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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

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

☒ 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] ☐ 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] 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.

JAMES BRUCE
P.O. BOX 1056
SANTA FE, NM 87504

Print or Type Name

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

James Bruce
Signature

Attorney for
Title

6/5/00
Date

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)

June 5, 2000

Hand Delivered

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

Dear Mr. Stogner:

Pursuant to Rule 104.F.(2), Arch Petroleum Inc. applies for administrative approval of four unorthodox oil well locations for the following wells, located in Township 23 South, Range 37 East, NMPM, Lea County, New Mexico:

C.E. Lamunyon Well No. 73
1510 feet FSL & 330 feet FWL
NW $\frac{1}{4}$ SW $\frac{1}{4}$ S22

C.E. Lamunyon Well No. 74
1310 feet FNL & 1515 feet FWL
NE $\frac{1}{4}$ NW $\frac{1}{4}$ S27

C.E. Lamunyon Well No. 75
10 feet FSL & 1505 feet FWL
SE $\frac{1}{4}$ SW $\frac{1}{4}$ S22

C.E. Lamunyon Well No. 77
1330 feet FSL & 1650 feet FWL
NE $\frac{1}{4}$ SW $\frac{1}{4}$ S22

The wells will be drilled to test the McKee zone of the Teague (Simpson) Pool, which is an oil pool developed on statewide spacing. Form C-102s for the four wells are attached as Exhibits A, B, C, and D.

The proposed locations are based upon engineering and geological reasons. Attached as Exhibit E is a structure map of the McKee, with the proposed wells highlighted in red. The Teague (Simpson) Pool is an old producing pool, and there are a number of wells in

this area which have been plugged and abandoned, or were not productive.¹ The proposed wells are situated to be approximately equi-distant from the plugged and/or non-productive wells. The map also shows that the proposed locations maintain a high structural position, while remaining in the northwest-southeast trend of past and current McKee production. Applicant believes the wells will recover reserves which were not recovered by existing wells, and thus the locations are necessary to prevent waste.

Exhibit B also outlines the C.E. Lamunyon lease, which covers the S½ of Section 22 and the N½ of Section 27 (and other acreage). It is a single federal lease, with common working, royalty, and overriding royalty interests. Therefore, the proposed wells do not encroach on any offset owner, and notice of this application was not given to anyone.

