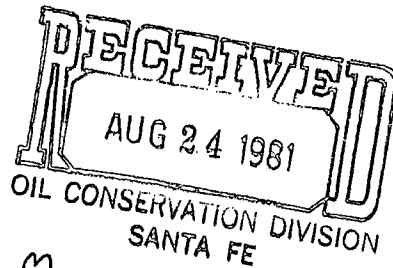


ARCO Oil and Gas Company
Permian District
Post Office Box 1610
Midland, Texas 79702
Telephone 915 684 0149
Jerry L. Tweed
District Engineer

NSP-1267



August 13, 1981

Mr. Joe D. Ramey
State of New Mexico
Energy & Minerals Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

NSP
Rule 5C
R 1670
9-23-81

Dear Mr. Ramey:

RE: B. Davis No. 3
Jalmat Gas Recompletion from Jalmat Oil Well
Non Standard Proration Unit
Unorthodox Location
Jalmat Gas Pool
1650' FSL, 1650' FWL Sec 34 T-23-S R-36E (Letter K)
Lea County, New Mexico

ARCO Oil & Gas Company requests administrative approval of an unorthodox location and a non-standard 120 acre proration unit consisting of the S/2 of the SW/4 plus the NE/4 of the SW/4 of Sec 34 T-23-S R-36-E. ARCO Oil and Gas Company also requests administrative approval to dedicate the newly formed 120-acre proration unit to the B. Davis No. 3 which was recently cleaned out and completed as a gas well. The B. Davis #3 was drilled and completed in the Cooper Jal oil pool in 1941. In 1943 a cast iron cement retainer was set at 3390' and the bottom of the hole was squeezed with 50 sacks of cement. The well produced as a gas well for about six months and started producing as an oil well and then watered out. It was then perforated 2900'-3326' and returned to gas production. In 1950 the well again started producing oil from the same perforations. In 1955 the Oil Conservation Commission reclassified the well, then producing from perforations 2900'-2924' and 2942'-3328', with a bridge plug at 3328.5'. The new classification was as a Jalmat Oil Well.

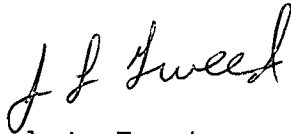
In April, 1981, tubing was pulled and the well was cleaned out to the bridge plug. On test April 23, 1981, the well flowed 107 MCFPD with no oil or water.

ARCO believes approval of these requests will be in the best interest of conservation, protect correlative rights, prevent the drilling of unnecessary wells, and allow for efficient recovery of the gas reserves under this lease.

Mr. Joe D. Ramey
Page 2
August 13, 1981

Attached is an acreage dedication plat, a map showing offset operators, and a list of offset operators who have been furnished a copy of this application by registered mail.

Yours very truly,

A handwritten signature in cursive script, appearing to read "J. L. Tweed".

J. L. Tweed

BLS:cn

cc: Oil Conservation Division - Hobbs

All distances must be from the outer boundaries of the Section.



