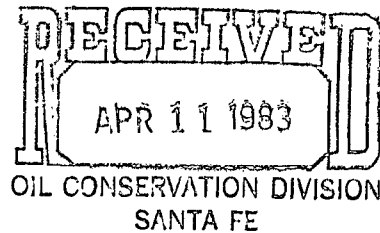


ARCO Oil and Gas Company
Rocky Mountain District
717-17th Street
Mailing address: P.O. Box 5540
Denver, Colorado 80217
Telephone 303 575 7000



March 30, 1983

Mr. Joe D. Ramey, Director
Oil Conservation Division
State of New Mexico
Box 2088
Santa Fe, New Mexico 87501

RE: Application for Administrative Approval
For a Non-Standard Gas Proration Unit
Chacon Federal Well #2 (Dakota)
1650' FNL & 800' FWL (Unit E)
NW/4 of Section 33-T24N-R3W
Rio Arriba County, New Mexico

Dear Mr. Ramey:


In response to Mr. Frank Chavez's letter of March 2, 1983, the subject application is hereby made to the Oil Conservation Division of the State of New Mexico requesting Administrative Approval for a non-standard Gas Proration Unit on the subject well.

This well was drilled and completed as an oil well on a 160 acreage dedication. The well has since been reclassified as a gas well due to a high gas/oil ratio. ARCO does not have a lease on the offsetting 160 acres.

Enclosed is a copy of the certified letter sent to the offset operator requesting their approval of the non-standard well location. A fully executed copy will be forwarded to your office when received. Also enclosed is a copy of the New Mexico Form C-102, as well as a location plat and listing showing the offset operators.

Your early approval of this application will be appreciated.

Very truly yours,


W. A. Walther, Jr.
Operations Manager

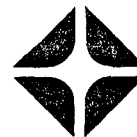
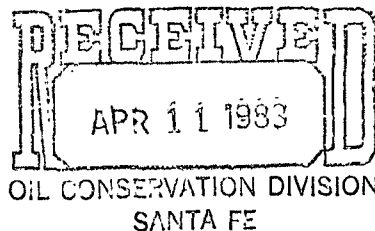
WAW/BRS:dc

Enclosure

cc: Mr. Frank T. Chavez, New Mexico Oil Cons. Div., Aztec, New Mexico
Bureau of Land Management, Farmington, New Mexico

*NS P 1365
Rule 4(b) R5353
Chacon - Dakota Associated Pool
5-11-83
5-25-83
Revised date based on
late notice to offsets
per phone
call from
Buy still
ARCO*

ARCO Oil and Gas Company
Rocky Mountain District
717-17th Street
Mailing address: P.O. Box 5540
Denver, Colorado 80217
Telephone 303 575 7000



March 29, 1983

TO: Offset Operators (See Attached Listing)

Certified Mail
Return Receipt Requested

RE: Chacon Federal Well No. 2 (Dakota)
1650' FNL & 800' FWL
Section 33-T24N-R3W
Rio Arriba County, New Mexico

Dear Offset Operator:

ARCO Oil and Gas Company, Division of Atlantic Richfield Company, requests your consent and approval of a non-standard acreage dedication of 160 acres for the subject well.

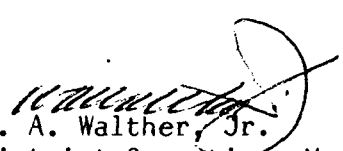
Pursuant to Rule 104-D of the Oil Conservation Commission of the State of New Mexico, it is necessary to notify all offset operators when an application has been filed for a non-standard acreage dedication.

The subject well was drilled and completed as an oil well on a 160 acreage dedication. The well has since been reclassified as a gas well due to a high gas/oil ratio. The standard gas well acreage dedication is 320 acres.

I would appreciate it if you would sign and date the Consent and Approval Form contained in this letter, and return one executed and dated copy of the letter to me in the enclosed self-addressed stamped envelope and keep the other copy for your records. Due to time limitations, we would also appreciate your calling Mr. Joe D. Ramey, Director, New Mexico Oil Conservation Division, Area Code 505, 827-2434, advising him of your concurrence of this non-standard acreage dedication.

If you have any objections or questions concerning this request, please call me at your earliest convenience.