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

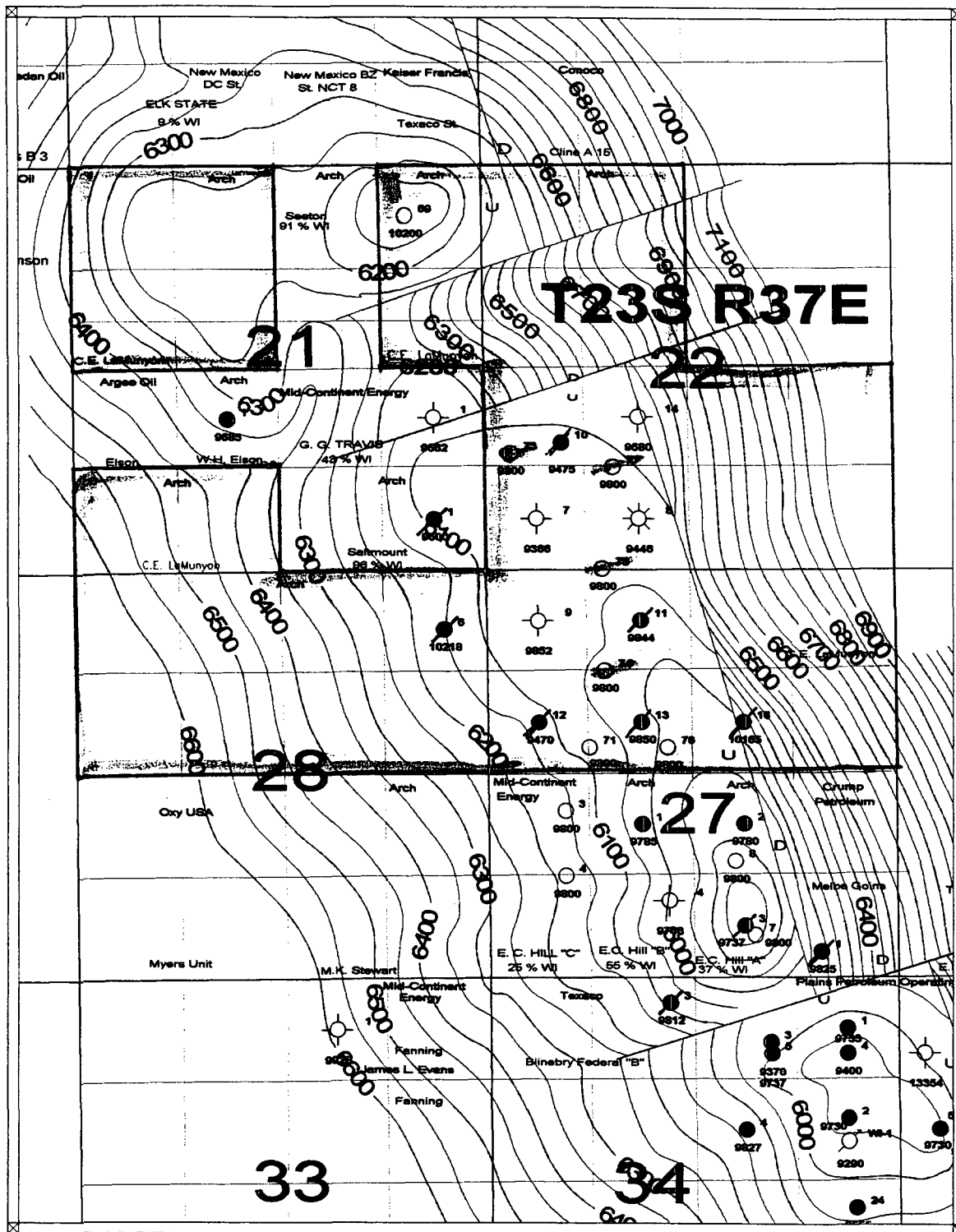
Very truly yours,



James Bruce

Attorney for Arch
Petroleum Inc.

¹All wells on the map are proposed or existing Teague (Simpson) wells.



LEGEND
 ○ NEW DRILL LOCATION
 — ARCH LEASEHOLD

E

ARCH PETROLEUM INC		
TEAGUE PROSPECT LEA COUNTY, NEW MEXICO MCKEE "C" STRUCTURE MAP		
G. CURRY	C=50 FEET	5/30/00
WELLS >= 9000'	1"=2000'	TGMCKEE.GPJ

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

(Other instructions on reverse side)

APPROVED
OMB NO. 1004-0136
Expires: February 23, 1995

APPLICATION FOR PERMIT TO DRILL OR DEEPEN WELL

1a. TYPE OF WORK
DRILL ☒ DEEPEN ☐ MIDLAND

b. TYPE OF WELL
OIL WELL ☒ GAS WELL ☐ OTHER ☐ SINGLE ZONE ☒ MULTIPLE ZONE ☐

2. NAME OF OPERATOR
ARCH PETROLEUM, INC. (RICHARD WRIGHT 915-685-8140)

3. ADDRESS AND TELEPHONE NO.
P.O. BOX 10340 MIDLAND, TEXAS 79702-7340 (915-685-8100)

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)
At surface
1330' FSL & 1650' FWL SEC. 22 T23S-R37E LEA CO. NM
At proposed prod. zone SAME

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE
Approximately 10 miles Southeast of Eunice New Mexico

15. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drilg. unit line, if any)
1330'

16. NO. OF ACRES IN LEASE
1520

17. NO. OF ACRES ASSIGNED TO THIS WELL
40

18. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.
90'

19. PROPOSED DEPTH
9800'

20. ROTARY OR CABLE TOOLS
ROTARY

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
3289' GR.

