



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

May 19, 2000

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

Telefax No. (505) 982-2151

Administrative Order NSL-4449

Dear Mr. Bruce:

Reference is made to the following: (i) your original application on behalf of the operator, Arch Petroleum, Inc. ("Arch"), submitted to the New Mexico Oil Conservation Division ("Division") on May 12, 2000; (ii) the Division's initial response by letter on the same day from Mr. Michael E. Stogner, Engineer/Chief Hearing Officer in Santa Fe denying this application; (iii) your re-submittal of this application to the Division on May 17, 2000; (iv) your meeting with Mr. Stogner on Friday morning, May 19, 2000; (v) your telefaxed letter to me on May 19, 2000 seeking special treatment of this application; (vi) my meeting with Mr. Stogner Friday afternoon, May 19, 2000; and (vii) the Division's records in Santa Fe, including the file in Case No. 11344: 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 NW/4 SW/4 (Unit L) of Section 22, Township 23 South, Range 37 East, NMPM, Teague-Paddock-Blinbry Pool, Lea County, New Mexico.

This 40-acre unit is currently dedicated to Arch's C. E. Lamunyon Well No. 25 (API No. 30-025-22416) located at a standard oil well location 1980 feet from the South line and 660 feet from the West line of Section 22.

Further, the area comprising the NW/4 and the S/2 of Section 22 is included in a single federal lease (United States Government lease No. LC-030187) in which Arch is the leasehold operator; therefore, there are no effected offsets to the subject 40-acre tract other than Arch.

The 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.

Arch Petroleum, Inc.
Division Administrative Order NSL-4449
May 18, 2000

By the authority granted me under the provisions of Division Rule 104.F (2), the following described well to be drilled at an unorthodox "infill" oil well location within the NW/4 SW/4 (Unit L) of Section 22 is hereby approved:

C. E. Lamunyon Federal Well No. 70
2475' FSL & 1100' FWL.

Further, both the existing C. E. Lamunyon Federal Well No. 25 and the proposed C. E. Lamunyon Federal Well No. 70 are to be simultaneously dedicated to the subject 40-acre unit.

Please note that our review of this application indicates that Arch was aware an exception to Division Rule 104.B (1) was needed for this well as early as January 20, 2000 (see date of NMOCD Form C-102). If, any future application by Arch for an unorthodox location is not filed in a more timely fashion, all such subsequent applications will be subject to the Division's hearing process until further notice.

Sincerely,



Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
U. S. Bureau of Land Management - Roswell
U. S. Bureau of Land Management - Carlsbad