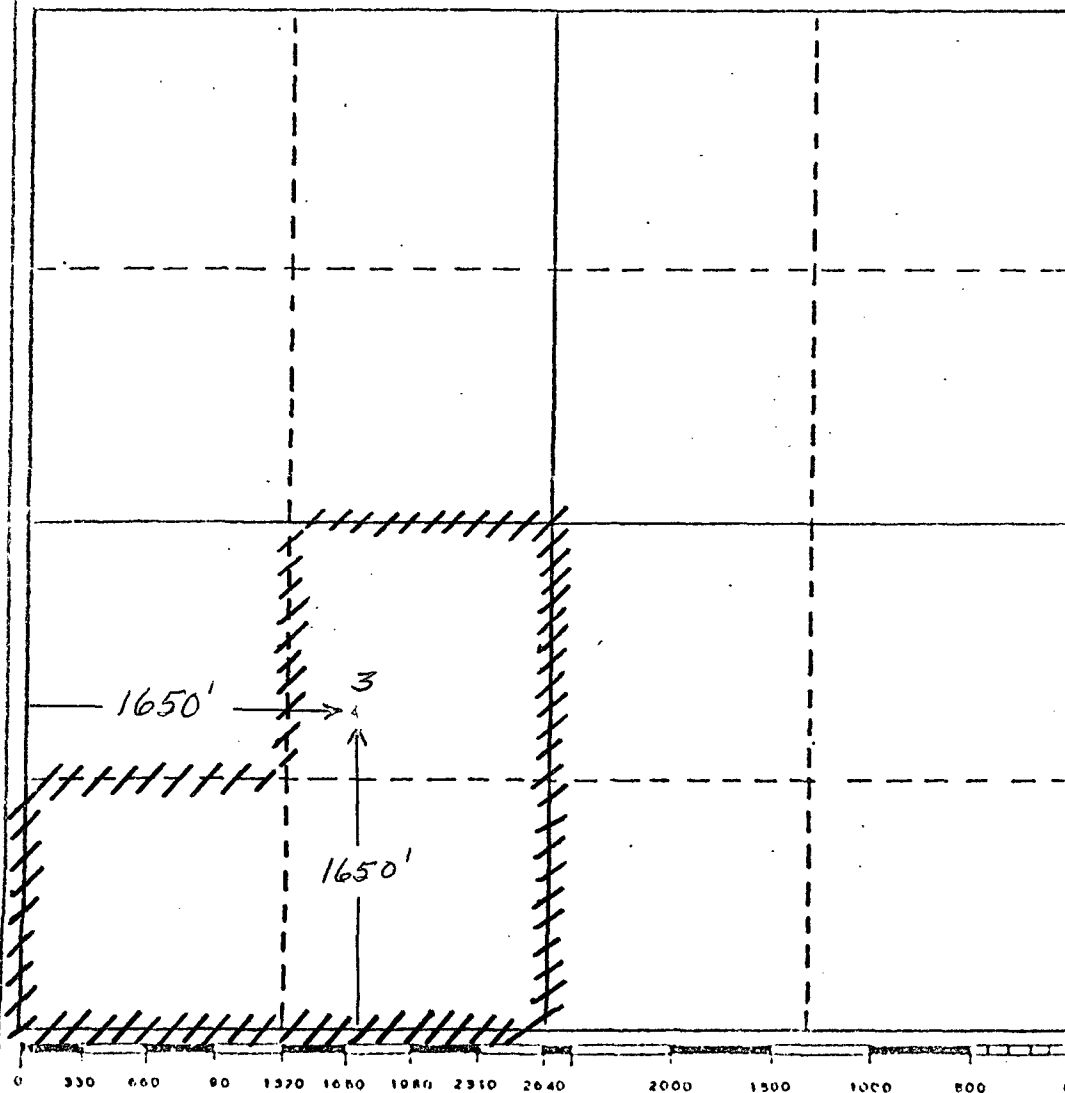
Operator ARCO Oil & Gas Company			Lease B. Davis		
Unit Letter K	Section 34	Township 23S	Range 36E	County Lea	
Actual Footage Location of Well: 1650 feet from the South line and 1650 feet from the West line					
Ground Level Elev. 3384	Producing Formation Jalmat Yates		Pool Jalmat	Dedicated Acreage: 120 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Division.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name
B. L. Stokely
Position
Sr. Engineer
Company
ARCO Oil and Gas Company
Date
August 20, 1981

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 knowledge and belief.

Date Surveyed

Registered Professional Engineer
and/or Land Surveyor

Certificate No.

