



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

December 26, 2001

Raptor Resources, Inc.
c/o William F. Carr
Holland & Hart L.L.P. and Campbell & Carr
P. O. Box 2208
Santa Fe, New Mexico 87504-2208

Telefax No. (505) 983-6043

Administrative Order NSL-2723-F (SD)

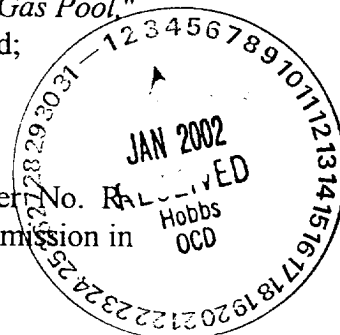
Dear Mr. Carr:

Reference is made to the following: (i) your application on behalf of the operator, Raptor Resources, Inc. ("Raptor") dated November 28, 2001 (*application reference No. pKRV0-133340859*); and (ii) the New Mexico Oil Conservation Division's ("Division") records in Santa Fe, including the files on Division Administrative Orders NSL-2723, NSL-2723-A, NSL-2723-B, NSL-2723-C, NSL-2723-D (SD), NSL-2723-E (SD) and Division Case No. 9775 (which resulted in the issuance of Division Orders No. R-9073): all concerning Raptor's requests for an unorthodox Jalmat infill gas well locations within an existing non-standard 480-acre gas spacing and proration unit ("GPU") for the Jalmat Gas Pool (79240) comprising the following described acreage in Lea County, New Mexico:

TOWNSHIP 23 SOUTH, RANGE 36 EAST, NMPM
Section 11: N/2 and SW/4.

The rules and procedures governing the Jalmat Gas Pool at the time this application was submitted include but are not necessarily limited to:

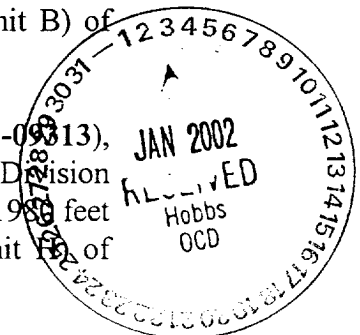
- (i) the "*Special Rules and Regulations for the Jalmat Gas Pool*," as promulgated by Division Order No. R-8170, as amended;
- (ii) Division Rule 605.B;
- (iii) Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999;
- (iv) Rule 1207.A (2); and
- (v) the amended Stipulated Declaratory Judgement of the First



Judicial District Court in Santa Fe County, New Mexico issued on July 11, 2001 in Hartman vs. Oil Conservation Division, Cause No. D-0101-CV-9902927 ("Stipulated Declaratory Judgement").

This 480-acre GPU was established by Division Order No. R-9073, issued in Case No. 9775 and dated December 14, 1989 [Paragraph No. (10) of Exhibit "A"]. The following nine described wells are shown to be currently dedicated to this unit:

- (1) State "A" A/C-1 Well No. 16 (API No. 30-025-09309), located at an unorthodox gas well location (originally approved by Division Order No. R-9073) 660 feet from the North and East lines (Unit A) of Section 11;
- (2) State "A" A/C-1 Well No. 29 (API No. 30-025-09310), located at a standard gas well location 990 feet from the North line and 1650 feet from the West line (Unit C) of Section 11, which well was also the subject of Division Order No. R-9073;
- (3) State "A" A/C-1 Well No. 34 (API No. 30-025-09311), located at a standard gas well location 1650 feet from the South and West lines (Unit K) of Section 11, which well was also the subject of Division Order No. R-9073;
- (4) State "A" A/C-1 Well No. 58 (API No. 30-025-10107), located at an unorthodox gas well location [approved by Division Administrative Order NSL-2723-D (SD), dated September 16, 1999] 1980 feet from the North and East lines (Unit G) of Section 11;
- (5) State "A" A/C-1 Well No. 62 (API No. 30-025-09312), located at an unorthodox gas well location (approved by Division Administrative Order NSL-2723-A, dated January 29, 1990) 660 feet from the North line and 1980 feet from the East line (Unit B) of Section 11;
- (6) State "A" A/C-1 Well No. 67 (API No. 30-025-09313), located at an unorthodox gas well location (approved by Division Administrative Order NSL-2723, dated December 6, 1989) 1980 feet from the North line and 660 feet from the East line (Unit F) of Section 11;
- (7) State "A" A/C-1 Well No. 85 (API No. 30-025-09316),



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located at an unorthodox gas well location (approved by Division Administrative Order NSL-2723-B, dated September 25, 1990) 2310 feet from the North and West lines (Unit F) of Section 11;

(8) State "A" A/C-1 Well No. 99 (API No. 30-025-09372), located at an unorthodox gas well location (also approved by Division Administrative Order NSL-2723) 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 11; and

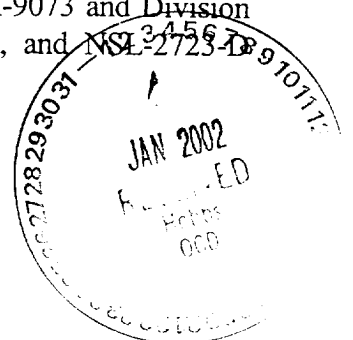
(9) State "A" A/C-1 Well No. 103 (API No. 30-025-20493), located at an unorthodox gas well location (approved by Division Administrative Order NSL-2723-C, dated January 18, 1991) 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 11.

It is our understanding that the subject well to be considered at this time, the plugged and abandoned Clayton Williams Energy, Inc. State "A" A/C-1 Well No. 95 (API No. 30-025-09319), located 1980 feet from the South line and 660 feet from the West line of Section 11, was initially drilled by Texas Pacific Coal & Oil Company in 1960 and completed in the Langlie-Mattix-Seven Rivers-Queen-Grayburg Pool at standard oil well location within a 40-acre standard oil spacing and proration unit comprising the NW/4 SW/4 (Unit L) of Section 11. In 1994, this well was plugged and abandoned.

By the authority granted me under the provisions of these rules, regulations, and directives, the above-described State "A" A/C-1 well No. 95, to be re-entered and completed by Raptor as a gas well within this 480-acre GPU at an unorthodox infill Jalmat gas well location, is hereby approved.

Also, Raptor is hereby authorized to simultaneously dedicate Jalmat gas production from the State "A" A/C-1 Well No. 95 with the existing State "A" A/C-1 Wells No. 16, 29, 34, 58, 62, 67, 85, 99, and 103. Furthermore, Raptor is permitted to produce the allowable assigned the subject 480-acre GPU from all ten wells in any proportion

All provisions applicable to the subject GPU in Division Order No. R-9073 and Division Administrative Orders NSL-2723, NSL-2723-A, NSL-2723-B, NSL-2723-C, and NSL-2723-D (SD) shall remain in full force and affect until further notice.



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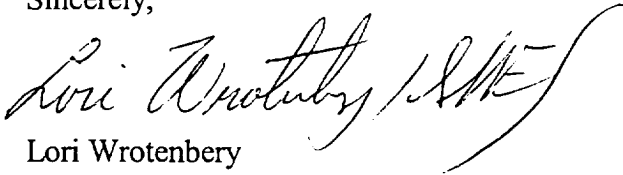
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Jurisdiction of this matter shall be further retained for the entry of any such subsequent orders, as the Division may deem necessary.

Sincerely,



Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs

New Mexico State Land Office - Santa Fe

File: NSL-2723

NSL-2723-A

NSL-2723-B

NSL-2723-C

NSL-2723-D (SD)

