



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

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

March 6, 2000

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

Telefax No. (505) 982-2151

Administrative Order NSL-4419

Dear Mr. Bruce:

Reference is made to the following: (i) your application dated March 3, 2000 on behalf of the operator Arch Petroleum, Inc. ("Arch"); and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe: all concerning Arch's request to drill its Learcy McBuffington Well No. 13 at an unorthodox Montoya oil well location 630 feet from the South line and 2530 feet from the East line (Unit O) of Section 13, Township 25 South, Range 37 East, NMPM, Justis-Montoya Pool, Lea County, New Mexico.

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.

The geologic interpretation submitted therein indicates that a well drilled at the proposed unorthodox oil well location will be at a more favorable geologic position within the Montoya formation than a well drilled at a location considered to be standard within the proposed standard 40-acre oil spacing and proration unit comprising the SW/4 SE/4 of Section 13.

Further, it is our understanding that the Montoya formation underlying the S/2 of Section 13 is within a single fee lease in which Arch is the leasehold operator; therefore, there are no effected offsets to the subject 40-acre tract other than Arch.

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

Sincerely,

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs