



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

December 20, 2005

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

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

Administrative Order NSP-1896

Dear Mr. Bruce:

Reference is made to the following: (i) your application on behalf of the operator, Arch Petroleum, Inc. ("Arch") filed with the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on November 28, 2005 (*administrative application reference No. pSEM0-533326380*); and (ii) the Division's records in Santa Fe: 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 22: NW/4.

This application 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.

It is the Division's understanding this proposed unit is to be dedicated to Arch's existing Lamunyon "A" Federal Well No. 1 (**API No. 30-025-10832**), which is located at a standard Jalmat gas well location 660 feet from the North line and 1980 feet from the West line (Unit C) of Section 22. It is further understood from the Division's records and from your application that Arch intends to abandon this well's current Langlie-Mattix (Seven Rivers-Queen-Grayburg) Pool (37240) oil completion and plug back into the shallower Jalmat Gas Pool.

By the authority granted me under the provisions of Rules 4 (C) (1) (a) and 4 (D) of the special rules now governing the Jalmat Gas Pool, the above-described 160-acre non-standard gas spacing unit is hereby approved.

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

Sincerely,

Mark E. Fesmire, P. E.
Director

MEF/ms

cc: New Mexico Oil Conservation Division – Hobbs
U. S. Bureau of Land Management – Carlsbad