

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

3304 CAMINO LISA
SANTA FE, NEW MEXICO 87501

(505) 982-2043
(505) 982-2151 (FAX)

June 6, 2000

Hand Delivered


Florene Davidson
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Dear Florene:

Enclosed are an original and one copy of an application for compulsory pooling, together with a proposed advertisement, filed on behalf of Arch Petroleum Inc. The application and advertisement are also on the enclosed disk. The parties being pooled are identified on Exhibit A.

Please set this matter for the June 29th hearing. Thank you.

Very truly yours,


James Bruce
Attorney for Arch
Petroleum Inc.

12439

OIL CONSERVATION DIV.
00 JUN -5 AM 10:26

EXHIBIT A

Collins & Ware, Inc.
Suite 1200
508 West Wall Avenue
Midland, Texas 79702

Attention: Mario R. Moreno, Jr.

Apache Corporation
Suite 100
2000 Post Oak Boulevard
Houston, Texas 77056

Attention: Timothy R. Custer

ARCO Permian
600 North Marienfeld
Midland, Texas 79701

Attention: Lee M. Scarborough

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF ARCH PETROLEUM
INC. FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

No. 12439

APPLICATION

Arch Petroleum Inc. applies for an order pooling all mineral interests from 7100 feet subsurface to the base of the Ellenburger formation underlying the SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 27, Township 23 South Range 37 East, N.M.P.M., Lea County, New Mexico, and in support thereof, states:

1. Applicant is a working interest owner in the SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 27, and has the right to drill a well thereon.

2. Applicant proposes to drill its E.C. Hill "A" Well No. 7, at a location 540 feet from the south line and 1850 feet from the east line of the section, to a depth sufficient to test the Ellenburger formation, and seeks to dedicate the SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 27 to the well to form a standard 40 acre oil spacing and proration unit for any formations and/or pools developed on 40 acre spacing within that vertical extent, including the Teague (Simpson) Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 27 for the purposes set forth herein.

4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order

RECEIVED
JUN 5 1963
NEW MEXICO OIL CONSERVATION DIVISION

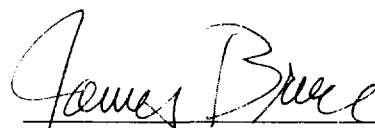
pooling all mineral interest owners in the SW¼SE¼ of Section 27, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the SW¼SE¼ of Section 27 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, Applicant requests that, after notice and hearing, the Division enter its order:

- A. Pooling all mineral interests in the SW¼SE¼ of Section 27, from 7100 feet subsurface to the base of the Ellenburger formation;
- B. Designating applicant as operator of the well;
- C. Considering the cost of drilling and completing the well, and allocating the cost thereof among the well's working interest owners;
- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting said rates pursuant to the COPAS accounting procedure; and
- E. Setting a penalty for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,



James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Arch Petroleum Inc.

PROPOSED ADVERTISEMENT

Case 12939:

Application of Arch Petroleum Inc. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from 7100 feet subsurface to the base of the Ellenburger formation underlying the SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 27, Township 23 South, Range 37 East, NMPM, to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within that vertical extent, including but not limited to the Teague (Simpson) Pool. The unit is to be dedicated to applicant's E.C. Hill "A" Well No. 7, to be drilled at a location 540 feet from the south line and 1850 feet from the east line of Section 27. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for the risk involved in drilling and completing the well. The unit is located approximately 11 $\frac{1}{2}$ miles south of Eunice, New Mexico.

60 JUN -5 AM 10:26

OL CONYER JR EM