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|--------------------|--------------------|---------------------|----------------------|-------------|----------------------------|
| 8-16-05 DATE IN | 9-5-05 SUSPENSE | Stagner ENGINEER | 8-17-05 LOGGED IN | NSL TYPE | PSEM05229323415 APP NO. |
|--------------------|--------------------|---------------------|----------------------|-------------|----------------------------|

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [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 - Simultaneous Dedication
☐ NSL ☒ NSP ☒ 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

[D] Other: Specify _____

[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] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

James Bruce
 Print or Type Name

Signature

Attorney for applicant
 Title

Date

jamesbruc@aol.com
 e-mail Address

2005 AUG 16 PM 3:17

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)
(505) 660-6612 (Cell)
(505) 982-2151 (Fax)

jamesbruc@aol.com

August 16, 2005

Hand Delivered

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

Dear Mr. Stogner:

Arch Petroleum Inc. applies for an exception to Rule 3(C) of the Special Rules for the Jalmat Gas Pool, to allow two gas wells on a 160 acre non-standard gas spacing unit.

Division Administrative Order NSP-547 (attached as Exhibit A) approved a non-standard unit in the Jalmat Gas Pool comprised of the SE $\frac{1}{4}$ of Section 11, Township 23 South, Range 36 East, N.M.P.M. The well unit was originally dedicated to the J.F. Janda NCT-H Well No. 3, located in the NW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 11. The unit was subsequently simultaneously dedicated to the J.F. Janda NCT-H Well No. 3 and J.F. Janda NCT-H Well No. 2 (located in the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 11). See Exhibits B and C.

Well No. 3 is still producing, but Well No. 2 was shut-in and temporarily abandoned in 1994. Applicant requests an exception to the well density requirements of Rule 3(C), as set forth in Order No. R-8170-P, to allow both Well Nos. 2 and 3 to produce concurrently. This application will prevent waste by utilizing an existing wellbore, and will not violate correlative rights.

The offset operators and working interest owners are as follows:

N $\frac{1}{2}$ and SW $\frac{1}{4}$ of Section 11, NW $\frac{1}{4}$ of Section 13, and N $\frac{1}{2}$ of Section 14
Mission E&P Limited Partnership
Suite 1455
1331 Lamar
Houston, Texas 77002

S $\frac{1}{2}$ SW $\frac{1}{4}$ of Section 12
John H. Hendrix Corporation
P.O. Box 3040
Midland, Texas 79702

N $\frac{1}{2}$ SW $\frac{1}{4}$ and NW $\frac{1}{4}$ of Section 12

Primal Energy Corporation (gas)

Suite 227

211 Highland Cross drive

Houston, Texas 77073

BP America Production Company (oil)

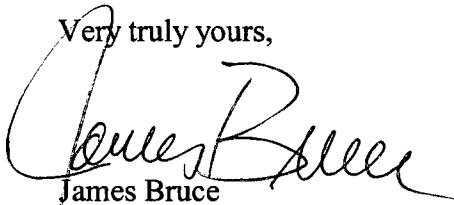
501 Westlake Park Boulevard

Houston, Texas 77079

The offset operators have been notified of this application. A copy of the notice letter is attached hereto as Exhibit D.

Please call me if you need anything further regarding this matter.

Very truly yours,



James Bruce

Attorney for Arch Petroleum Inc.

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

March 2, 1961

Gulf Oil Corporation
P. O. Drawer 669
Roswell, New Mexico

Attention: Mr. W. A. Shellshear

Administrative Order HSP-547

Gentlemen:

Reference is made to your application for approval of a 160-acre non-standard gas proration unit in the Jalmat Gas Pool consisting of the following acreage:

TOWNSHIP 23 SOUTH, RANGE 36 EAST, NMPN
Section 11: SE/4

It is understood that this unit is to be dedicated to your J. F. Janda "H" Well No. 3, located 1980 feet from the South and East lines of said Section 11.

By authority granted me under provisions of Order No. R-1670, you are hereby authorized to operate the above described acreage as a non-standard gas proration unit, with allowable to be assigned thereto in accordance with the pool rules, based upon the unit size of 160 acres.

