



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

October 20, 1998

Arch Petroleum, Inc.
10 Desta Drive - Suite 420 East
Midland, Texas 79705
Attention: Robin S. McCarley

Administrative Order NSL-3793-A(SD)

Dear Ms. McCarley:

Reference is made to the following: (i) your application dated October 19, 1998; and, (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe: concerning Arch Petroleum, Inc.'s request for an unorthodox infill oil well location within an existing 40-acre standard oil spacing and proration unit for the Teague-Paddock-Blinbry Pool comprising the NE/4 NW/4 (Unit C) of Section 27, Township 23 South, Range 37 East, NMPM, Lea County, New Mexico. This 40-acre unit is currently dedicated to the C. E. Lamunyon Well No. 64 (API No. 30-025-33961), located at an unorthodox oil well location 50 feet from the North line and 1340 feet from the West line of Section 27 (approved by Division Administrative Order NSL-3793, dated April 30, 1997).

The geologic interpretation submitted with this application indicates that a well drilled at the proposed unorthodox oil well location will be at a more favorable geologic position within Arch's C. E. Lamunyon (Federal) Lease (comprising the E/2 NE/4, NW/4, and S/2 SE/4 of Section 21, the W/2 and SE/4 of Section 22, the N/2 of Section 27, and the N/2 of Section 28, all in Township 23 South, Range 37 East, NMPM, Lea County, New Mexico) to adequately drain reserves within the Teague-Paddock-Blinbry Pool that might not otherwise be produced and to provide for a more efficient production pattern within this pool.

The subject application has been duly filed under the provisions of Division General Rule 104.F of the New Mexico Oil Conservation Division ("Division").

By the authority granted me under the provisions of Division General Rule 104.F(2), the following well which was drilled last winter to a total depth of 5,950 feet at the following described unorthodox infill oil well location in Section 27 is hereby approved:

C. E. Lamunyon Well No. 66
1300' FNL & 2520' FWL
(API No. 30-025-34202)

Further, Teague-Paddock-Blinbry Pool oil production from the C. E. Lamunyon Well Nos. 64 and 66 are to be simultaneously dedicated to the subject 40-acre tract.

Sincerely,

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
U. S. Bureau of Land Management - Carlsbad
File: NSL-3793