22. APPROX. DATE WORK WILL START
WHEN APPROVED

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
25"	Conductor	NA	40'	Cement to surface with Radi-mix.
17½"	H-40 13 3/8"	48	500'	600 Sx. Circulate to surface.
11"	J-55 8 5/8"	32 & 24	3000'	1200 Sx. Circulate to surface.
7 7/8"	N-80 5½"	17	9800'	1150 Sx. Top cement 2500'±

1. Drill 25" hole to 40'. Set 40' of 20" conductor pipe and cement to surface with Radi-mix.
2. Drill 17½" hole to 500'. Run and set 500' of 13 3/8" H-40 48# ST&C casing. Cement with 600 S of Class "C" cement + additives, circulate cement to surface.
3. Drill 11" hole to 3000'. Run and set 3000' of 8 5/8" J-55 32 & 24 # ST&C casing. Cement with 1200 Sx. of Class "C" cement + additives, circulate cement to surface. 800' of 32# 2200' of 24#.
4. Drill 7 7/8" hole to 9800'. Run and set 9800' of 5½" casing as follows: 2800' of 17# N-80 LT&C, 6000' of 17# J-55 LT&C, 1000' of 17# N-80 LT&C casing. Cement in two stages with DV tool at 5500'±. Cement with 1150 Sx. of Class "H" cement + additives, estimate top of cement 2500' from surface.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED For T. J. J. J. TITLE Agent DATE 05/24/00
(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in a
CONDITIONS OF APPROVAL IF ANY:

ould entitle the applicant to conduct operations thereon.

APPROVED BY _____ TITLE _____ DATE _____

*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

STRICT I
P.O. Box 1880, Hobbs, NM 88241-1880
DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410
DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

OIL CONSERVATION DIVISION

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 58900	Pool Name TEAGUE-SIMPSON
Property Code 14908	Property Name C.E. LAMUNYON FEDERAL	Well Number 77
OGRID No. 962	Operator Name ARCH PETROLEUM, INC.	Elevation 3289

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	22	23 S	37 E		1330	SOUTH	1650	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 40	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 Joe T. Janica Printed Name AGent Title 05/24/00 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. MAY 18, 2000 Date Surveyed Signature & Seal of Professional Surveyor Certification No. RONALD E. EUBANK 3239 CARY EUBSON 12641 MACON McDONALD 12185

EXHIBIT "A"

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

06/16/00 11:03:51
OGOMES -TPVI
PAGE NO: 1

Sec : 22 Twp : 23S Rng : 37E Section Type : NORMAL

D 40.00 Federal owned A A A	C 40.00 Federal owned A	B 40.00 Federal owned	A 40.00 Federal owned
E 40.00 Federal owned A A A A	F 40.00 Federal owned A A	G 40.00 Federal owned A	H 40.00 Federal owned

PF01 HELP
PF07 BKWD

PF02
PF08 FWD

PF03 EXIT
PF09 PRINT

PF04 GoTo
PF10 SDIV

PF05
PF11

PF06
PF12

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

06/16/00 11:04:05
OGOMES -TPVI
PAGE NO: 2

Sec : 22 Twp : 23S Rng : 37E Section Type : NORMAL

L 40.00 Federal owned A A	K 40.00 Federal owned A A A	J 40.00 Federal owned A	I 40.00 Federal owned
M 40.00 Federal owned A A A	N 40.00 Federal owned A A A	O 40.00 Federal owned A A	P 40.00 Federal owned

PF01 HELP
PF07 BKWD

PF02
PF08 FWD

PF03 EXIT
PF09 PRINT

PF04 GoTo
PF10 SDIV

PF05
PF11

PF06
PF12

COUNTY

Lea

POOL

Teague

(Sim)