Very truly yours,

A. L. PORTER, Jr.,
Secretary-Director

ALP/GEP/eg

cc: Oil Conservation Commission - Hobbs
Oil & Gas Engineering Committee - Hobbs



Submit to Appropriate
District Office
State Lease - 4 copies
Fee Lease - 3 copies

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

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

State of New Mexico
Energy, Minerals and Natural Resources Department

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

OIL CONSERVATION DIVISION
Form C-102
Revised 1-1-89
RECEIVED

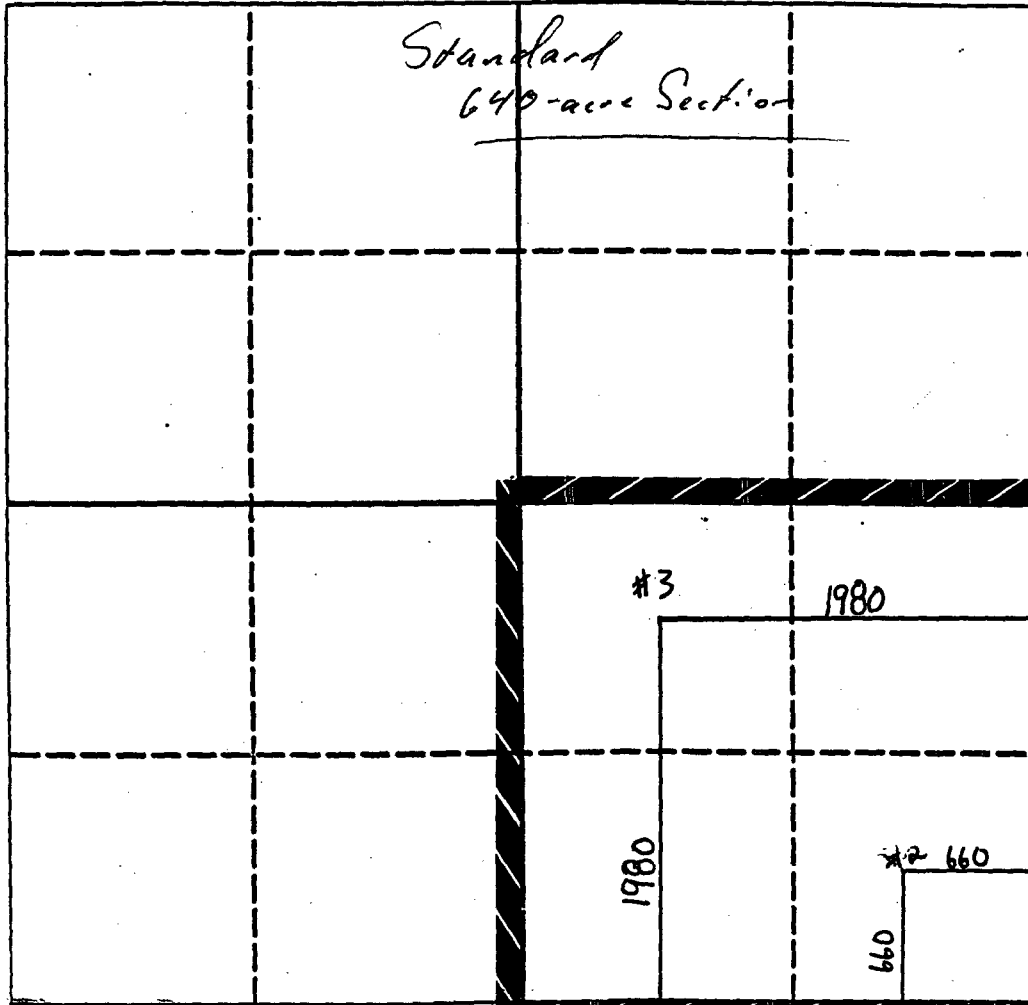
'91 FEB 15 AM 9 21

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

| | | | | | | | | |
|--|----------------------|------------------------|--|----------------------|--|--|--|--|
| Operator CHEURON USA, INC. | | | Lease J. F. JANDA | | | Well No. 2 | | |
| Unit Letter D | Section 11 | Township 23S | Range 36E | County LEA | | NMPM | | |
| Actual Footage Location of Well: 660 feet from the South line and 660 feet from the EAST line | | | | | | | | |
| Ground level Elev. YATES 7 RIVER | | | Producing Formation JALMAT GAS | | | Dedicated Acreage: 160 Acres | | |

- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc?
☐ Yes ☐ No If answer is "yes" type of consolidation _____
If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary). _____
No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



| | |
|--|------------------------------------|
| OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. | |
| Signature E. O. Noherty | Printed Name T. A. Delg. |
| Position CHEURON USA. | |
| Company | |
| Date 2/7/91 | |
| SURVEYOR CERTIFICATION 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 knowledge and belief. | |
| Date Surveyed | |
| Signature & Seal of Professional Surveyor | |
| Certificate No. | EXHIBIT B |

Submit to Appropriate
District Office
State Lease - 4 copies
Fee Lease - 3 copies

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised 1-1-89

OIL CONSERVATION DIVISION

OIL CONSERVATION DIVISION
RECEIVED

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

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

'91 FEB 15 AM 9 20

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

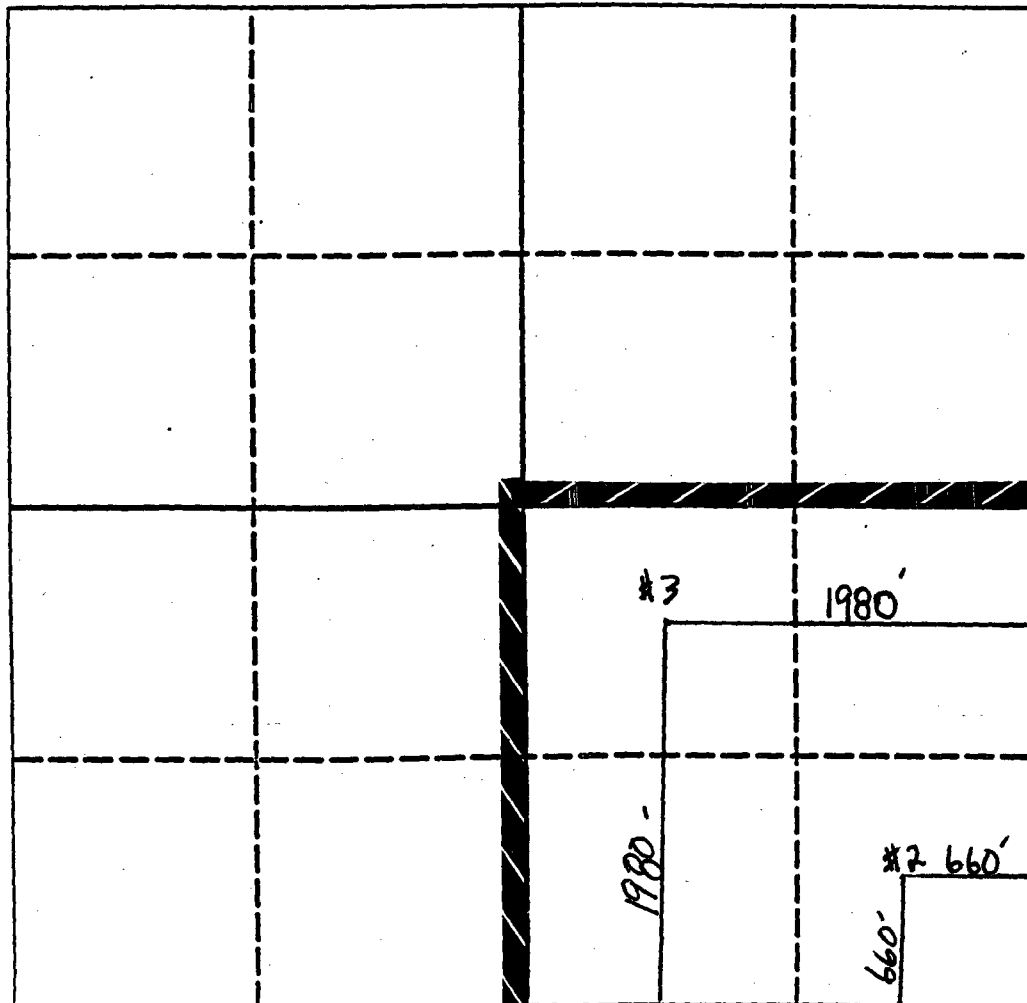
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

| | | | | | | |
|--|---|------------------------|----------------------------|--|----------------------|--|
| Operator CHEVRON USA, INC. | | | Lease J.F. JANDA | | Well No. 3 | |
| Unit Letter 2 | Section 11 | Township 23S | Range 36E | County LEA | | |
| Actual Footage Location of Well: 1980 feet from the South line and 1980 feet from the East line | | | | | | |
| Ground level Elev. | Producing Formation YATES 7 RIVER | | Pool JALMAT GAS | Dedicated Acreage: 160 Acres | | |

- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc?
☐ Yes ☐ No If answer is "yes" type of consolidation _____
If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary).
No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature
E.O. Donerty
Printed Name
E.O. DONERTY
Position
T.A. Dir.
Company
CHEVRON USA
Date
2/11/91

SURVEYOR CERTIFICATION

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 knowledge and belief.

Date Surveyed

Signature & Seal of
Professional Surveyor

Certificate No.

EXHIBIT

C

Blumberg No. 5119

0 330 660 990 1320 1650 1980 2310 2640 2000 1500 1000 500 0