Very truly yours,


W. A. Walther, Jr.
District Operations Manager

WAW/dc

Enclosure

CONSENT AND APPROVAL

Chacon Federal #2

_____ by its authorized
signatory below, hereby consents to and approves of the non-standard
acreage dedication of 160 acres for the foregoing gas well at the
location indicated.

Dated this _____ day of _____, 1983

By: _____

Title: _____

OFFSET OPERATORS

CHACON FEDERAL #2, #3, #5, #6, #7, #8

19-24N-3W

29-24N-3W

30-24N-3W

33-24N-3W

Rio Arriba County, New Mexico

Mobil Oil Company

Odessa Natural Gas Corporation

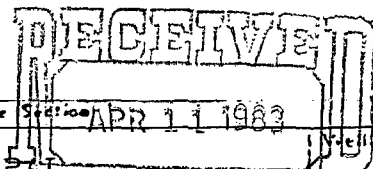
Southland Royalty

Cotton Petroleum

El Paso Natural Gas Corporation

Mountain States Resources, Inc.

Reed and Bates



All distances must be from the outer boundaries of the Section

Owner THE ATLANTIC RICHFIELD COMPANY		Lease CHACON FEDERAL		Well No. 2	
Unit Letter E	Section 33	Township 24 NORTH	Range 3 WEST	County RIO ARriba	State NE
Actual Footage Location of Well: 1650 feet from the NORTH line and 800 feet from the WEST line					
Ground Level Elev. 7050	Producing Formation DAKOTA		Foot CHACON DAKOTA	Dedicated Acreage: NW/4 160 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plot 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), **Atlantic Richfield Company is owner of NW/4 of Section 33.**
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? **Operating Agreement is being prepared and Communitization Agreement will be prepared.**
() Yes (X) No If answer is "yes," type of consolidation _____

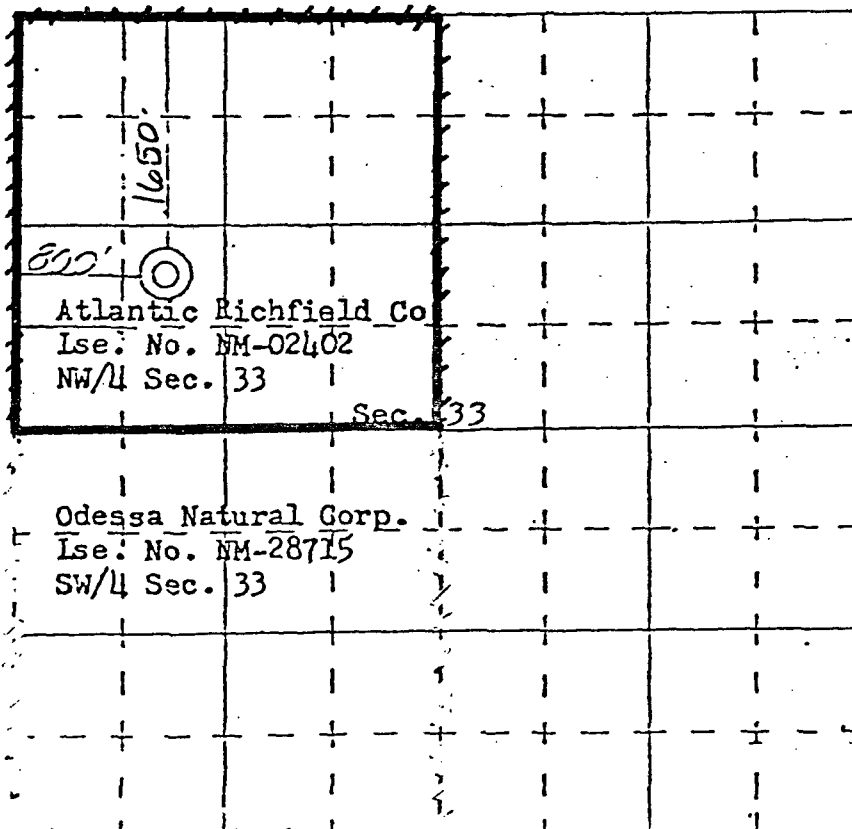
If answer is "no," list the owners and tract descriptions which have actually consolidated. (Use reverse side of this Form if necessary.) **Will be Odessa Natural (SW/4) and Atlantic Richfield (NW/4)**

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 Commission.

