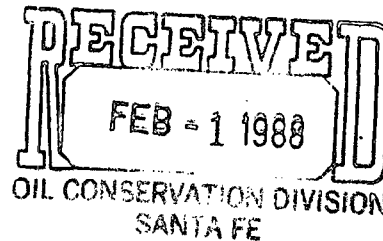


ARCO Oil and Gas Company
Central District
Post Office Box 1610
Midland, Texas 79702
Telephone 915 688 5200



January 29, 1988

Mr. William J. LeMay
New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87504

Subject: Non-Standard Proration Unit
Proposed State "K" No. 3
Unit S, Sec. 6-T21S-R36E
Eumont (Yates 7R Queen) Gas Pool
Lea County, New Mexico

Dear Mr. LeMay:

ARCO Oil and Gas Company respectfully submits this request for administrative approval under the provisions of Rule 104-D-II to establish an 80-acre non-standard proration unit for the proposed well. The proposed well will be located 1650' FSL and 1980' FWL in Section 6, T21S, R36E of Lea County, New Mexico on an 80-acre lease.

The State "K" No. 3 will be completed as a Eumont gas well replacing the State "K" No. 2. This well was recently plugged in the Eumont gas zone and turned over to the Chevron-operated Eunice Monument South Unit for use in that Grayburg-San Andres waterflood. Prior to the plugging of the State "K" No. 2, it was dedicated to a 160-acre non-standard proration unit covering the SW/4. This proration unit was terminated with the plugging of the State "K" No. 2 in July of 1987. ARCO now requests that the 80 acres comprising the E/2 SW/4 of Section 6, T21S, R36E be dedicated to the proposed State "K" No. 3 well.

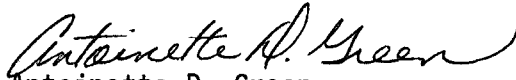
ARCO Oil and Gas Company believes approval of this request will be in the interest of conservation, will protect correlative rights, and will allow for a more complete recovery of Eumont gas reserves from the subject acreage.

Mr. William J. LeMay
January 29, 1988
Page -2-

The attached map and Form C-102 identifies the location of the proposed State "K" No. 3, the dedicated acreage, and the offset wells. ARCO is notifying the offset operators of this application by certified mail and is asking for a waiver to objection of this application. Thank you for your consideration.

Please contact me at (915) 688-5564 if you have any questions.

