

ABOVE THIS LINE FOR DIVISION USE ONLY

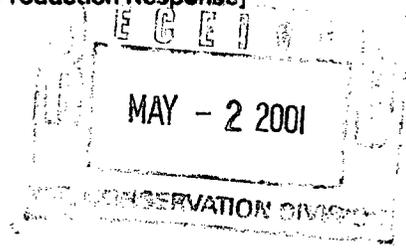
NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -

ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

Application Acronyms:

- [NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
- [DD-Directional Drilling] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]



[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Directional Drilling
 NSL NSP DD SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply

- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

[3] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I further verify that all applicable API Numbers are included. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

JAMES BRUCE
 P.O. BOX 1056
 SANTA FE, NM 87504

Note: Statement must be completed by an individual with supervisory capacity.

James Bruce
 Signature

Attorney for Applicant
 Title

4/30/01
 Date

Print or Type Name

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

3304 CAMINO LISA
HYDE PARK ESTATES
SANTA FE, NEW MEXICO 87501

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

April 30, 2001

Hand Delivered

Michael E. Stogner
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Dear Mr. Stogner:

Pursuant to Division Rule 104.F.(2), Arch Petroleum Inc. applies for administrative approval of an unorthodox oil well location for the following well:

Well: C.E. Lamunyon Well No. 80
Location: 1500 feet FNL & 150 feet FWL
Unit: SW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 27, Township 23 South, Range 37 East, N.M.P.M., Lea County, New Mexico

The well will be drilled to test the McKee zone of the Teague (Simpson) Pool, which is developed on statewide rules. An APD with a Form C-102 is attached as Exhibit A.

The application is based on engineering and geologic reasons. Attached as Exhibit B is a structure map on top of the McKee, with the well location highlighted in pink. The C.E. Lamunyon Well No. 12 (to the southeast of the proposed well) and the C.E. Lamunyon Well No. 6 (to the northwest of the proposed well) produced from the subject pool, but are now abandoned in that zone.¹ The proposed well is located equidistant between the two wells, and should recover reserves not produced by them. In addition, the proposed location maintains a high structural position, while remaining in the northwest-southeast trend of past and current McKee production.

The well is located on Federal Lease LC 030187, which is outlined on Exhibit B. The lease covers the N $\frac{1}{2}$ of Section 27 and the N $\frac{1}{2}$ of

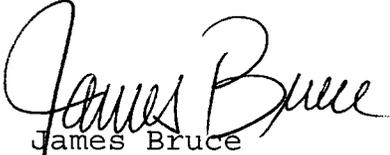
¹Each well produced over 300,000 BO from the Teague Pool.

Section 28, among other acreage. Royalty, overriding royalty, and working interest ownership is common throughout the lease. Thus, the well does not adversely affect anyone, and notice has not been given to any offset interest owner.

The well unit will be simultaneously dedicated to the C.E. Lamunyon Well Nos. 71 and 80.

Please call me if you need any further information on this matter.

Very truly yours,



James Bruce

Attorney for Pogo Producing Company

RECEIVED

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APR 24 2001

MIDLAND APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK
 DRILL DEEPEN

b. TYPE OF WELL
 OIL WELL GAS WELL OTHER SINGLE ZONE MULTIPLE ZONE

2. NAME OF OPERATOR
 ARCH PETROLEUM, INC. (RICHARD WRIGHT 915-685-8100)

3. ADDRESS AND TELEPHONE NO.
 P.O. BOX 10340 MIDLAND, TEXAS 79702-7340

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*
 At surface
 1500' FNL & 150' FWL SEC. 27 T23S-R37E LEA CO. NM
 At proposed prod. zone SAME

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
 Approximately 15 miles Southeast of Eunice New Mexico

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 150'

16. NO. OF ACRES IN LEASE 1520

17. NO. OF ACRES ASSIGNED TO THIS WELL 40

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 990'±

19. PROPOSED DEPTH 9800'

20. ROTARY OR CABLE TOOLS ROTARY

21. ELEVATIONS (Show whether DF, RT, GR, etc.) 3287' GR.

22. APPROX. DATE WORK WILL START* WHEN APPROVED

5. LEASE DESIGNATION AND SERIAL NO.
 LC-030187

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME, WELL NO.
 C.E. LAMUNYON # 80

