



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Betty Rivera
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

December 5, 2002

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

Telefax No. (505) 982-2151

Amended Administrative Order NSL-4735-A

Dear Mr. Bruce:

Reference is made to the following: (i) your application on behalf of the operator, Arch Petroleum, Inc. ("Arch"), submitted to the New Mexico Oil Conservation Division ("Division") on November 11, 2002 (*application reference No. PKRV0-231640809*); and (ii) the Division's records in Santa Fe: all concerning Arch's request to drill its proposed C. E. Lamunyon Well No. 81 at an unorthodox oil well location within the Teague-Simpson Pool (58900) **230 feet** from the North line and 150 feet from the West line (Unit D) of Section 27, Township 23 South, Range 37 East, NMPM, Lea County, New Mexico.

The NW/4 NW/4 of Section 27 is to be dedicated to this well in order to form a standard 40-acre oil spacing and proration unit.

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.

Affected offsetting working interest owners to the Northwest in the SE/4 of Section 21 have been notified and have not objected within the 20-day suspense period. It is the Division's understanding that there are no affected offsets directly to the North and directly to the West because the N/2 of Section 27, the N/2 of Section 28, the S/2 of Section 22, Township 23 South, Range 37 East, NMPM, Lea County, New Mexico, among other acreage, is included within a single Federal lease (United States Government Lease No. LC-030187) in which Arch is the leasehold operator. It is further understood that the proposed location has been moved 100 feet further North to avoid pipelines and power lines existing at the previously approved non-standard location 330 feet from the North line and 150 feet from the West line and to still remain optimally between two (2) previously drilled wells. Said location will prevent waste and recover previously unrecoverable reserves.

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By the authority granted me under the provisions of Division Rule 104.F (2), the above-described non-standard oil well location is hereby **approved**.

Sincerely,



Lori Wrotenbery
Director

LW/wvjj

cc: New Mexico Oil Conservation Division - Hobbs
U. S. Bureau of Land Management – Carlsbad