

**STATE OF NEW MEXICO  
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:**

**CASE NO. 12679  
ORDER NO. R-11643**

**APPLICATION OF RAPTOR RESOURCES, INC. FOR TWO UNORTHODOX  
INFILL GAS WELL LOCATIONS AND SIMULTANEOUS DEDICATION, LEA  
COUNTY, NEW MEXICO.**

**ORDER OF THE DIVISION**

**BY THE DIVISION:**

This case came on for hearing at 8:15 a.m. on June 14, 2001, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 27th day of August, 2001, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

**FINDS THAT:**

(1) Due public notice has been given, and the Division has jurisdiction of this case and its subject matter.

(2) Division Cases No. 12678 and 12679 were consolidated at the hearing for the purpose of testimony.

(3) The applicant, Raptor Resources, Inc. ("Raptor"), seeks an exception to the well location and well density provisions currently governing the Jalmat (Tansill-Yates-Seven Rivers) Gas Pool for the following-described wells in Section 5, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico:

<u>Well Name &amp; Number</u>	<u>API Number</u>	<u>Well Location</u>
State "A" A/C-2 No. 78	30-025-34910	1980' FNL & 660' FWL (Unit E)
State "A" A/C-2 No. 81	N/A	2080' FSL & 1980' FWL (Unit K)

(4) These wells are to be dedicated to an existing non-standard 440.50-acre Jalmat Gas Pool gas proration unit comprising Lots 3 and 4, and the S/2 NW/4, SW/4, W/2 SE/4 and SE/4 SE/4 of Section 5.

(5) The applicant also seeks authority to simultaneously dedicate the subject non-standard gas proration unit to its proposed State "A" A/C-2 Wells No. 78 and 81, and to the following-described existing wells:

<u>Well Name &amp; Number</u>	<u>API Number</u>	<u>Well Location</u>
State "A" A/C-2 No. 2	30-025-08791	1980' FSL & 660' FWL (Unit L)
State "A" A/C-2 No. 27	30-025-08789	660' FSL & 660' FEL (Unit P)
State "A" A/C-2 No. 33	30-025-08793	660' FSL & 1980' FEL (Unit O)
State "A" A/C-2 No. 34	30-025-08794	1980' FSL & 1980' FEL (Unit J)
State "A" A/C-2 No. 44	30-025-08797	1980' FNL & 1980' FWL (Unit F)
State "A" A/C-2 No. 46	30-025-08800	660' FSL & 1980' FWL (Unit N)
State "A" A/C-2 No. 47	30-025-08798	660' FNL & 1980' FWL (Unit C)

(6) The subject non-standard gas proration unit was initially established by Division Order No. R-9073 dated December 14, 1989. This order further authorized the simultaneous dedication to this unit of the State "A" A/C-2 Wells No. 27, 41 and 44, all located at unorthodox gas well locations.

(7) By Division Order No. NSP-1636(SD)(L) dated September 19, 1991, a 400.50-acre non-standard gas proration unit in the Jalmat Gas Pool was established comprising Lots 3 and 4, and the S/2 NW/4, SW/4 and W/2 SE/4 of Section 5. This order further authorized the simultaneous dedication to this unit of the State "A" A/C-2 Wells No. 33, 41, 44 and 47, all located at unorthodox gas well locations.

(8) By Division Order No. NSP-1636-A(L)(SD) dated July 18, 2000, a 440.50-acre non-standard gas proration unit in the Jalmat Gas Pool was established comprising Lots 3 and 4, and the S/2 NW/4, SW/4, W/2 SE/4 and SE/4 SE/4 of Section 5. This order further authorized the simultaneous dedication to this unit of the State "A" A/C-2 Wells No. 2, 33, 34, 41, 44, 46 and 47, all located at unorthodox gas well locations.

(9) Division records demonstrate that the State "A" A/C-2 Well No. 41 was plugged and abandoned on December 28, 1994.

(10) The rules and procedures currently governing the Jalmat Gas Pool include, but are not necessarily limited to:

- (a) the “*Special Rules and Regulations for the Jalmat Gas Pool*,” as promulgated by Division Order No. R-8170, as amended;
- (b) Division Rule 605.B.;
- (c) 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;
- (d) Rule 1207.A.(2); and
- (e) the amended Stipulated Declaratory Judgement of the First Judicial District Court in Santa Fe, New Mexico issued on July 11, 2001 in Hartman vs Oil Conservation Division, Cause No. D-0101-CV-9902927 (“Amended Stipulated Declaratory Judgement”).

(11) Division records demonstrate that Raptor originally filed an administrative application dated January 30, 2001, to recomplete its State “A” A/C-2 Well No. 78 to the Jalmat Gas Pool at an unorthodox gas well location, and to simultaneously dedicate this well to the subject 440.50-acre non-standard gas proration unit.

