 SW/4 of Section 27 is a single fee lease with common mineral interests in which Arch is the leasehold operator; therefore, there are no adversely effected offsets to the subject 40-acre tract within the Paddock-Blinebry interval.

It is further understood that such unorthodox location is being sought in order to minimize drainage effects in that this location is approximately equidistance, more or less, to other offsetting Paddock-Blinebry oil producers within the lease and within the general area. The proposed infill oil well location should enable Arch to further develop and deplete the Paddock-Blinebry reserves within the E. C. Hill "C" fee lease that might not otherwise be recovered.

By the authority granted me under the provisions of Division Rule 104.F (2), the following

Administrative Order NSL-4855 (SD)

Arch Petroleum, Inc.

April 9, 2003

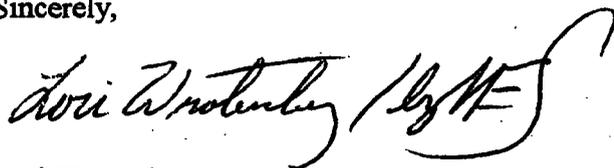
Page 2

described well to be drilled at an unorthodox "infill" oil well location within the SW/4 SW/4 (Unit M) of Section 27 is hereby approved:

**E. C. Hill "C" Well No. 4
1260' FSL & 990' FWL**

Further, both the existing E. C. Hill "C" Well No. 1 and the proposed E. C. Hill "C" Well No. 4 are to be simultaneously dedicated to the subject 40-acre unit.

Sincerely,

A handwritten signature in black ink, appearing to read "Lori Wrotenberg" followed by a stylized flourish or initials.

Lori Wrotenberg
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs

DATE <u>4/7/03</u>	SUSPENSE <u>NA</u>	ENGINEER <u>MS</u>	LOGGED IN <u>KV</u>	TYPE <u>NSL</u>	<u>AKR10309853233</u>
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [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 - Simultaneous Dedication
 NSL NSP 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

- [D] Other: Specify _____

RECEIVED
 APR 7 2003
 Oil Conservation Division

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

- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] 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
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is accurate and complete to the best of my knowledge. I also understand that no action will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

James Bruce
 Print or Type Name

James Bruce
 Signature

Attorney for Applicant

jamesbruc@aol.com

e-mail Address

4/7/03
 Date

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) 982-2151 (FAX)

jamesbruce@aol.com

April 7, 2003

Hand Delivered

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

Dear Mr. Stogner:

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

<u>Well:</u>	E.C. Hill "C" Well No. 4
<u>Location:</u>	1260 feet FSL & 990 feet FWL
<u>Well Unit:</u>	SW $\frac{1}{4}$ SW $\frac{1}{4}$ S27, Township 23 South, Range 37 East, NMPM, Lea County, New Mexico.

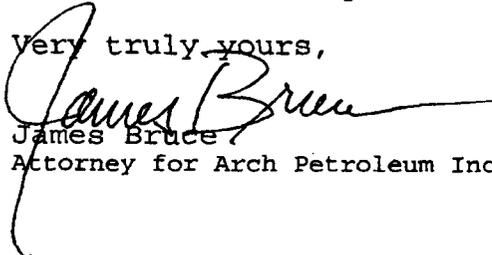
The well will be drilled to test the Teague Paddock-Blinebry Pool, which is an oil pool developed on statewide spacing. A Form C-102 for the well is attached as Exhibit A.

Exhibit B outlines the E.C. Hill "C" Lease, which covers the W $\frac{1}{2}$ SW $\frac{1}{4}$ of Section 27. The E.C. Hill "C" Well Nos. 1 and 2 are completed in the Teague Paddock-Blinebry Pool, and Arch desires to move away from those wells to minimize drainage effects. **The SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 27 will be simultaneously dedicated to the Nos. 1 and 4 wells,** and Arch requests approval of the simultaneous dedication.

The location is interior to the lease, and interest ownership in the lease is common, so no one is adversely affected by the location. Therefore, notice of the location has not been given.

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

Very truly yours,


James Bruce
Attorney for Arch Petroleum Inc.

