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NSL

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

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

Print or Type Name

Signature

Title

Date

3/3/00

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)

March 3, 2000

Hand Delivered

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

Dear Mr. Stogner:

Pursuant to Division Rule 104.F.(2), Arch Petroleum Inc. applies for administrative approval of an unorthodox oil well location for the following well:

Learcy McBuffington Well No. 13
630 feet FSL & 2530 feet FEL
SW $\frac{1}{4}$ SE $\frac{1}{4}$ (Unit O) S13, Township 25 South, Range 37 East, NMPM
Lea County, New Mexico

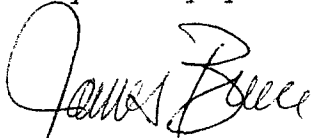
Attached as Exhibit A are a Form C-101 and a Form C-102 for the well. The well will be drilled to a depth sufficient to test the Montoya formation (Justis-Montoya Pool). The pool is governed by statewide rules, with 40 acre spacing and wells to be no closer than 330 feet to a quarter-quarter section line.

The proposed location is based upon geologic reasons. Attached as Exhibit B is a structure map on top of the Montoya formation, which is based on well control. The Montoya formation pinches out immediately to the east of the proposed location, and it is necessary to move the well west of an orthodox location. In addition, the proposed well should penetrate the reservoir in a favorable structural position, and will provide the best chance of encountering Montoya pay. Thus, the proposed location will reduce the risk involved in drilling the well, and prevent waste.

Submitted as Exhibit C is a land plat of the area, with the location of the proposed well marked thereon. Leasehold ownership is common throughout the S $\frac{1}{2}$ of Section 13, as to working, royalty, and overriding royalty interests. Therefore, the unorthodox location does not adversely affect any interest owner, and notice of this application has not been given to anyone.

This application is submitted in duplicate. Please call me if you need anything further on this matter.

Very truly yours,

A handwritten signature in cursive script, appearing to read "James Bruce".

James Bruce

Attorney for Arch Petroleum Inc.

cc: Garland H. Lang III

AMERICA
1625 N. French Dr., Hobbs, NM 88240
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Road, Artec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Form C-101
Revised March 17, 1999

Oil Conservation Division
2040 South Pacheco
Santa Fe, NM 87505

Submit to appropriate District Office
State Lease - 6 Copies
Fee Lease - 5 Copies

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address ARCH PETROLEUM INC. P.O. BOX 10340 MIDLAND, TEXAS 79702-7340		² GRID Number 962
³ Property Code 14912		⁴ API Number 30 -
⁵ Property Name LEARCY McBUFFINGTON -		⁶ Well No. 13

⁷Surface Location

UL or lot no.	Section	Township	Range	Lot Ids	Feet from the	North/South line	Feet from the	East/West line	County
0	13	25S	37E		630	SOUTH	2530	EAST	LEA

⁸Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ids	Feet from the	North/South line	Feet from the	East/West line	County
⁹ Proposed Pool 1 JUSTIS-MONTOYA (35150)					¹⁰ Proposed Pool 2				

¹¹ Work Type Code N	¹² Well Type Code O	¹³ Cable/Reel ROTARY	¹⁴ Lease Type Code P	¹⁵ Ground Level Elevation 3073'
¹⁶ Multiple NO	¹⁷ Proposed Depth 7500'	¹⁸ Permittee MONTOYA	¹⁹ Contractor UNKNOWN	²⁰ Spud Date WHEN APPROVED

²¹Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
25"	20"	Conductor	40'	Redi-mix	SURFACE
17½"	13 3/8"	48	500'	500 Sx.	Surface
11"	8 5/8"	32	3000'	1100 Sx.	Surface
7 7/8"	5½"	17	7500'	1500 Sx.	surface

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone.
Describe the blowout prevention program, if any. Use additional sheets if necessary.

1. Drill 25" hole to 40'. Set 40' of 20" conductor pipe and cement to surface with Redi-mix.
2. Drill 17½" hole to 500'. Run and set 500' of 13 3/8" H-40 48# ST&C casing. Cement with 500 Sx. of Class "C" cement + additives, circulate cement to surface.
3. Drill 11" hole to 3000'. Run and set 3000' of 8 5/8" 32# J-55 ST&C casing. Cement with 1100 Sx. of Class "C" cement + additives, circulate cement.
4. Drill 7 7/8" hole to 7500'. Run and set 7500' of 5½" 17# N-80 LT&C casing. Cement in two stages (DV tools at 6500' & 4500') with 1500 Sx. of Class "H" cement + additives, circulate cement.

EXHIBIT

A

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Signature:

Printed name: Joe T. Janice

Title: Agent

Date: 03/03/00

Phone: 505-391-8503

OIL CONSERVATION DIVISION

Approved by:

Title:

Approval Date:

Expiration Date:

Conditions of Approval:

DISTRICT II
 'P.O. Drawer DD, Artesia, NM 88211-0710'

DISTRICT III
1000 Rio Brazos Rd., Artec, 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	Pool Name	
Property Code	Property Name McBUFFINGTON			Well Number 13
OGRID No.	Operator Name ARCH PETROLEUM, INC.			Elevation 3077

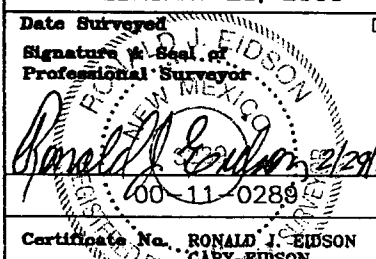
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	13	25 S	37 E		630	SOUTH	2530	EAST	LEA