Sincerely,


Antoinette D. Green
Engineer

ADG:jee

Attachments

xc: ✓ New Mexico Oil Conservation Division
P.O. Box 1980
Hobbs, NM 88240

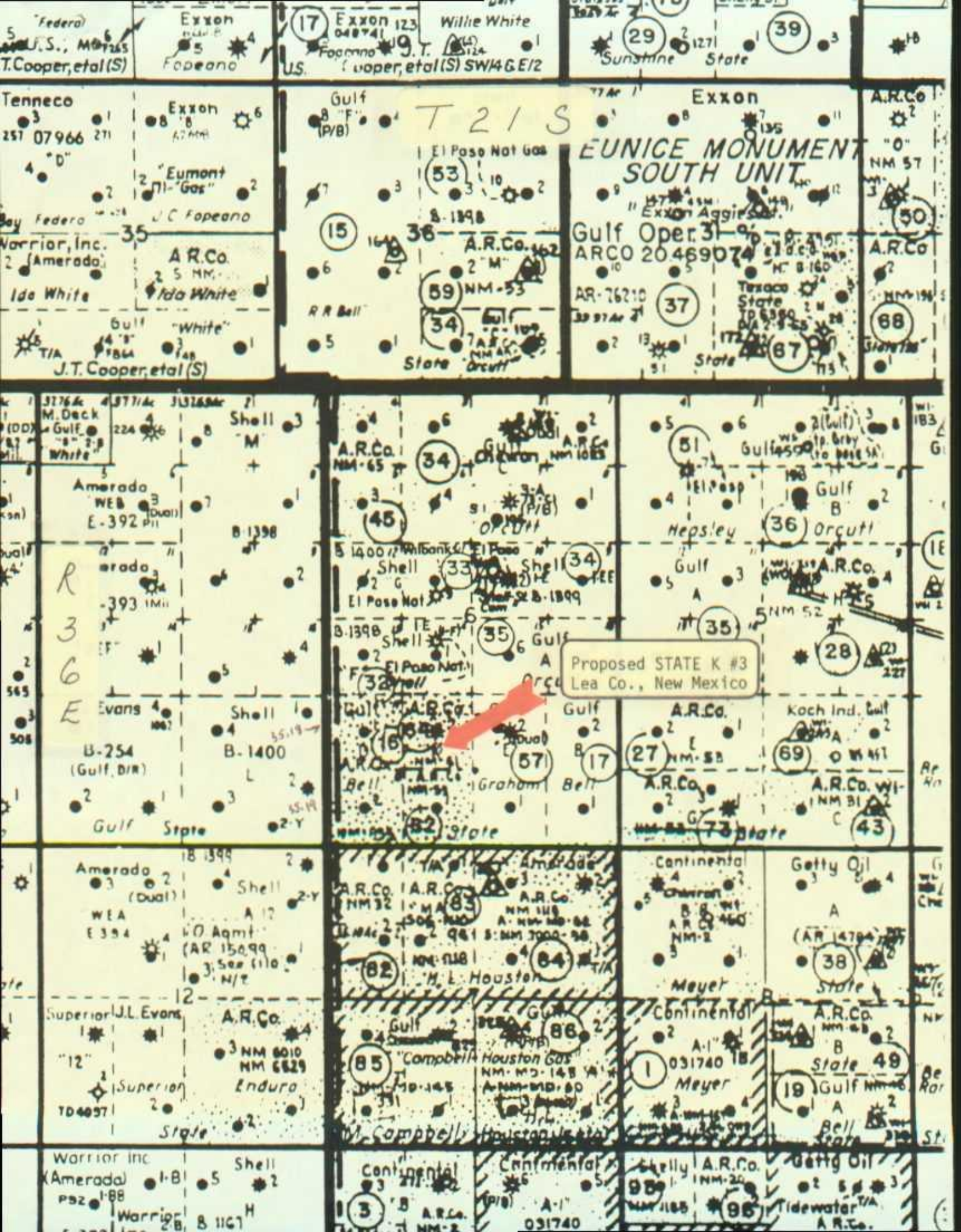
✓ Chevron U.S.A., Inc.
P.O. Box 670
Hobbs, NM 88240

Shell Western E & P, Inc.
Attn: Bill Towers
P. O. Box 1950
Hobbs, NM 88240

Amerada Hess
Drawer D
Monument, NM 88265

Meridian Oil, Inc.
21 Desta Drive
Midland, TX 79705

*See amended
Petition*



OIL CONSERVATION DIVISION

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENTP. O. BOX 2088
SANTA FE, NEW MEXICO 87501Form C-102
Revised 10-1-78

