

ARCO Oil and Gas Company
Central District
Post Office Box 1610
Midland, Texas 79702
Telephone 915 688 5200
November 19, 1986

EXHIBIT 9



Meridian Oil, Inc.
P. O. Box 4289
Farmington, New Mexico 87499

Attn: Mr. Don Read

On 11/2/87: Don Read and Randy Limbocker,
both of Meridian, verbally
advised ARCO that Meridian
had no objections.

Fred D. Timber

RE: Spacing Exception, Chacon Federal #102, Section 19, T24N, R3W,
Rio Arriba County, New Mexico

Dear Mr. Read:

ARCO Oil and Gas Company, a Division of the Atlantic Richfield Company, is currently seeking a spacing exception in the development of its Chacon Federal lease in the West Lindrith Field in Rio Arriba County New Mexico. The subject well, the Chacon Federal #102, is planned as a 7450' Dakota producer, the second Dakota well in the 191.55 acre proration unit in the N/2 of Section 19, T24N, R3W. (Note that this section is a short section, so the proration unit includes the NE/4 of the section and Lots 1, 2, 3, and 4.)

The proposed well location deviates from Rule 4, WEST LINDRITH GALLUP-DAKOTA OIL POOL RULES, which states "Each well shall be located no... nearer than 660 feet to the nearest well drilling to or capable of producing from the same pool" (R. W. Byram & Co., June, 1972.) The proposed location for the Chacon Federal #102 is 275' from ARCO's Chacon Federal #101 well, a Gallup producer. Although the industry generally recognizes the Dakota Formation as being distinctly separate from the Gallup Formation, State Rule 4 classifies the two (2) formations as the same pool or as having the same basal source. Thus, a spacing exception will be necessary. A map is attached showing the wells (existing and proposed) in the subject proration unit.

As part of the application to the State of New Mexico for this spacing exception, I am contacting the Leasees of Record whose acreage borders this 191.55 acre proration unit. Meridian Oil borders the ARCO acreage in the SW/4 of Section 20, T24N, R3W, Rio Arriba Co.

Please call me at (915)688-5675 with any questions or concerns. An exception hearing is scheduled for December 17, 1986 in Santa Fe.

Very truly yours,

Sandy Stash
Sandy Stash
Drilling Engineer *KDK
DEL*

DISTRICT EXAMINER STOGNER	
OIL CONSERVATION DIVISION	
ARCO	EXHIBIT NO. 9
CASE NO.	9061

Enclosures