9. API WELL NO.

10. FIELD AND POOL, OR WILDCAT
 TEAGUE-SIMPSON

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
 SEC. 27 T23S-R37E

12. COUNTY OR PARISH LEA CO. 13. STATE NEW MEXICO

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
25"	Conductor	NA	40'	Cement to surface with Redi-m.
17 1/2"	H-40 13 3/8"	48	1100'	1000 Sx.
12 1/2"	J-55 9 5/8"	36	2500'	1000 Sx.
* 8 1/2"	J-55 7"	29	8100'±	1000 Sx.
** 6 1/8"	N-80 5"	18	9800'	200 Sx.
7 7/8"	J-55, N-80 5 1/2"	17	9800'	1500 Sx.

* If no lost circulation problems occur in the Devonian reduce hole size to 7 7/8" and drill to TD.

** If lost circulation is a problem run 7" casing through trouble zone, then drill 6 1/8" hole to 9800' and run a liner from TD to 7800' and cement back to liner hanger.

SEE ATTACHED SHEET FOR DETAIL CASING, CEMENTING PROGRAM

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED Joe T. Quinn TITLE Agent DATE 04/21/01

(This space for Federal or State/Police use)

PERMIT NO. _____ APPROVAL DATE _____

Application approval does not warrant or certify that the applicant holds legal or equitable title to the land or any interest therein which would entitle the applicant to conduct operations thereon. CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY _____ TITLE _____ DATE _____



*See Instructions On Reverse Side

1. Drill 25" hole to 40'. Set 40' of 20" conductor pipe and cement to surface with Redi-mix.
2. Drill 17½" hole to 1100'. Run and set 1100' of 13 3/8" 48# H-40 ST&C casing. Cement with 1000 Sx. of Class "C" cement + 2% CaCl, + ¼# Floccels/Sx., circulate cement to surface.
3. Drill 12½" hole to 2500'. Run and set 2500' of 9 5/8" 36# J-55 ST&T casing. Cement with 1000 Sx. of Class "C" cement + 2% CaCl, + ¼# Floccels/Sx., circulate cement to surface.
4. Drill 8½" hole to 8100', if no lost circulation problems occur reduce hole size to 7 7/8" and drill to TD of 9800'±. Run 9800' of 5½" as follows: 2100' of 5½" 17# L-80 LT&C, 6700' of 17# J-55 LT&C, 1000' of 17# L-80 LT&C casing. Cement in three stages DV tools at 7000'±, and 4500'±. Cement with 1500 Sx. of Class "H" + additives & Class "C" + additives, top of cement estimated 2000' from surface.
5. If lost circulation does occur in the Devonian drill through the lost circulation zone and set 7" 29# J-55 LT&C casing at 8100'±. Set a DV tool at 5000' and cement with 1000 Sx. of Class "H" cement estimate top of cement 2000' from surface.
6. Drill out with a 6 1/8" bit to a total depth of 9800'. Run 2000' of 5" 18# N-80 liner from 9800' back to 7800'. Cement with 200 Sx of Class "H" Premium Plus cement + additives, bring cement back to top of liner.

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number	Pool Code 58900	Pool Name TEAGUE - SIMPSON
Property Code 14908	Property Name LAMUNYON	Well Number 80
OGRID No. 692	Operator Name ARCH PETROLEUM, INC.	Elevation 3287'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	27	23-S	37-E		1500	NORTH	150	WEST	LEA