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

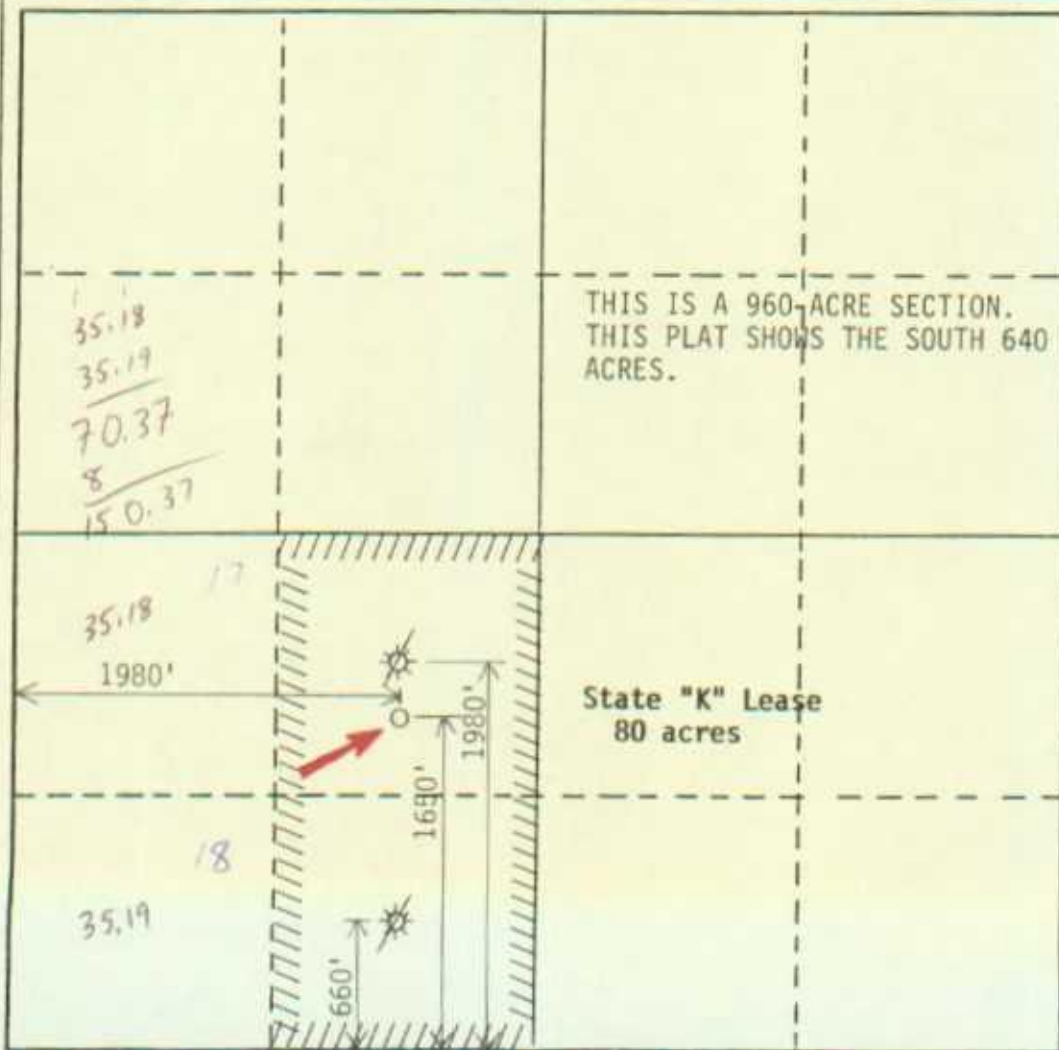
Operator ARCO Oil and Gas Company		Lease State "K"		Well No. 3
Unit Letter S	Section 6	Township 21 South	Range 36 East	County Lea
Actual Footage Location of Well: 1650 feet from the South line and 1980 feet from the West line				
Ground Level Elev. ~ 3578	Producing Formation Queen	Pool Eumont Gas	Dedicated Acreage: 80 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? N/A

☐ 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.

Antoinette D. Green

Name

Antoinette D. Green

Position

Engineer

Company

ARCO Oil and Gas

Date

January 26, 1988

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.



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
HOBBS DISTRICT OFFICE

GARREY CARRUTHERS
GOVERNOR

2-1-88

POST OFFICE BOX 1980
HOBBS, NEW MEXICO 88241-1980
(505) 393-6161

OIL CONSERVATION DIVISION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

RE: Proposed:

MC _____
DHC _____
NSL _____
NSP X _____
SWD _____
WFX _____
PMX _____

Gentlemen:

I have examined the application for the:

Arco oil & Gas Co. State K # 3-8 6-21-36
Operator Lease & Well No. Unit S-T-R

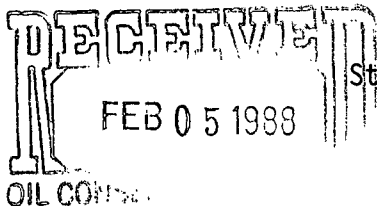
and my recommendations are as follows:

OK

Yours very truly,

Jerry Sexton
Jerry Sexton
Supervisor, District 1

/ed



Waiver to Objection

Non-Standard Proration Unit Request
State "K" No. 3 - ARCO Oil and Gas Company, Operator
Eumont (Yates 7R Queen) Gas Pool
E/2 SW/4 Section 6, T-21-S, R-36-E
Lea County, New Mexico

I/We do hereby waive any objection to ARCO Oil and Gas Company's request for NMOCD approval of an 80-acre non-standard proration unit for AOGC's State "K" No. 3, a proposed Eumont gas producer.

Signed: _____

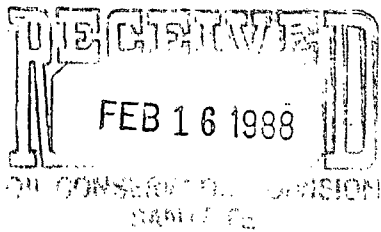
L.C. Anderson

Company: _____

Chevron USA

Date: _____

Feb. 3, 1988



Waiver to Objection

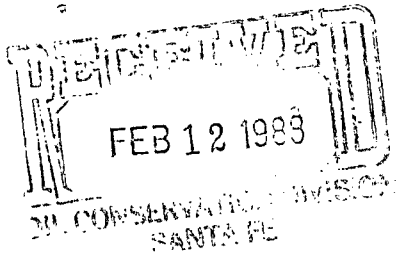
Non-Standard Proration Unit Request
State "K" No. 3 - ARCO Oil and Gas Company, Operator
Eumont (Yates 7R Queen) Gas Pool
E/2 SW/4 Section 6, T-21-S, R-36-E
Lea County, New Mexico

I/We do hereby waive any objection to ARCO Oil and Gas Company's request for NMOC approval of an 80-acre non-standard proration unit for AOGC's State "K" No. 3, a proposed Eumont gas producer.

Signed: Steve K. Anna

Company: Citation Oil & Gas Corp.

Date: 2-11-88



Waiver to Objection

Non-Standard Proration Unit Request

State "K" No. 3 - ARCO Oil and Gas Company, Operator

Eumont (Yates 7R Queen) Gas Pool

E/2 SW/4 Section 6, T-21-S, R-36-E

Lea County, New Mexico

I/We do hereby waive any objection to ARCO Oil and Gas Company's request for NMOCD approval of an 80-acre non-standard proration unit for AOGC's State "K" No. 3, a proposed Eumont gas producer.

Signed: _____

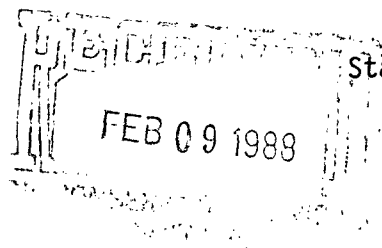
J. D. Johnson

Company: _____

Amerada Hess Corp

Date: _____

2/9/88



Waiver to Objection

Non-Standard Proration Unit Request

State "K" No. 3 - ARCO Oil and Gas Company, Operator
Eumont (Yates 7R Queen) Gas Pool
E/2 SW/4 Section 6, T-21-S, R-36-E
Lea County, New Mexico

I/We do hereby waive any objection to ARCO Oil and Gas Company's request for NMOC approval of an 80-acre non-standard proration unit for AOGC's State "K" No. 3, a proposed Eumont gas producer.

Signed: C.W. Brown

Company: Meridian Oil Inc.