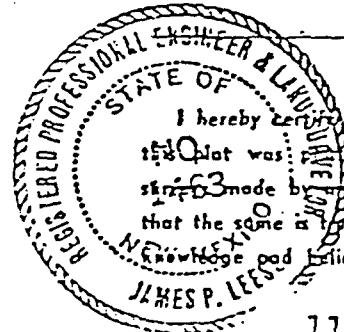
CERTIFICATION

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

W. A. Walther, Jr.
Name **W. A. Walther, Jr.**
Position **Operations Manager**
Atlantic Richfield Company
Company
September 17, 1978
Date

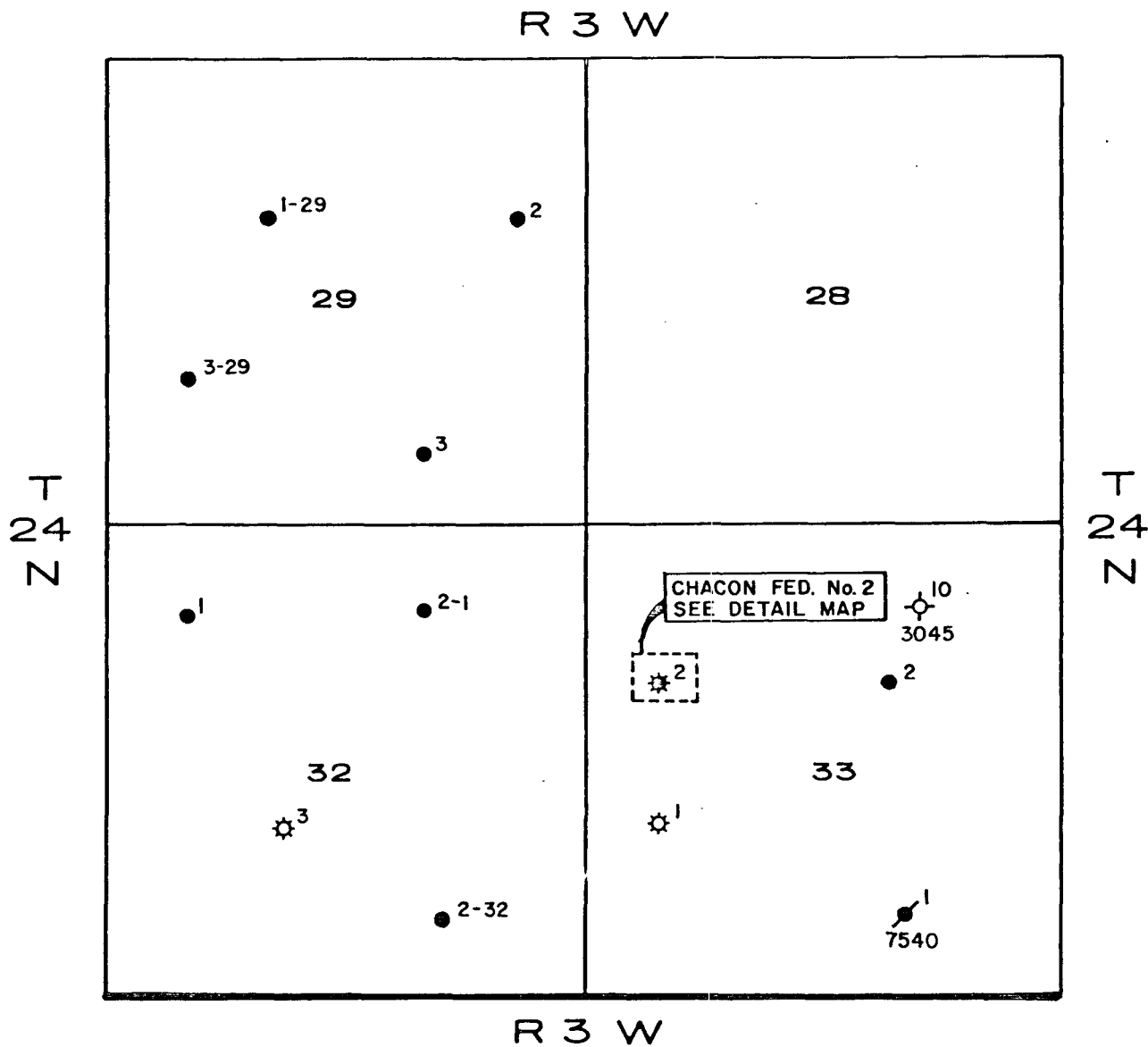


SCALE - 4 INCHES EQUALS 1 MILE

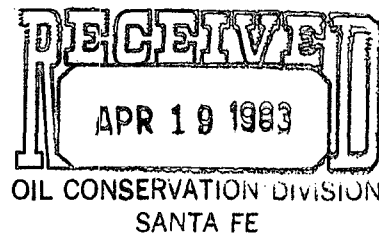


I hereby certify that the well location shown on this map was obtained from field notes of a survey made by me or under my supervision, that the same is true and correct to the best of my knowledge and belief.

