



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

Bill Richardson
Governor
Joanna Prukop
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

May 9, 2003

Arch Petroleum, Inc.
c/o James Bruce
P. O. Box 1056
Santa Fe, New Mexico 87504

Telefax No. (505) 982-2151

Administrative Order NSL-4879 (SD)

Dear Mr. Bruce:

Reference is made to the following: (i) your application (*administrative application reference No. pKRV0-308556798*) dated March 25, 2003 on behalf of the operator Arch Petroleum, Inc. ("Arch"); and (ii) the Division's records in Santa Fe, including the files on Division Administrative Order NSL-4878 (SD) and Division Case No. 9576: all concerning Arch's request for an unorthodox infill oil well location within an existing standard 40-acre oil spacing and proration unit comprising the NE/4 NE/4 (Unit A) of Section 28, Township 23 South, Range 37 East, NMPM, Teague-Paddock Blinebry Pool (58300), Lea County, New Mexico.

This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

This 40-acre unit is currently dedicated to the two following described Arch operated wells:

- (i) C. E. Lamunyon Well No. 21 (API No. 30-025-22323), located at a standard oil well location 510 feet from the North line and 660 feet from the East line of Section 28; and
- (ii) C. E. Lamunyon Well No. 50 (API No. 30-025-30525), located at an unorthodox infill oil well location (approved by Division Order No. R-8855, issued in Case No. 9576 on February 9, 1989) 1310 feet from the North line and 210 feet from the East line of Section 28.

It is our understanding that the N/2 of Section 28 is within a single federal lease (U. S. Government lease No. LC-030187) with common mineral interest in which Arch is the leasehold operator; therefore, there are no adversely effected offsets to the subject 40-acre tract within the Paddock/Blinebry interval.

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It is further understood that such unorthodox location is being sought in order to minimize drainage effects in that this location is approximately equidistance, more or less, to other offsetting Paddock-Blinebry oil producers within this lease. The proposed unorthodox infill oil well location should enable Arch to further develop and deplete the Paddock-Blinebry reserves within this portion of the C. E. Lamunyon federal lease that might not otherwise be recovered.

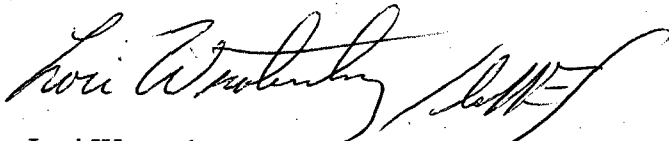
By the authority granted me under the provisions of Division Rule 104.F (2), the following described well to be drilled as a second infill oil well location within the subject 40-acre unit at an unorthodox oil well location is hereby approved:

**C. E. Lamunyon Well No. 84
545' FNL & 1169' FEL.**

Further, the two existing C. E. Lamunyon Wells No. 21 and 50 and the proposed C. E. Lamunyon Well No. 84 are to be simultaneously dedicated to the subject 40-acre oil spacing and proration unit.

It is further ordered that Division Order No. R-8855 shall remain in full force and effect until further notice.

Sincerely,



Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
U. S. Bureau of Land Management - Carlsbad
File: Division Administrative Order NSL-4878 (SD)