*- Talked w/ Jim Bruce
@ 3:16 pm on 4-8-03
- See lease covering 80 acres*

DISTRICT I
P.O. Box 2088, Artesia, NM 87011-2088

DISTRICT II
P.O. Box 2088, Artesia, NM 87011-2088

DISTRICT III
1000 Rio Grande Rd., Artesia, NM 87410

DISTRICT IV
P.O. Box 2088, SANTA FE, N.M. 87504-2088

State of New Mexico
Energy, Minerals and Natural Resources Department

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

Form C-102
Revised February 10, 1984
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 8 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number	Pool Code	Pool Name
	58300	TEAGUE PADDOCK BLINEBRY
Property Code	Property Name	Well Number
27142	E.C. HILL "C"	4
OGSD No.	Operator Name	Elevation
962	ARCH PETROLEUM, INC.	3286'

Surface Location

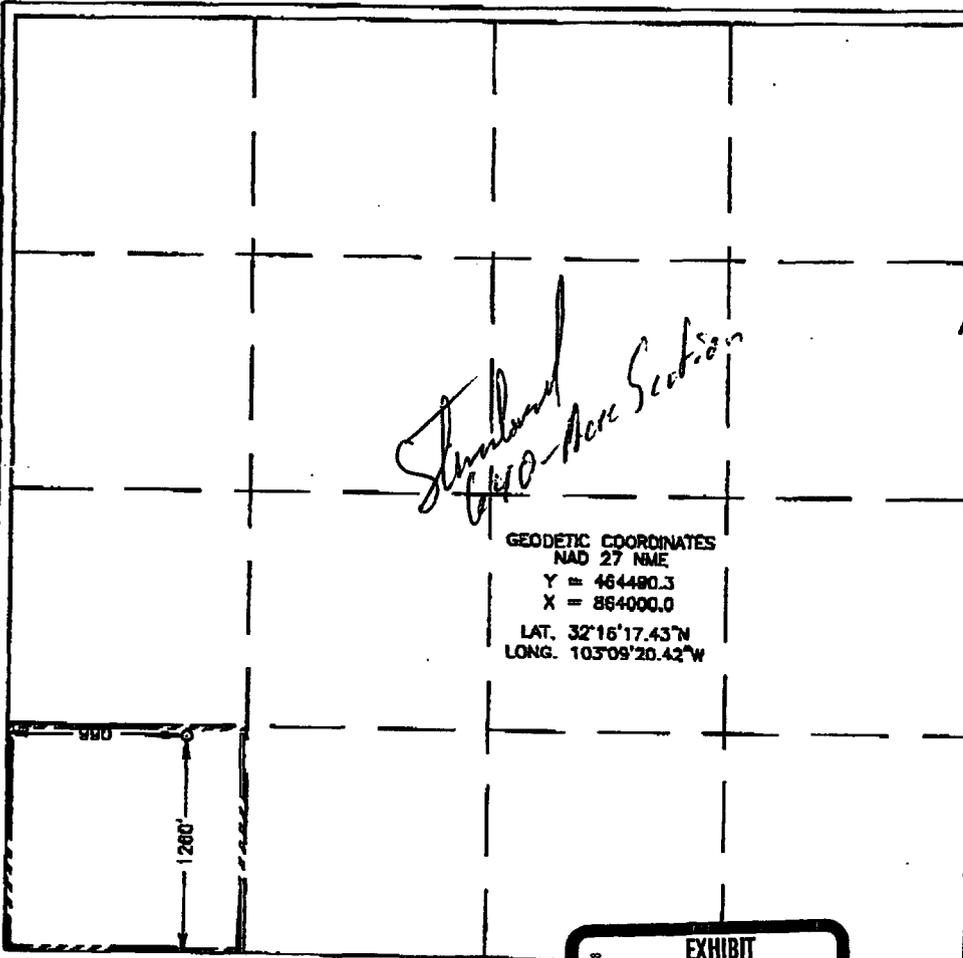
UL or lot No.	Section	Township	Range	Lot No.	Feet from the	North/South line	Feet from the	East/West line	County
M	27	23-S	37-E		1260'	SOUTH	990'	WEST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot No.	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
40			

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 that the information contained herein is true and complete to the best of my knowledge and belief.

Joe T. Jencia
Signature

Joe T. Jencia
Printed Name

Agent
Title

03/13/03
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.