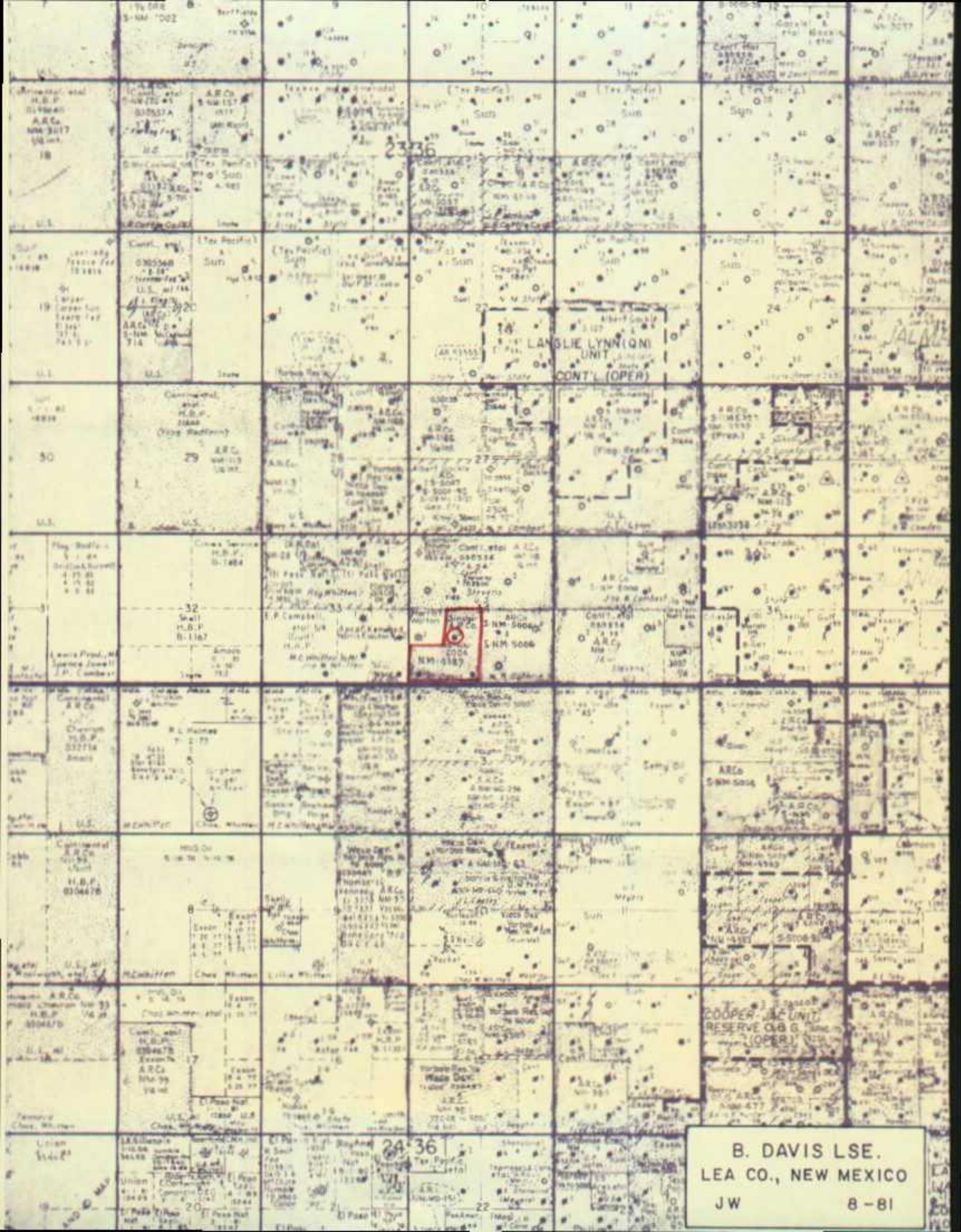
B. Davis Lease

Offset Operators

Conoco, Inc.
Gibraltar Savings Bldg.
Lorraine St.
Midland, Texas 79701

Tahoe Oil & Cattle Co.
206 Main Street
Midland, Texas

Harris & Walton
216 W. Texas
Midland, Texas 79701



B. DAVIS LSE.
LEA CO., NEW MEXICO
JW 8-81