11 November 1978
Date Surveyed
James P. Leese
Registered Professional Engineer
and/or Land Surveyor **James P. Leese**



ARCO Oil and Gas Company
Rocky Mountain District
717-17th Street
Mailing address: P.O. Box 5540
Denver, Colorado 80217
Telephone 303 575 7000



April 15, 1983

Mr. Joe D. Ramey, Director
Oil Conservation Division
State of New Mexico
Box 2088
Santa Fe, New Mexico 87501

RE: Application for Administrative Approval for a
Non-Standard Gas Proration Unit
Chacon Federal Well #2 (Dakota)
1650' FNL & 800' FWL (Unit E)
NW/4 of Section 33-T24N-R3W
Rio Arriba County, New Mexico

Dear Mr. Ramey:

Please refer to our letter of March 30, 1983, regarding an Application for Administrative Approval for a Non-Standard Gas Proration Unit for the subject well.

In response to your Mr. Dick Stamets' telephone request of April 12, 1983, attached are three "corrected location plats" showing offset operators for this well.

If additional information is required, please let me know.

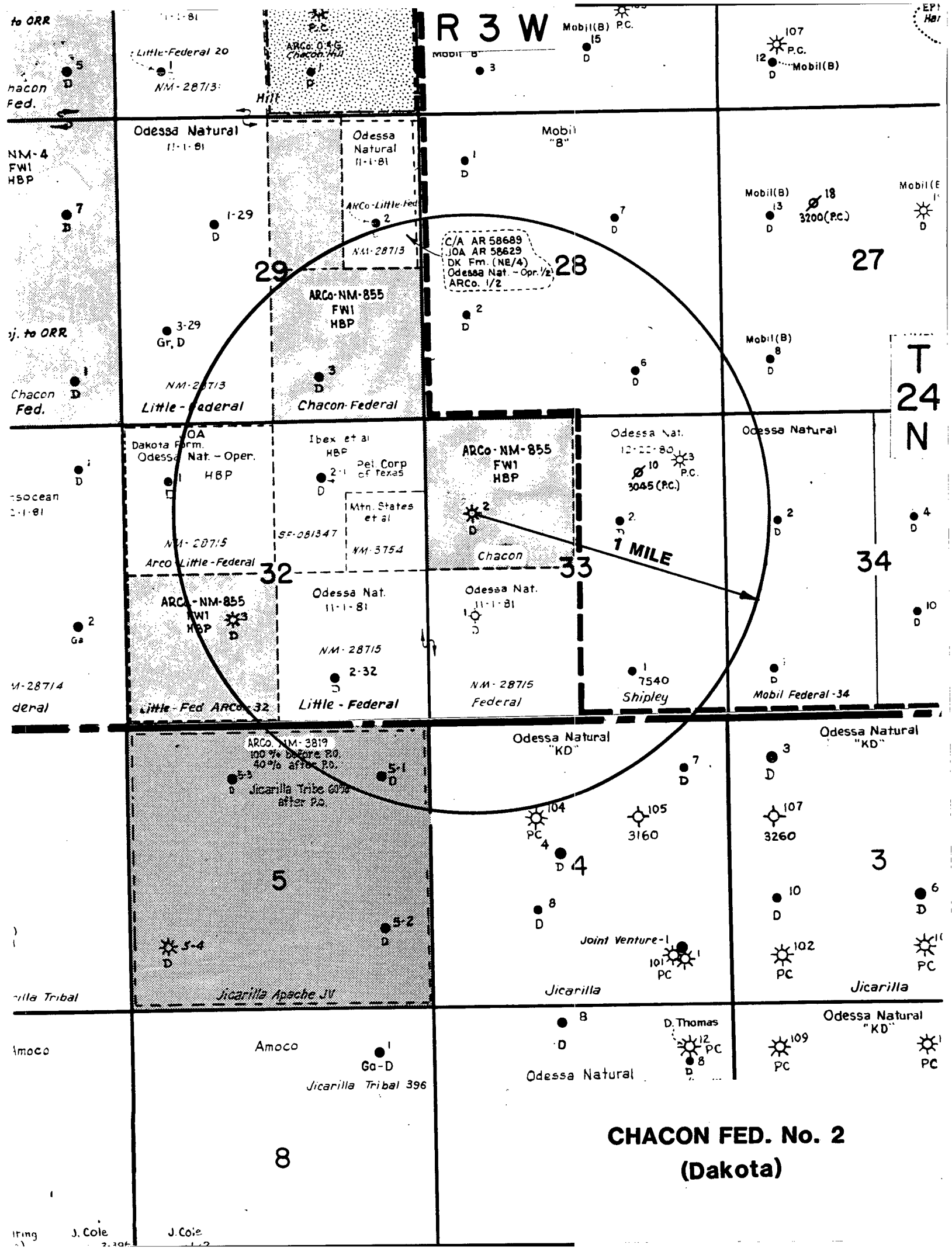
Very truly yours,

W. A. Walther, Jr.
W. A. Walther, Jr.
Operations Manager

WAW/BRS/rn

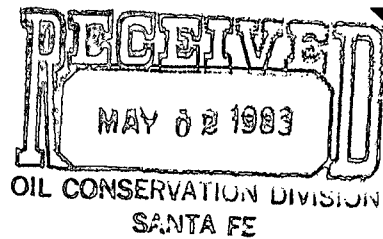
cc: Mr. Frank T. Chavez
New Mexico Oil Conservation District
Aztec, New Mexico

Bureau of Land Management
Farmington, New Mexico



CHACON FED. No. 2
(Dakota)

ARCO Oil and Gas Company
Rocky Mountain District
717-17th Street
Mailing address: P.O. Box 5540
Denver, Colorado 80217
Telephone 303 575 7000



March 29, 1983

TO: Offset Operators (See Attached Listing)

Certified Mail
Return Receipt Requested

RE: Chacon Federal Well No. 2 (Dakota)
1650' FNL & 800' FWL
Section 33-T24N-R3W
Rio Arriba County, New Mexico

Dear Offset Operator:

ARCO Oil and Gas Company, Division of Atlantic Richfield Company, requests your consent and approval of a non-standard acreage dedication of 160 acres for the subject well.