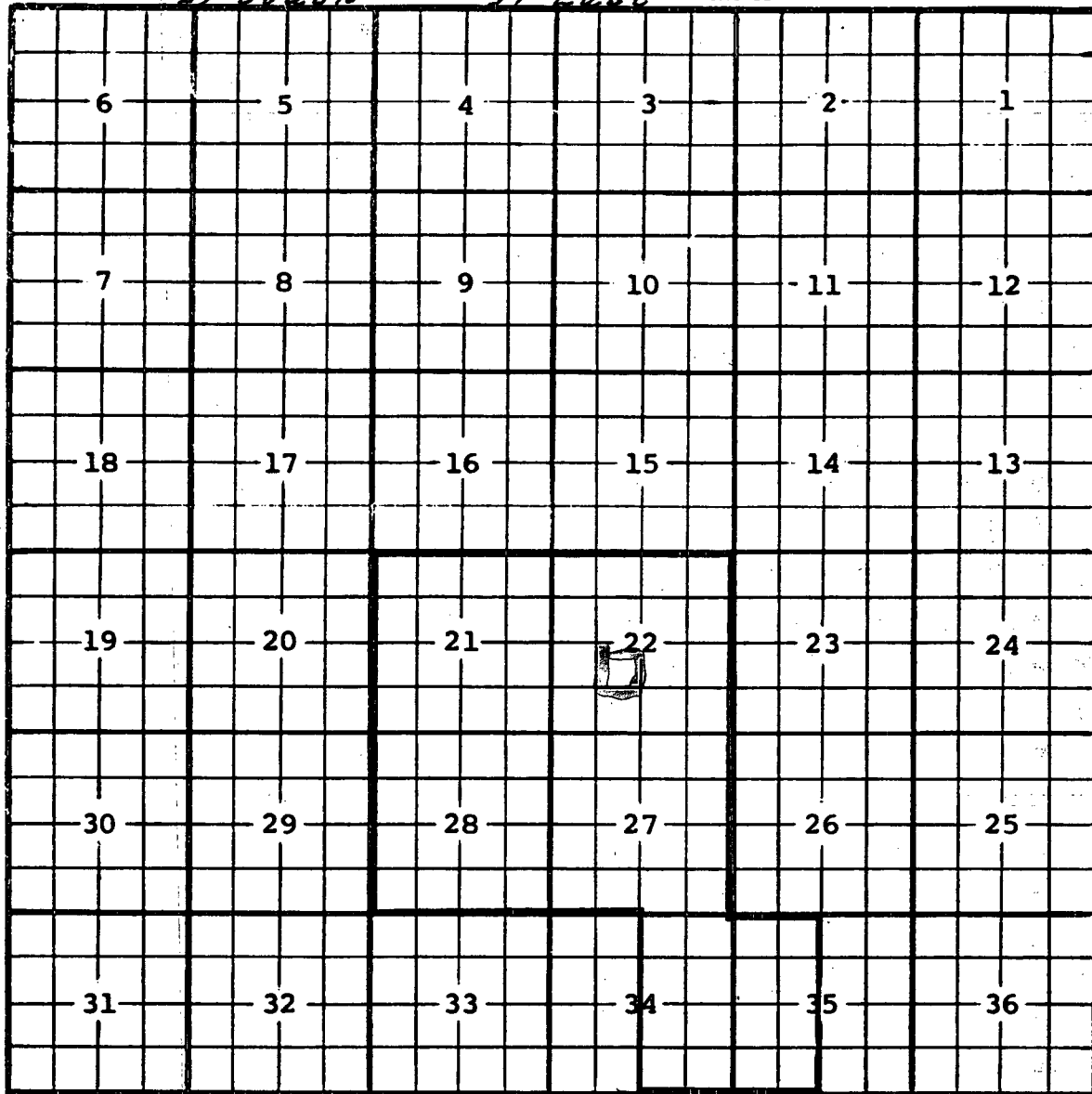
TOWNSHIP

23-South

RANGE

37-East

NMPM



Description: All Secs. 21, 22, 27, & 28. - $\frac{E}{2}$ Sec. 34; $\frac{W}{2}$ Sec. 35, (R-197, 10-20-52).