MARCH 04, 2003

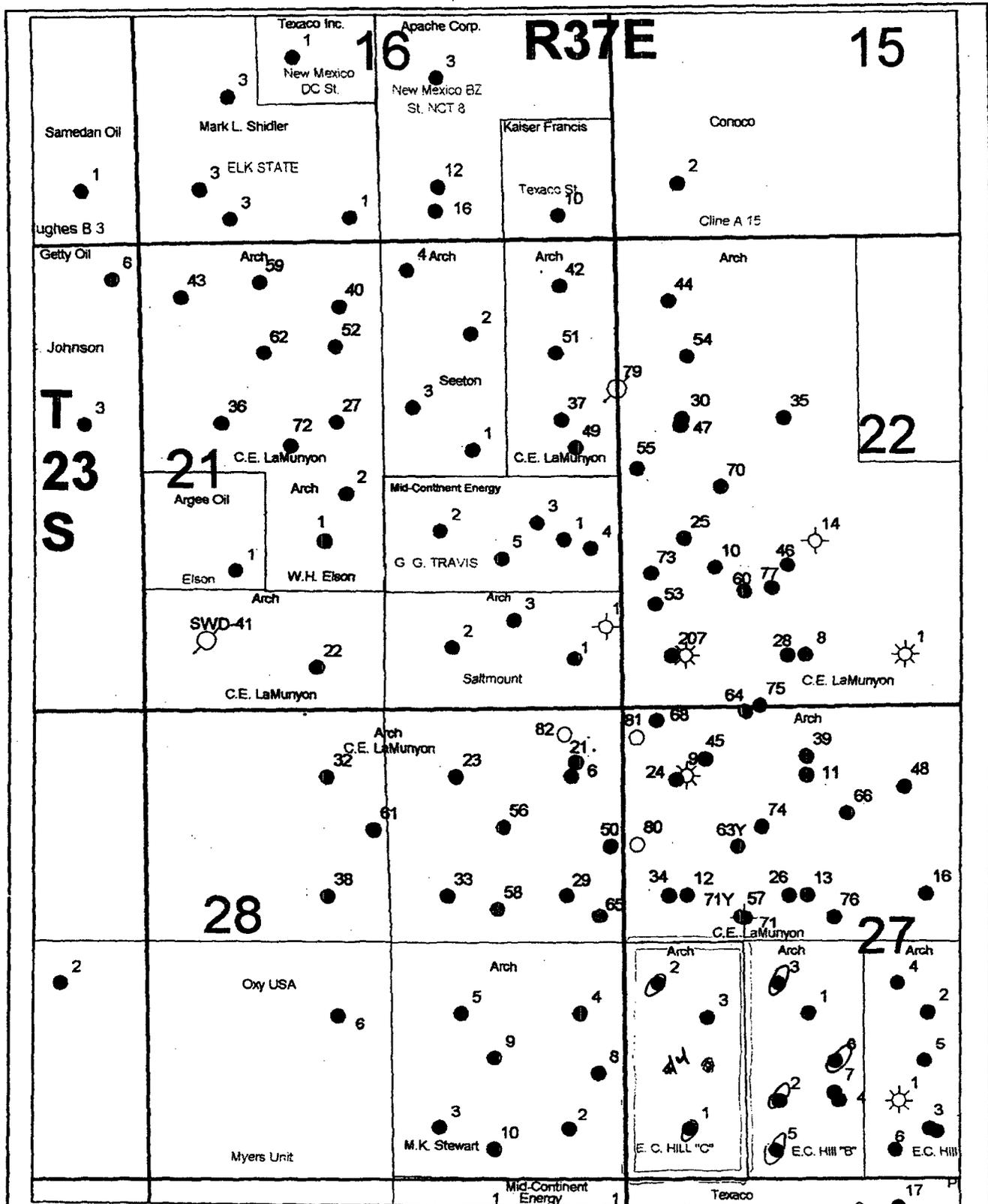
Date Surveyed _____ A.W.B.

Signature of Cecil B. Jenson
Professional Surveyor

Cecil B. Jenson
03.17.0282

State No. RONALD T. JENSON 3899
CARY JENSON 12641

EXHIBIT
A



Oil Well - Blinnby Wells

EXHIBIT B

Barberry Inc. COB

ARCH PETROLEUM INC.		
TEAGUE PROSPECT LEASE MAP		
GEOLOGIST: G. CUREY	Scale <Scale>	Date: 30 October 2002 BASE LEASE OMP

CMD : ONGARD 04/08/03 15:24:05
OG6IWCM INQUIRE WELL COMPLETIONS OGGOMES -TPE9

API Well No : 30 25 22547 Eff Date : 09-20-2001 WC Status : A
Pool Idn : 58300 TEAGUE;PADDOCK-BLINEBRY
OGRID Idn : 962 ARCH PETROLEUM INC
Prop Idn : 27142 E C HILL C

Well No : 001
GL Elevation: 99999

U/L Sec Township Range North/South East/West Prop/Act (P/A)

B.H. Locn : M 27 23S 37E FTG 660 F S FTG 660 F W A

Lot Identifier:
Dedicated Acre: 40.00
Lease Type : P

Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :

M0025: Enter PF keys to scroll
PF01 HELP PF02 PF03 EXIT PF04 GOTO PF05 PF06
PF07 PF08 PF09 PF10 NEXT-WC PF11 HISTORY PF12 NXTREC