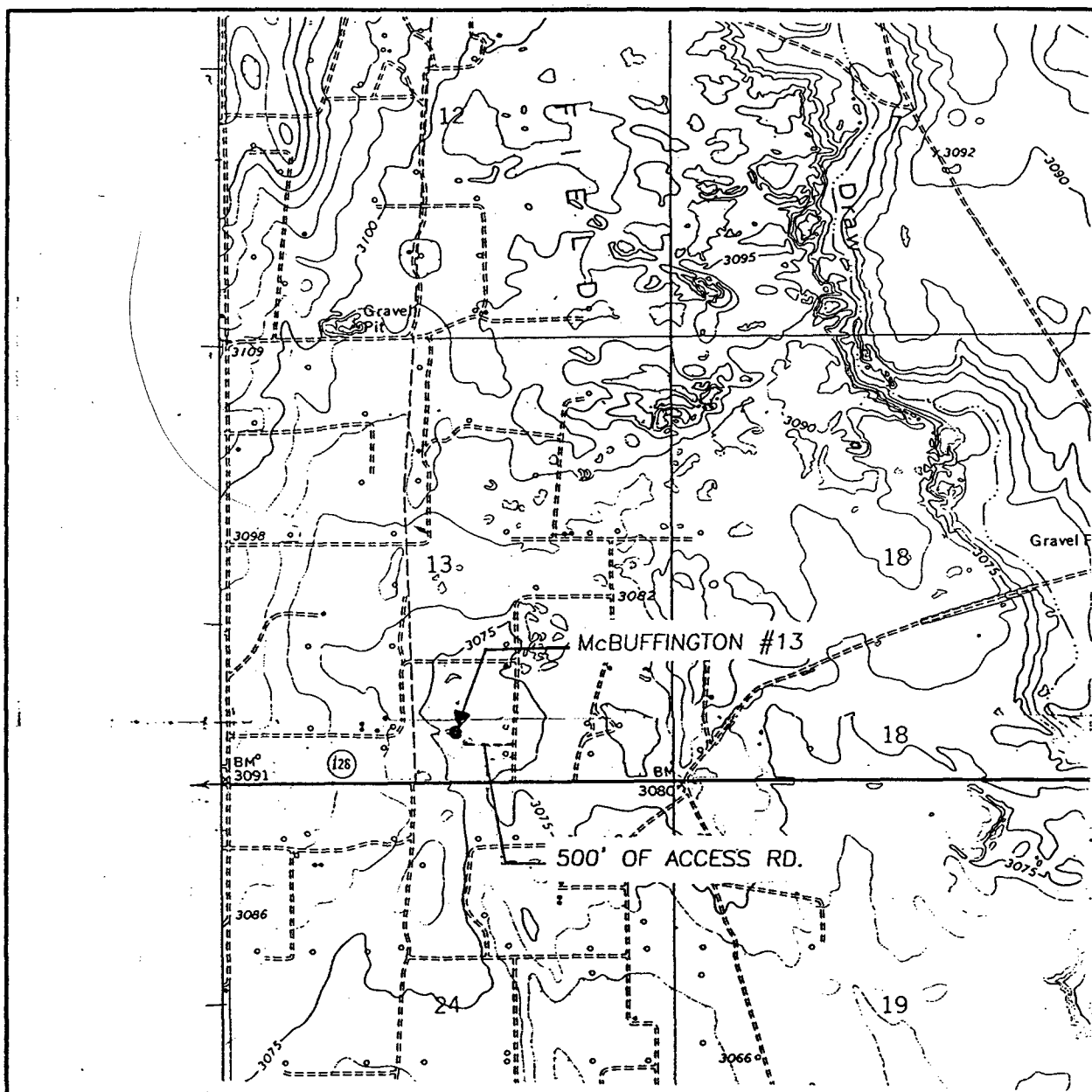
Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres	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

		<p style="text-align: center;">OPERATOR CERTIFICATION</p> <p><i>I hereby certify the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p>_____ Signature</p> <p>_____ Printed Name</p> <p>_____ Title</p> <p>_____ Date</p>
	<p>3072.8' 3070.6'</p> <div style="border: 1px solid black; width: 40px; height: 40px; margin: 0 auto; position: relative;"> <div style="position: absolute; top: 50%; left: 50%; transform: translate(-50%, -50%); font-size: 20px;">O</div> </div> <p>3071.6' 3069.6'</p> <p><u>DETAIL</u></p>	<p style="text-align: center;">SURVEYOR CERTIFICATION</p> <p><i>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.</i></p> <p style="text-align: center;">FEBRUARY 28, 2000</p> <p>Date Surveyed _____ DC</p> <p>Signature & Seal of Professional Surveyor _____</p> <div style="text-align: center;">  </div> <p>Certificate No. RONALD J. EDSON 3239 GARY EDSON 12641 MACON McDONALD 12185</p>

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:

JAL NE - 5'

JAL SE - 5'

SEC. 13 TWP. 25-S RGE. 37-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 630' FSL & 2530' FEL

ELEVATION 3077

OPERATOR ARCH PETROLEUM, INC.

LEASE McBUFFINGTON

U.S.G.S. TOPOGRAPHIC MAP

JAL NE, JAL SE, N.M.

JOHN WEST SURVEYING
HOBBS, NEW MEXICO
(505 393-3117)

11

12

7

LEARCY MCBUFFINGTON #13

630' FSL & 2530' FEL
Section 13, T-25-S, R-37-E

14

13

ARCH 100%

18

○13

23

24

19

EXHIBIT

C

ARCH PETROLEUM INC

Lea County, New Mexico
Application for Unorthodox Location

LandMan: G. Lang

03/01/2000

Tech: T. Rodriguez

Scale 1:25672.43

mcbuff_13.gpf