

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

GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 2089
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

June 28, 1990

Hal J. Rasmussen Operating Inc.
Six Desta Drive
Suite 5850
Midland, TX 79705

Attention: Jay Cherski

Administrative Order NSL-2816(SD)

Dear Mr. Cherski:

Reference is made to your application dated January 22, 1990 for three unorthodox Jalmat Gas Well locations in an existing standard 640-acre gas spacing and proration unit (GPU) for said Jalmat Gas Pool comprising all of Section 8, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico. Said GPU was the subject, in part, of Division Order No. R-9073, dated December 14, 1989, which authorized Hal J. Rasmussen Operating, Inc. to simultaneously dedicate thereon State "A" A/C-2 Well Nos. 43, 49 and 56 located, respectively in Units H, C and J of said Section 8.

It is our understanding that the three subject wells in this application are either producing from or temporarily abandoned in the South Eunice Seven Rivers Queen Pool and that each well will be properly plugged back to the Jalmat Gas Pool.

By authority granted me under the provisions of Rule 2(c) of the Special Rules and Regulations for the Jalmat Gas Pool, as promulgated by Division Order No. R-8170, as amended, the following described wells located at unorthodox gas well locations are hereby approved:

State "A" A/C-2 Well No. 24
1980' FSL - 660' FEL (Unit I);

State "A" A/C-2 Well No. 26
660' FNL - 1980' FEL (Unit B); and

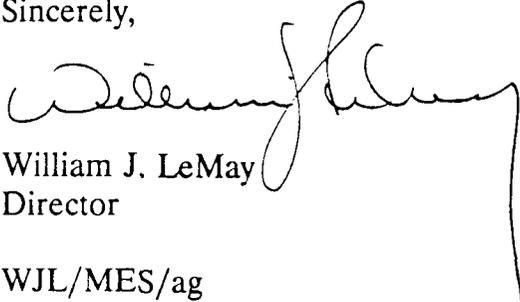
Administrative Order NSL-2816(SD)
Hal J. Rasmussen Operating, Inc.
June 28, 1990
Page 2

State "A" A/C-2 Well No. 53
660' FSL - 1980' FWL (Unit N).

Also, you are hereby authorized to simultaneously dedicate Jalmat Gas production from the State "A" A/C-2 Well Nos. 24, 26, 43, 49, 53 and 56 to said GPU. Furthermore, you are hereby permitted to produce the allowable assigned to the proration unit from all wells in any proportion.

All provisions applicable to the subject GPU in Division Order No. R-9073 shall remain in full force and effect until further notice.

Sincerely,



William J. LeMay
Director

WJL/MES/ag

cc: Oil Conservation Division - Hobbs
NM State Land Office - Santa Fe
File: Case No. 9775



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

GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

September 25, 1990

Hal J. Rasmussen Operating Inc.
Six Desta Drive
Suite 5850
Midland, TX 79705

Attention: Jay Cherski

Administrative Order NSL-2816(SD)-A

Dear Mr. Cherski:

Reference is made to your applications dated July 25, 1990 for two unorthodox Jalmat Gas Well locations in an existing standard 640-acre gas spacing and proration unit (GPU) for said Jalmat Gas Pool comprising all of Section 8, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico. Said GPU was the subject, in part, of Division Order No. R-9073, dated December 14, 1989 (Paragraph No. (3) of Exhibit "A"), which authorized Hal J. Rasmussen Operating, Inc. to simultaneously dedicate thereon State "A" A/C-2 Well Nos. 43, 49 and 56 located, respectively in Units H, C and J of said Section 8 to this proration unit.

By Division Administrative Order NSL-2816(SD), dated June 28, 1990, three additional wells, the State "A" A/C-2 Well Nos. 24, 26 and 53, located at unorthodox gas well locations in Units I, B and N, respectively, were approved for the subject GPU. Authorization was also given in said NSL-2816(SD) to simultaneously dedicate Jalmat Gas production from the State "A" A/C-2 Well Nos. 24, 26, 43, 49, 53 and 56 to the subject GPU.

It is our understanding that the two subject wells in this application are either producing from or temporarily abandoned in the South Eunice Seven Rivers Queen Pool and that each well will be properly plugged back to the Jalmat Gas Pool.

By authority granted me under the provisions of Rule 2(c) of the Special Rules and Regulations for the Jalmat Gas Pool, as promulgated by Division Order No. R-8170, as amended, the following described wells located at unorthodox gas well locations are hereby approved:

*Administrative Order NSL-2816(SD)-A
Hal J. Rasmussen Operating, Inc.
September 25, 1990
Page 2*

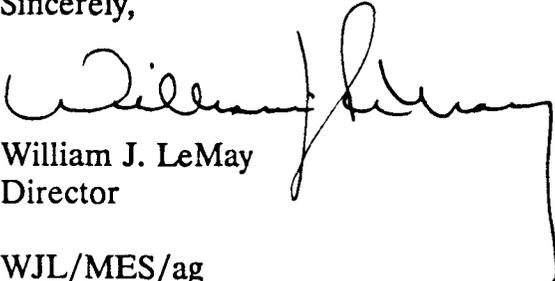
State "A" A/C-2 Well No. 55
660' FS & EL (Unit P); and

State "A" A/C-2 Well No. 58
2030' FSL - 680' or 660'FWL (Unit L).

Also, you are hereby authorized to simultaneously dedicate Jalmat Gas production from the State "A" A/C-2 Well Nos. 24, 26, 43, 49, 53, 55, 56 and 58 to said GPU. Furthermore, you are hereby permitted to produce the allowable assigned to the proration unit from all wells in any proportion.

All of Division Administrative Order NSL-2816(SD), dated June 28, 1990 and those provisions applicable to the subject GPU in Division Order No. R-9073 shall remain in full force and effect until further notice.

Sincerely,



William J. LeMay
Director

WJL/MES/ag

cc: Oil Conservation Division - Hobbs
NM State Land Office - Santa Fe
File: Case No. 9775

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

April 21, 1992

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

Clayton W. Williams, Jr., Inc.
3000 Claydesta National Bank Building
Six Desta Drive
Midland, Texas 79705

Attention: David G. Grafe
Petroleum Engineer

Administrative Order NSL-2816(SD)-B

Dear Mr. Grafe:

Reference is made to your application dated December 20, 1991 (received April 15, 1992) for an unorthodox Jalmat Gas Well location in an existing standard 640-acre gas spacing and proration unit (GPU) for said Jalmat Gas Pool comprising all of Section 8, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico. Said GPU was the subject, in part, of Division Order No. R-9073, dated December 14, 1989 (Paragraph No. (3) of Exhibit "A"), which authorized Hal J. Rasmussen Operating, Inc. to simultaneously dedicate thereon State "A" A/C-2 Well Nos. 43, 49 and 56 located, respectively in Units H, C and J of said Section 8 to this proration unit.

By Division Administrative Order NSL-2816(SD), dated June 28, 1990, three additional wells, the State "A" A/C-2 Well Nos. 24, 26 and 53, located at unorthodox gas well locations in Units I, B and N, respectively, were approved for the subject GPU. Authorization was also given in said NSL-2816(SD) to simultaneously dedicate Jalmat Gas production from the State "A" A/C-2 Well Nos. 24, 26, 43, 49, 53 and 56 to the subject GPU.

By Division Administrative Order NSL-2816(SD)-A, dated September 25, 1990, two additional wells, the State "A" A/C-2 Well Nos. 55 and 58, located at unorthodox gas well locations in Units P and L, respectively, were approved for the subject GPU. Authorization was also given in said NSL-2816(SD)-A to simultaneously dedicate Jalmat Gas production from the State "A" A/C-2 Well Nos. 24, 26, 43, 49, 53, 55, 56 and 58 to the subject GPU.

It is our understanding that the subject well in this application has recently been plugged back and recompleted from the South Eunice Seven Rivers Queen Pool to the Jalmat Gas Pool.

Clayton W. Williams, Jr., Inc.
Page 2
Administrative Order NSL-2816(SD-)B
April 21, 1992

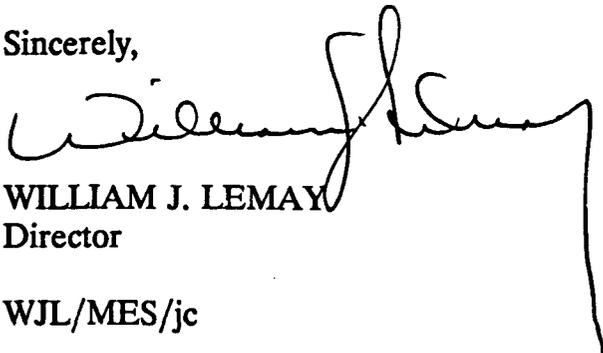
By authority granted me under the provisions of General Rule 2(c) of the Special Rules and Regulations for the Jalmat Gas Pool, as promulgated by Division Order No. R-8170, as amended, the following described well located at an unorthodox gas well location is hereby approved:

State "A" A/C-2 Well No. 70
1295' FS & EL (Unit P)

Also, you are hereby authorized to simultaneously dedicate Jalmat Gas production from the State "A" A/C-2 Well Nos. 24, 26, 43, 49, 53, 55, 56, 58 and 70 to said GPU. Furthermore, you are hereby permitted to produce the allowable assigned to the proration unit from all wells in any proportion.

All of Division Administrative Orders NSL-2816(SD), dated June 28, 1990 and NSL-2816(SD)-A, dated September 25, 1990, and those provisions applicable to the subject GPU in Division Order No. R-9073 shall remain in full force and effect until further notice.

Sincerely,



WILLIAM J. LEMAY
Director

WJL/MES/jc

cc: Oil Conservation Division - Hobbs
NMSLO - Santa Fe
File: Case No. 9775
NSL-2816(SD)



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

March 30, 2000

Raptor Resources, Inc.
901 Rio Grande
Austin, Texas 78701
Attention: Bill R. Keathly

RE: NMOCD Correspondence Reference No. SD-99-07 (1): Jalmat Gas Pool *development within an existing standard 640-acre gas spacing and proration unit ("GPU") comprising all of Section 8, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico, which was the subject of Division Order No. R-9073, issued in Case No. 9775 dated December 14, 1989 [Paragraph No. (3) of Exhibit "A"].*

Dear Mr. Keathly:

Reference is made to your letter dated March 21, 2000 notifying the New Mexico Oil Conservation Division ("Division") of Raptor Resources, Inc.'s subsequent plans for development of the Jalmat Gas Pool within the existing standard 640-acre gas spacing and proration unit ("GPU") comprising all of Section 8, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico, which was the subject of Division Order No. R-9073, issued in Case No. 9775 dated December 14, 1989 [Paragraph No. (3) of Exhibit "A"].

It is our understanding that Raptor's plans to recomplete its State "A" A/C-2 Well No. 3 (API No. 30-025-08829), located 1980 feet from the North and East lines (Unit G) of Section 8 (being a standard gas well location for this GPU), from the South Eunice-Seven Rivers-Queen Pool to the Jalmat Gas Pool have been cancelled. Therefore, pursuant to our records, which include Division Administrative Orders NSL-2816 (SD), dated June 28, 1990, NSL-28162-A (SD), dated September 25, 1990, and NSL-2816-B (SD), dated April 21, 1992, and previous correspondence from Raptor dated June 14, 1999 and a letter from the Division, referenced as Division Administrative Order SD-99-7 and dated June 30, 1999, that this 640-acre GPU is currently dedicated to the following three wells:

- (1) the State "A" A/C-2 Well No. 26 (API No. 30-025-08835), located at an unorthodox gas well location [approved by Division Administrative Order NSL-2816 (SD)] 660 feet from the North line and 1980 feet from the East line (Unit B) of Section 8;
- (2) the State "A" A/C-2 Well No. 43 (API No. 30-025-08837), located at an unorthodox gas well location (approved by

Division Order No. R-9073) 1650 feet from the North line and 990 feet from the East line (Unit H) of Section 8; and

- (3) the State "A" A/C-2 Well No. 70 (API No. 30-025-28279), located at an unorthodox gas well location [approved by Division Administrative Order NSL-2816-B (SD)] 1295 feet from the South and East lines (Unit P) of Section 8.

It Is Hereby Ordered, pursuant to Ordering Paragraph No. (7) of Division Order No. R-9073, that all provisions applicable to this GPU contained in Division Order No. R-9073 and Division Administrative Orders NSL-2816 (SD), NSL-28162-A (SD), and NSL-2816-B (SD), not in conflict thereto, shall remain in full force and affect until further notice. **Furthermore**, jurisdiction of this matter is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,



Michael E. Stogner
Chief Hearing Officer/Engineer

LW/mes

cc: New Mexico Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe
Mr. William F. Carr, Legal Counsel for Raptor Resources, Inc. - Santa Fe
File: NSL-2816 (SD)
NSL-2816-A (SD)
NSL-2816-B (SD)
SD-99-7

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.
LAWYERS

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
MICHAEL H. FELDEWERT
PAUL R. OWEN
ANTHONY F. MEDEIROS

JACK M. CAMPBELL
1916-1999

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
FACSIMILE: (505) 983-6043
E-MAIL: law@westofpecos.com

March 31, 2000

HAND DELIVERED

David R. Catanach, Examiner
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87505

OIL CONSERVATION DIV
00 MAR 31 AM 8:22

Re: Case 12363: Application of Raptor Resources, Inc. for two unorthodox
infill gas well locations, Lea County, New Mexico.

Case 12303 (Readvertised): Application of Raptor Resources, Inc. for three
unorthodox infill gas well locations, Lea County, New Mexico.

Case 12304 (Readvertised): Application of Raptor Resources, Inc. for three
unorthodox infill gas well locations, Lea County, New Mexico.

NSL-2816-C

Dear Mr. Catanach:

This letter confirms our March 23, 2000, meeting in which J. E. Gallegos and I advised the Division that Raptor Resources, Inc. and Doyle Hartman, Oil Operator, have reached agreement whereby, among other matters, Doyle Hartman has withdrawn his objections to the above referenced applications pending before the Oil Conservation Division.

Raptor Resources, Inc. therefore requests that the Division dismiss the hearings in Cases 12303, 12304 and 12363 and that the applications of Raptor Resources, Inc. which are the subject of these cases be approved pursuant to Division administrative procedures.

Letter to David Catanach
March 31, 2000
Page 2

Your attention to this request is appreciated.

Very truly yours,

CAMPBELL, CARR, BERGE & SHERIDAN, P.A.

By: 
William F. Carr
Attorneys for Raptor Resources, Inc.

GALLEGOS LAW FIRM

By: 
J. E. Gallegos
Michael J. Condon
Attorneys for Doyle Hartman

Date: 3-31-00

WFC/md



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury

Cabinet Secretary

December 27, 2001

Lori Wrotenbery

Director

Oil Conservation Division

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-2816-D (SD)

Dear Mr. Carr:

Reference is made to the following: (i) your three applications on behalf of the operator, Raptor Resources, Inc. ("Raptor") dated December 5, 2001 (*application reference No. pKRV0-134435858*); and (ii) the New Mexico Oil Conservation Division's ("Division") records in Santa Fe, including the files on Division Administrative Orders NSL-2816 (SD), NSL-2816-A (SD), NSL-2816-B (SD), NSL-2816-C (SD), SD-99-07 and SD-99-07 (1) and the records of Division Cases No. 9775 (which resulted in the issuance of Division Order No. R-9073) and 12304: all concerning Raptor's requests for three additional infill Jalmat gas wells, two of which are at unorthodox gas well locations, to be included within a standard 640-acre gas spacing and proration unit ("GPU") for the Jalmat Gas Pool (79240) comprising all of Section 8, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico.