Pursuant to Rule 104-D of the Oil Conservation Commission of the State of New Mexico, it is necessary to notify all offset operators when an application has been filed for a non-standard acreage dedication.

The subject well was drilled and completed as an oil well on a 160 acreage dedication. The well has since been reclassified as a gas well due to a high gas/oil ratio. The standard gas well acreage dedication is 320 acres.

I would appreciate it if you would sign and date the Consent and Approval Form contained in this letter, and return one executed and dated copy of the letter to me in the enclosed self-addressed stamped envelope and keep the other copy for your records. Due to time limitations, we would also appreciate your calling Mr. Joe D. Ramey, Director, New Mexico Oil Conservation Division, Area Code 505, 827-2434, advising him of your concurrence of this non-standard acreage dedication.

If you have any objections or questions concerning this request, please call me at your earliest convenience.

Very truly yours,


W. A. Walther Jr.
District Operations Manager

WAW/dc

Enclosure

CONSENT AND APPROVAL

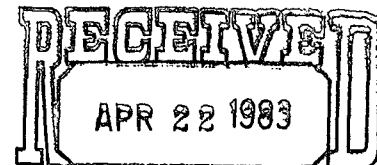
Chacon Federal #2

Southland Royalty Company by its authorized signatory below, hereby consents to and approves of the non-standard acreage dedication of 160 acres for the foregoing gas well at the location indicated.

Dated this 29th day of April, 1983

By: CC Parsons

Title: District Production Manager



OIL CONSERVATION DIVISION
SANTA FE

CONSENT AND APPROVAL

Chacon Federal #2

EL PASO EXPLORATION COMPANY by its authorized signatory below, hereby consents to and approves of the non-standard acreage dedication of 160 acres for the foregoing gas well at the location indicated.

Dated this 18th day of April, 1983

By: David M. Poage
David M. Poage

Title: Landman