



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

March 16, 2000

**Arch Petroleum, Inc.
P. O. Box 10340
Midland, Texas 79702
Attention: Garland H. Lang III**

Administrative Order NSL-4421

Dear Mr. Lang:

Reference is made to the following: (i) your application dated February 22, 2000; and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe: all concerning Arch Petroleum, Inc.'s request for an exception to the well location requirements (Rule 4) provided within the "*Special Rules and Regulations for the Fowler-Upper Yeso Pool*," as promulgated by Division Order No. R-2424, issued in Case No. 2742 dated February 13, 1963, as amended by Division Orders No. R-2424-A, dated March 13, 1964, and Division Order No. R-3987, issued in Case No. 4315 dated July 7, 1970, for its existing Lillie Well No. 3 (API No. 30-025-11211), located 2310 feet from the North line and 330 feet from the West line (Unit E) of Section 23, Township 24 South, Range 37 East, NMPM, Fowler-Upper Yeso Pool, Lea County, New Mexico.

It is our understanding that the Lillie Well No. 3 was originally drilled by Gulf Oil Corporation in 1954 to a total depth of 7,550 feet and completed in the Fowler-Ellenburger Pool. This well is currently completed in the Fowler-Drinkard Pool where the location is considered to be standard and, upon issuance of this order, this well will be recompleted up-hole into the Upper Yeso interval.

The S/2 NW/4 of Section 23 is to be dedicated to this well in order to form a standard 80-acre lay-down oil spacing and proration unit for the Fowler-Upper Yeso Pool.

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 12119 on August 12, 1999.

By the authority granted me under the provision Rule 5 of these special pool rules and Division Rule 104.F (2), the above-described unorthodox gas well location is hereby approved.

Further, the aforementioned well and spacing unit will be subject to all existing rules, regulations, policies, and procedures applicable to this pool.

Administrative Order NSL-4421
Arch Petroleum Inc.
March 16, 2000
Page 2

IT IS FURTHER ORDERED THAT, as a contingency of approval, Arch Petroleum, Inc. shall submit an amended OCD Form C-102 for its Lillie Well No. 4 (**API No. 30-025-21684**), located 1880 feet from the North line and 1830 feet from the West line (Unit F) of Section 23, showing the proper acreage now dedicated to the Fowler-Upper Yeso Pool for this well to the Hobbs District Office of the Division. Failure to file within 90 days from the date of this order will result in the cancellation of allowable for both the Lillie Wells No. 3 and 4.

Sincerely,

A handwritten signature in cursive script, appearing to read "Lori Wrotenberg", followed by a small mark that looks like "LW".

Lori Wrotenberg
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs