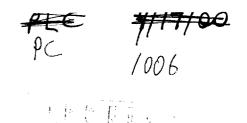


# Arch Petroleum Inc.



27

March 24, 2000

New Mexico Oil Conservation Division Department of Energy and Minerals State of New Mexico 2040 South Pacheco Santa Fe, NM 87501

Attn: Mark Ashley, Engineering

RE: Arch Petroleum Inc., Stebbins AB Battery

Section 5, T22S, R37E, Lea County, NM

Dear Mark,

Arch Petroleum request permission to surface commingle the Stebbins A battery, Stebbins B battery and the Stebbins AB battery. The three batteries are in need of repair and due to the economics of the Stebbins lease Arch proposes to commingle the three batteries into the Stebbins AB battery.

The royalty owners are identical in both the Stebbins "A" and Stebbins "B"; therefore, notification is not required.

Please see attached copies of the Stebbins AB battery diagram, area plat, and justification. Please let me know if you need any further information concerning this application. Thank you.

Sincerely,

Cathy Tomberlin, Operation Tech

attachments

### JUSTIFICATION Arch Petroleum Inc. Lee Stebbins AB Lease Lea County, NM

Arch Petroleum proposes to produce the Stebbins A#1, A#3, A#4, B#2, B#3 and B#4 into the Stebbins AB battery located in Section 5, T22S, R37E, Lea County, NM.

The Stebbins A battery, Stebbins B battery and Stebbins AB battery have fallen in ill repair. Due to economics of the wells producing into these three batteries, Arch recommends combining the three batteries into a single battery.

The production will be allocated based upon well test. When testing a well, the oil and gas will be measured and routed back into the production separator so that all of the lease's production is measured.

The Stebbins A#3 is DHC (DHC-319) producing from the Blinebry & <u>Drinkard</u> w/a gravity of 32.9 sweet crude. The Stebbins A#4 is currently TA'd w/ previous production from the <u>Drinkard</u>. The Stebbins B#3 which was recently worked over is producing from the Abo w/a gravity of 39.6 sweet crude and the Stebbins B#4 is producing from the <u>Tubb</u> w/a gravity of 34.7 sweet crude. The Stebbins A#1 and B#2 are both producing from the Grayburg w/a gravity of 40.0 sweet crude.

The gas will be measured with an orfice meter and allocated based on the total gas volume measured at the sales meter. Allocation will include wellhead MMBTU so that accuracy is ensured. There will be no loss in revenue from either oil or gas sales.

The royalty and working interest owners are identical for all zones involved.

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District I PO Box 1980, Hobbs, NM 88241-1980

District II 811 South First, Artesia, NM 88210

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

District IV 2040 South Pacheco, Santa Fe. NM 87505

## State of New Mexico

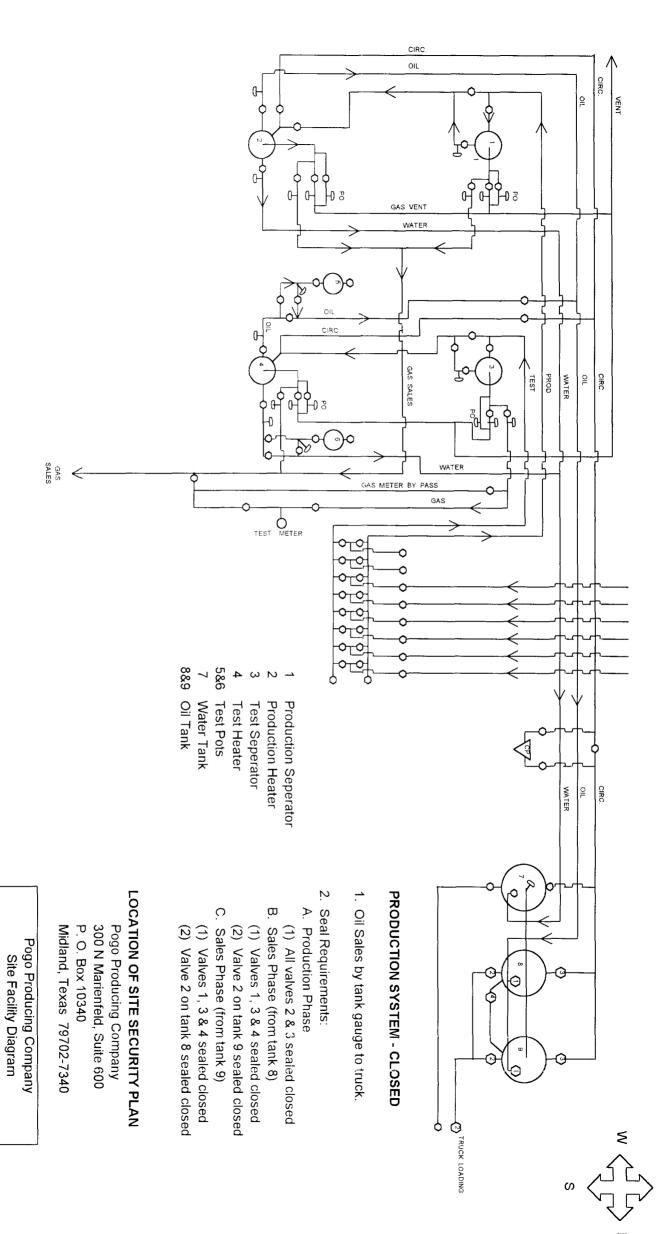
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION 2040 South Pacheco Santa Fe, NM 87505 Form C-102 Revised October 18, 1994 Instructions on back Submit to Appropriate District Office State Lease - 4 Copies Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT												
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Bottom Hole Location If Different From Surface												
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# LEE STEBBINS TANK BATTERY



Lee Stebbins Tank Battery

Sec. 5, T-22S, R-37-E Lea County, New Mexico

# **ARCH PETROLEUM**

## Volumes and Pools for Stebbins AB Wells

	BOPD	<u>BWPD</u>	MCFPD	POOL	CODE
Stebbins A #1	2	7	4	Penrose Skelly Grayburg	50350 (oil)
Stebbins A #3	4	2	44	Drinkard/Blinebry Oil & Gas	19190/06660
Stebbins A #4	TA'd	TA'd	TA'd	TA'd	
Stebbins B #2	1	10	3	Penrose Skelly Grayburg	50350
Stebbins B #3	21	27	96	Wantz Abo	62700 (oil)
Stebbins B #4	1	2	77	Tubb <del>Cas</del> O & G	86440 (Mo Stas)
					N/2 NE/4, 5/2 NW/4

Mark - I talked to Gary Lang, our landman over this area, he said this is all one lease. If you have any questions you can call him at (915)685-8126 or give me a call at (915)685-8144. Thanks - Cathy