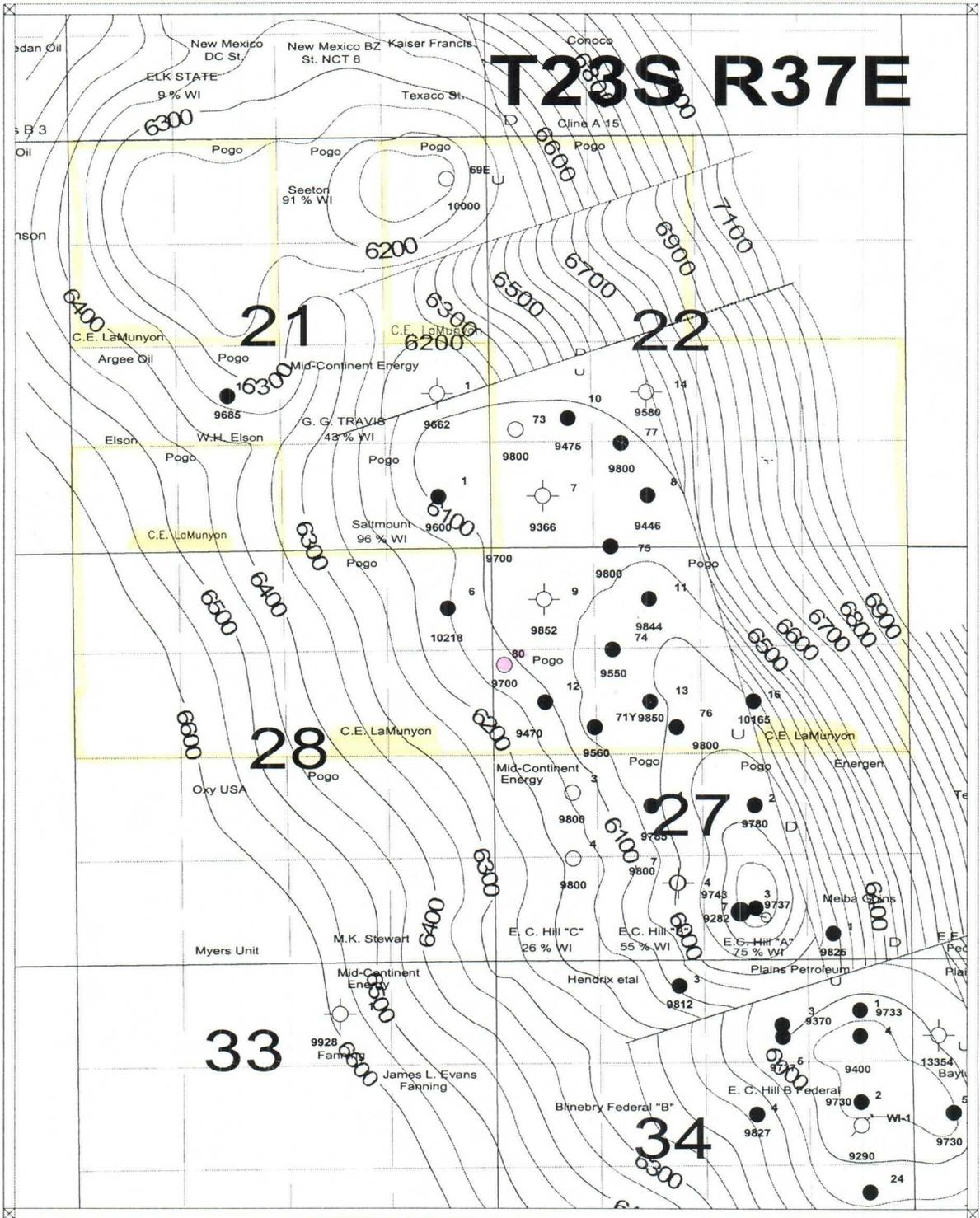
Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
40			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p>1500'</p> <p>150'</p> <p>SEE DETAIL</p> <p>3286.1'</p> <p>3284.8'</p> <p>3290.2'</p> <p>3290.0'</p> <p>DETAIL</p>	<p>OPERATOR CERTIFICATION</p> <p><i>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p><i>Joe T. Janica</i> Signature</p> <p>Joe T. Janica Printed Name Agent</p> <p>Title</p> <p>04/21/01 Date</p>	
	<p>SURVEYOR CERTIFICATION</p> <p><i>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 belief.</i></p> <p>APRIL 17, 2001</p> <p>Date Surveyed</p> <p>Signature & Seal of Professional Surveyor</p> <p><i>Ronald J. Eibson 4/18/01</i> 11-0425</p>	
	<p>Certificate No. RONALD J. EIBSON 3239 GARY EIBSON 12641</p>	
	<p>AWB</p>	



LEGEND

○ NEW DRILL LOCATION



POGO PRODUCING COMPANY

**TEAGUE PROSPECT
LEA COUNTY, NEW MEXICO
MCKEE "C" STRUCTURE MAP**

G. CURRY	CI=50 FEET	4/25/01
WELLS >= 9000'	1"=2000'	TGMCKEEG.GPF