(12) No action was taken by the Division on this administrative application pursuant to certain provisions contained within the original Stipulated Declaratory Judgement of the First Judicial District Court in Santa Fe, New Mexico issued on January 4, 2001 in Hartman vs Oil Conservation Division, Cause No. D-0101-CV-9902927 (“Stipulated Declaratory Judgement”).

(13) The Amended Stipulated Declaratory Judgement provided greater flexibility to the Division to approve these types of applications, and as a result, Raptor’s original administrative application was approved by Division Order No. NSL-4615(SD) dated July 27, 2001.

(14) That portion of Raptor’s application to recomplete its State “A” A/C-2 Well No. 78 to the Jalmat Gas Pool at an unorthodox gas well location, and to simultaneously dedicate this well to the subject 440.50-acre non-standard gas proration unit should be dismissed.

(15) The evidence presented in this case demonstrates that:

- (a) there is substantial geologic discontinuity in the Yates and Seven Rivers formations within the Jalmat Gas Pool underlying Section 5 in which Raptor proposes to drill its State "A" A/C-2 Well No. 81;
- (b) modern well logs and well completion techniques provide Raptor the opportunity to identify, perforate, stimulate and produce sands in the Yates and Seven Rivers formations that may not have been produced in older offset wells;
- (c) with the exception of certain well recompletions Raptor has accomplished recently, most of the wells offsetting the proposed State "A" A/C-2 Well No. 81 are producing at marginal rates from the Jalmat Gas Pool;
- (d) by drilling the State "A" A/C-2 Well No. 81, Raptor expects to recover at least 0.5 BCF of gas from the subject proration unit that may otherwise not be recovered by the existing wells, thereby preventing waste;
- (e) the State "A" A/C-2 Well No. 81 can be economically drilled to recover the incremental gas reserves underlying the subject gas proration unit; and
- (f) the proposed unorthodox gas well location for the State "A" A/C-2 Well No. 81 is necessary due to geologic and engineering considerations, and will provide Raptor the best opportunity to recover incremental gas reserves from the Jalmat Gas Pool underlying the subject gas proration unit.

(16) All Jalmat Gas Pool operators within the eight-section area surrounding Section 5 were notified of Raptor's application. No offset operator or interest owner appeared at the hearing in opposition to the application.

(17) Approval of the proposed unorthodox gas well location and simultaneous dedication will result in the recovery of hydrocarbons that will otherwise not be

recovered, thereby preventing waste, and will otherwise be in the best interest of conservation and protection of correlative rights.

**IT IS THEREFORE ORDERED THAT:**

(1) The applicant, Raptor Resources, Inc., is hereby authorized to drill its State "A" A/C-2 Well No. 81 at an unorthodox gas well location for the Jalmat Gas Pool 2080 feet from the South line and 1980 feet from the West line (Unit K) of Section 5, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico.

(2) A 440.50-acre non-standard gas proration unit comprising Lots 3 and 4, and the S/2 NW/4, SW/4, W/2 SE/4 and SE/4 SE/4 of Section 5, shall be simultaneously dedicated to the State "A" A/C-2 Well No. 81 and to the following-described existing Jalmat Gas Pool wells:

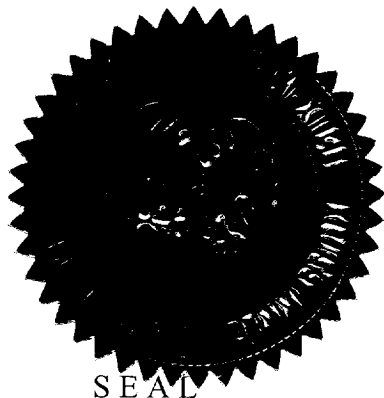
<u>Well Name &amp; Number</u>	<u>API Number</u>	<u>Well Location</u>
State "A" A/C-2 No. 2	30-025-08791	1980' FSL & 660' FWL (Unit L)
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State "A" A/C-2 No. 46	30-025-08800	660' FSL & 1980' FWL (Unit N)
State "A" A/C-2 No. 47	30-025-08798	660' FNL & 1980' FWL (Unit C)
State "A" A/C-2 No. 78	30-025-34910	1980' FNL & 660' FWL (Unit E)

(As approved by Division Order No. NSL-4615(SD) dated July 27, 2001)

(3) That portion of Raptor's application to recomplete its State "A" A/C-2 Well No. 78, located at an unorthodox gas well location 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 5, to the Jalmat Gas Pool, and to simultaneously dedicate this well to the subject 440.50-acre non-standard gas proration unit is hereby dismissed.

(4) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

*Lori Wrotenbery*  
LORI WROTENBERY  
Director