



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

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

October 12, 1999

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

Administrative Order NSL-4364

Dear Mr. Lang:

Reference is made to the following: (i) your application dated September 17, 1999; 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 Paddock Gas Pool," as promulgated by Division Order No. R-2426, as amended, for the existing Lillie Well No. 1 (API No. 30-025-11206), located 660 feet from the North line and 330 feet from the West line (Unit D) of Section 23, Township 24 South, Range 37 East, NMPM, Lea County, New Mexico.

It is our understanding that the Lillie Well No. 1 was originally drilled by Gulf Oil Corporation in 1952 to a total depth of 10,288 feet and completed in the Fowler-Ellenburger Pool. This well is currently completed in the South Fowler-Tubb 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 Paddock interval.

The W/2 of Section 23 is to be dedicated to this well in order to form a standard 320-acre gas spacing and proration unit for this 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 No. 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.

Sincerely,

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs