



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

November 22, 2005

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

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

Administrative Order NSP-1895
(Administrative Reinstatement of Division Order No. R-12273)

Dear Mr. Bruce:

Reference is made to the following: (i) your application on behalf of the operator, Arch Petroleum, Inc. ("Arch") filed with the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on October 31, 2005 (*administrative application reference No. pSEM0-530530173*); and (ii) the Division's records in Santa Fe, including the record in Division Case No. 13275: all concerning Arch's request for an exception to Rule 2 (A) 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, and to administratively amend Division Order No. R-12273, which order authorized the creation of a non-standard 160-acre gas spacing unit in the Jalmat Gas Pool (**79240**) comprising the NW/4 of Section 21, Township 23 South, Range 37 East, NMPM, Lea County, New Mexico.

Your application has been duly filed under the applicable provisions of the special rules currently governing Jalmat Gas Pool.

By Division Order No. R-12273, issued in Case No. 13275 on January 14, 2005, this 160-acre non-standard gas spacing unit was established for Jalmat gas production from Arch's existing La Munyon Federal Well No. 2 (**API No. 30-025-10814**), to have been recompleted up-hole from the Langlie-Mattix (Seven Rivers-Queen-Grayburg) Pool (**37240**) to the Jalmat Gas Pool, and located at a standard gas well location 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 21. It is the Division's understanding however that the recompletion of this well "was not successful" and that Arch now intends to re-complete its La Munyon Federal Well No. 3 (**API No. 30-025-10815**), located at a standard Jalmat gas well location 1980 feet from the North and West lines (Unit F) of Section 21, from the Langlie-Mattix (Yates-Seven-Rivers-Queen-Grayburg) Pool into the Jalmat Gas Pool.

By the authority granted me under the provisions of Rules 4 (C) (1) (a) and 4 (D) of the special rules now governing the Jalmat Gas Pool, the above-described 160-acre non-standard gas spacing unit initially authorized by Division Order No. R-12273 is hereby restored and transferred to Arch's above-described La Munyon Federal Well No. 3. Division Order No. R-12273 is hereby amended to reflect this well change; furthermore, all provisions applicable to the subject 160-acre non-standard gas spacing unit in Division Order No. R-12273, not in conflict with this order, shall remain in full force and affect until further notice.

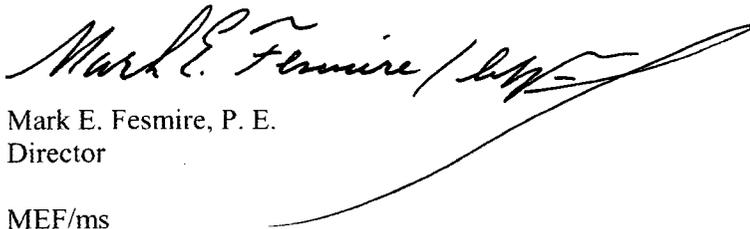
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Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,



Mark E. Fesmire, P. E.
Director

MEF/ms

cc: New Mexico Oil Conservation Division – Hobbs
U. S. Bureau of Land Management - Carlsbad
File: Division Case No. 13275