Date: 2-5-88



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

February 23, 1988

ARCO Oil and Gas Company
P.O. Box 1610
Midland, TX 79702

Attention: Antoinette D. Green

Administrative Order NSP-1530

Dear Ms. Green:

Reference is made to your application for an 80-acre non-standard gas proration unit consisting of the following acreage in the Eumont Gas Pool:

LEA COUNTY, NEW MEXICO
TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM
Section 6: E/2 SW/4

It is my understanding that this unit is to be dedicated to your proposed State "K" Well No. 3 to be drilled at a standard location 1650 feet from the South line and 1980 feet from the West line (Unit S) of said Section 6.

By authority granted me under the provisions of Rule 2(a) 4 of Division Order No. R-8170, as amended, the above non-standard gas proration unit is hereby approved.

Sincerely,

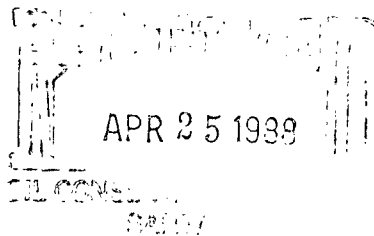
WJL
for WILLIAM J. LeMAY, DIRECTOR

WJL/MES/dr

cc: Oil Conservation Division - Hobbs
New Mexico Oil and Gas Engineering Committee - Hobbs
State Land Office - Santa Fe

REMARKS: The subject well will be replacing the State "K" Com Well No. 2 located 1980 feet from the South line and 1821 feet from the West line (Unit S) of said Section 6, which was recently abandoned in the Eumont Gas zone and turned over to the Chevron operated Eunice Monument South Unit for use in that Grayburg-San Andres waterflood. Prior to ARCO's abandonment of the State "K" Com Well No. 2 in August, 1987, the Eumont gas zone in said well was dedicated to a 150.37-acre non-standard gas spacing and proration unit consisting of Lots 17 and 18 and the E/2 SW/4 of said Section 6, as authorized by Division Administrative Order NSP-326, dated November 7, 1956. This 150.37-acre unit was terminated with the abandonment of the State "K" Com Well No. 2 and said NSP-326 is thereby suspended.

ARCO Oil and Gas Company
Central District
Post Office Box 1610
Midland, Texas 79702
Telephone 915 688 5200



April 21, 1988

Mr. William J. LeMay
New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, NM 87504

Subject: Non-Standard Proration Unit
State "K" No. 3
Unit S, Sec. 6-T21S-R36E
Eumont (Yates 7R Queen) Gas Pool
Lea County, New Mexico

Dear Mr. LeMay:

ARCO Oil and Gas Company recently received administrative approval under the provisions of Rule 104-D-II to establish an 80-acre non-standard proration unit for the subject well. The original request stated that the well would be located 1650' FSL and 1980' FWL in Section 6, T21S, R36E. However, the location was moved and the well was actually drilled at 1650' FSL and 1822' FWL in Section 6, T21S, R36E. ARCO respectfully submits this request for an amendment to Order NSP-1530 to show the correct location of the State "K" No. 3. The attached Form C-102 identifies the correct location and the dedicated acreage. Thank you for your consideration.

Please contact me at (915) 688-5564 if you have any questions.

Sincerely,

Antoinette D. Green
Engineer

ADG:jee

Attachments

xc: Mr. Jerry Sexton
Oil Conservation Division
P. O. Box 1980
Hobbs, NM 88240-1980

**NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT**

Form C-102
Supersedes C-128
Effective 1-1-85

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

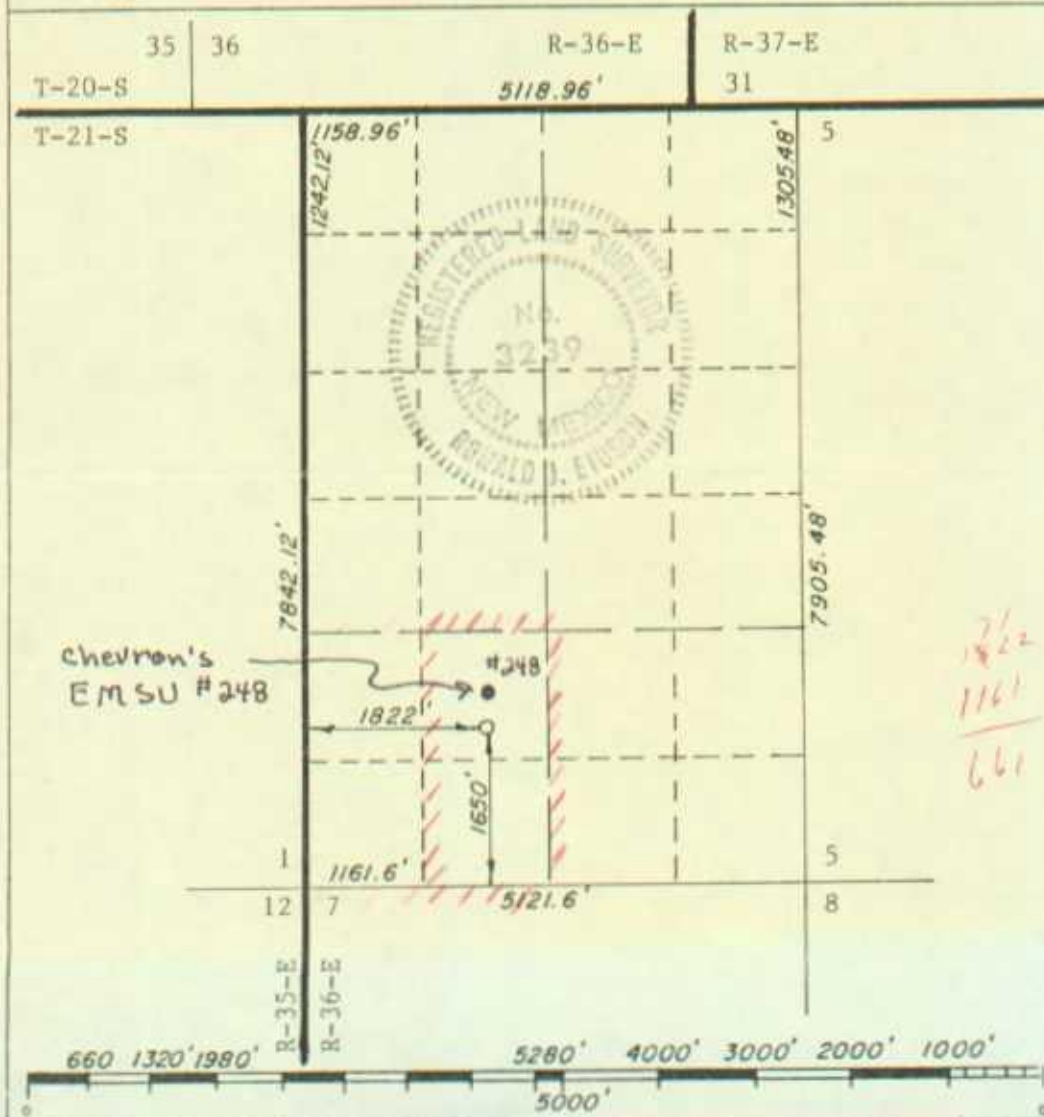
Operator ARCO OIL & GAS COMPANY			Lease STATE K Gas Unit		Well No. 3
Unit Letter S	Section 6	Township 21 SOUTH	Range 36 EAST	County LEA	
Actual Footage Location of Well: 1822 feet from the WEST line and 1650 feet from the SOUTH line					
Ground Level Elev. 3573.5'	Producing Formation Queen		Pool Eumont Yates 7 Rvrs On		Dedicated Acreage: 80 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure 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 Commission.



CERTIFICATION

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

Ken W. Gosnell

Name

Ken W. Gosnell

Position

Engr. Tech.

Company

ARCO Oil & Gas Co.

Date

3-11-88

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

MARCH 2, 1988

Registered Professional Engineer and/or Land Surveyor

Ronald J. Eidson

Certificate No. *JOHN W. WEST 678*

Ronald J. Eidson 3239