

**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. 12561
ORDER NO. R-9073-E**

**APPLICATION OF RAPTOR RESOURCES, INC. TO FURTHER AMEND
DIVISION ORDER NO. R-9073 BY AUTHORIZING A NON-STANDARD 400-ACRE
GAS PRORATION UNIT AND AN UNORTHODOX INFILL GAS WELL
LOCATION, LEA COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on March 8, 2001 at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 22nd day of March, 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 pursuant to Division Rules 1207.A (2) and (3) and the Division has jurisdiction of this case and its subject matter.

(2) By Division Order No. R-9073, issued in Case No. 9775 and dated December 14, 1989 [Paragraph No. (13) of Exhibit "A"], a non-standard 440-acre gas spacing and proration unit ("GPU") comprising the SE/4 of Section 17, the NE/4 of Section 20, and the N/2 NW/4 and SW/4 NW/4 of Section 21, all in Township 23 South, Range 36 East, NMPM, Lea County, New Mexico, was established for the Jalmat Gas Pool. This order further provided for the following four described wells to be dedicated to this 440-acre GPU:

(i) State "A" A/C-1 Well No. 3 (**API No. 30-025-09367**), located at an unorthodox gas well location 1650 feet from the North line and 330 feet from the West line (Unit E) of Section 21;

(ii) State "A" A/C-1 Well No. 4 (**API No. 30-025-09366**), located at an unorthodox gas well location 330 feet from the

North line and 1660 feet from the West line (Unit C) of Section 21;

(iii) State "A" A/C-1 Well No. 5, located at an unorthodox gas well location 1320 feet from the North line and 660 feet from the East line (Units A/H) of Section 20; and

(iv) State "A" A/C-1 Well No. 39 (**API No. 30-025-09358**), located at an unorthodox gas well location 1980 feet from the South and East lines (Unit J) of Section 17.

(3) At this time, the applicant, Raptor Resources, Inc. ("Raptor"), seeks to: (i) expand this unit to include the 40 acres comprising the SE/4 NW/4 of Section 21; and (ii) contract this unit by deleting the two 40-acre tracts that comprise the SW/4 SE/4 (Unit O) of Section 17 and the NW/4 NE/4 (Unit B) of Section 20.

(4) The rules and procedures currently governing the Jalmat Gas Pool 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 Rules 104.D (2) and 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; and

(iv) the stipulated declaratory judgement of the First Judicial District Court in Santa Fe County, New Mexico issued on January 4, 2001.

(5) The deletion of the two above-described 40-acre tracts is necessary for the applicant to comply with Rule 2 (a) 3 of the special Jalmat Gas Pool rules, which states in part: "*A gas well in the Jalmat Gas Pool shall not be simultaneously dedicated to an oil well in the Jalmat Gas Pool.*" The Division's records indicate that: (i) the NW/4 NE/4 (Unit B) of Section 20, being a standard 40-acre oil spacing and proration unit within the Jalmat Gas Pool [see Rule 2 (a) 2 of the special pool rules], is currently assigned to Primal Energy Corporation for its State "20" Well No. 1 (**API No. 30-025-28421**), located 660 feet from the North line and 1980 feet from the East line of Section 20; and (ii) the 40 acres comprising the SW/4 SE/4

(Unit O) of Section 17 are currently dedicated to Mirage Energy, Inc.'s State "SN" Well No. 1 (**API No. 30-025-28784**), located 660 feet from the South line and 1980 feet from the East line of Section 17.

(6) The expansion of this GPU to include the SE/4 NW/4 (Unit F) of Section 21 serves to accommodate Raptor's existing State "A" A/C-1 Well No. 6 (**API No. 30-025-09369**), located 2310 feet from the North line and 1650 feet from the West line (Unit F) of Section 21. This well was classified an oil well in the Jalmat Gas Pool at the time the initial 440-acre non-standard GPU was established by Division Order No. R-9073. Recently however this production was reclassified as gas under the special Jalmat pool rules.

(7) Further, pursuant to special Jalmat Rule 4 (b) 2 the location of the State "A" A/C-1 Well No. 6 is unorthodox for the resulting 400-acre GPU.

(8) The aforementioned State "A" A/C-1 Wells No. 3, 4, and 5 are now plugged and abandoned and should therefore be omitted from this reassigned 400-acre GPU.

(9) This application has been duly filed under the provisions of: (i) Division Rules 104.D (2) and 104.F; and (ii) Division Rule 605.B.

(10) Further, this matter was styled such that in the absence of objection this case would be taken under advisement.

(11) No offsetting operator and/or interest owner appeared at the hearing in opposition to this application.

(12) Approval of the proposed amendment to Division Order No. R-9073 will afford the applicant the opportunity to produce its just and equitable share of the gas in the Jalmat Gas Pool, is in the best interest of conservation, will otherwise prevent waste and protect correlative rights, and will not cause gas well density within the unit to increase beyond one well per 160 acres.

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the application of Raptor Resources, Inc., paragraph No. 13 on Exhibit "A" of Division Order No. R-9073, issued in Case No. 9775 and dated December 14, 1989, shall now be amended to read as follows:

"/(13) Section 17: N/2 SE/4 and SE/4 SE/4, Section 20: NE/4 NE/4 and S/2 NE/4, and Section 21: NW/4, comprising 400 acres in State "A" A/C-1.

(Section 17)

Well No. 39 1980' FS & EL (Unit J) NSL
(API No. 30-025-09358)

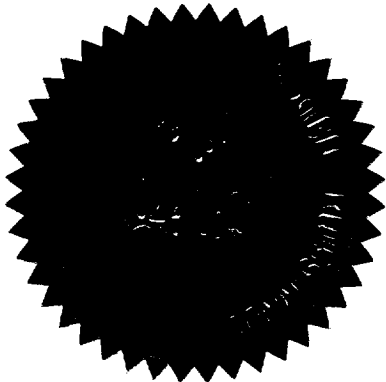
(Section 21)

Well No. 6 310' FNL & 1650' FWL (Unit F) NSL
(API No. 30-025-09369)." "

(2) All other provisions of Division Order No. R-9073, as amended, shall remain in full force and effect until further notice.

(3) Jurisdiction of this case is 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.



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Lori Wrotenberg
LORI WROTENBERY
Director