



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

Bill Richardson
Governor
Joanna Prukop
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

May 20, 2003

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

Telefax No. (505) 982-2151

Administrative Order NSP-1864 (L)

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 February 18, 2003 (*administrative application reference No. pKRV0-304855818*); and (ii) the Division's records in Santa Fe, including the files on Division Administrative Orders NSL-3793, dated April 30, 1997, and NSL-3793-B, dated May 20, 2003: all concerning Arch's request for a non-standard 160-acre gas spacing unit comprising the following acreage in the Undesignated Jalmat Gas Pool (79240):

LEA COUNTY, NEW MEXICO
TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM
Section 27: NW/4.

This unit is to be dedicated to Arch's existing C. E. Lamunyon Well No. 63-Y (API No. 30-025-34153), which is located at an unorthodox gas well location 1420 feet from the North line and 1340 feet from the West line (Unit F) of Section 27.

Your application submitted on behalf of Arch has been duly filed under the provisions 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.

By the authority granted me under the provisions of Rules 4 (A), (C), and (D) of the special rules now governing the Jalmat Gas Pool, the above-described non-standard 160-acre gas spacing unit and unorthodox gas well location for the above-described C. E. Lamunyon Well No. 63-Y are hereby approved.

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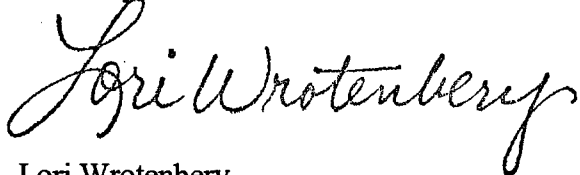
Arch Petroleum, Inc.

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Jurisdiction of this matter shall be further retained for the entry of any such subsequent orders, as the Division may deem necessary.

Sincerely,

A handwritten signature in cursive script that reads "Lori Wrotenbery". The signature is written in dark ink and is positioned above the printed name and title.

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
U. S. Bureau of Land Management - Carlsbad
File: NSL-3793
NSL-3793-B