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 GPU was initially established by Division Order No. R-9073, issued in Case No. 9775

and dated December 14, 1989 [Paragraph No. (3) of Exhibit "A"] and had dedicated thereon the following three wells:

- (1) State "A" A/C-2 Well No. 43 (API No. 30-025-08837), located at an unorthodox gas well location 1650 feet from the North line and 990 feet from the West line (Unit H) of Section 8;
- (2) State "A" A/C-2 Well No. 49 (API No. 30-025-08838), located at an unorthodox gas well location 660 feet from the North line and 1980 feet from the West line (Unit C) of Section 8; and
- (3) State "A" A/C-2 Well No. 56 (API No. 30-025-08843), located at a standard gas well location 1980 feet from the South and East lines (Unit J) of Section 8.

By Division Administrative Order NSL-2816 (SD), dated June 28, 1990, the following three described wells located at unorthodox gas well locations were approved for this GPU:

- (1) State "A" A/C-2 Well No. 24 (API No. 30-025-08833), located 1980 feet from the South line and 660 feet from the East line (Unit I) of Section 8;
- (2) State "A" A/C-2 Well No. 26 (API No. 30-025-08835), located 660 feet from the North line and 1980 feet from the East line (Unit B) of Section 8; and
- (3) State "A" A/C-2 Well No. 53 (API No. 30-025-08840), located 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 8.

By Division Administrative Order NSL-2816-A (SD), dated September 25, 1990, the following two described wells located at unorthodox gas well locations were approved for this GPU:

- (1) State "A" A/C-2 Well No. 55 (API No. 30-025-08842), located 660 feet from the South and East lines (Unit P) of Section 8; and
- (2) State "A" A/C-2 Well No. 58 (API No. 30-025-20978),

located 2030 feet from the South line and 660 feet from the West line (Unit L) of Section 8.

By Division Administrative Order NSL-2816-B (SD), dated April 21, 1992, another well for this GPU, the State "A" A/C-2 Well No. 70 (**API No. 30-025-28279**), located at an unorthodox gas well location 1295 feet from the South and East lines (Unit P) of Section 8 was approved.

By Division Administrative Order SD-99-7, dated June 30, 1999, the State "A" A/C-2 Well No. 3 (**API No. 30-025-08829**), located at a standard gas well location 1980 feet from the North and East lines (Unit G) of Section 8 was approved for this GPU. Furthermore, Division Administrative Order SD-99-7 omitted the above-described State "A" A/C-2 Wells No. 24, 49, 53, 55, 56, and 58 from this GPU for various reasons.

Division Administrative Order NSL-2816-C (SD), dated October 13, 1999, authorized the following two described wells located at unorthodox gas well locations to be included to this GPU:

- (1) State "A" A/C-2 Well No. 24 (**API No. 30-025-08833**), located 1980 feet from the South line and 660 feet from the East line (Unit I) of Section 8, which well was also the subject of Division Administrative Orders NSL-2816 (SD) (approval) and SD-99-7 (omission); and
- (2) State "A" A/C-2 Well No. 25 (**API No. 30-025-08834**), located 660 feet from the North and East lines (Unit A) of Section 8.

The most recent action by the Division concerning this GPU occurred on March 30, 2000, in which the Division, at the request of Raptor, cancelled authorization to include the State "A" A/C-2 Well No. 3 from this 640-acre GPU and Division Administrative Order SD-99-7 was negated.

It is our understanding that the three subject wells to be considered at this time are in some manner completed in the South Eunice-Seven Rivers Queen Pool and that each well will be properly plugged back and recompleted up-hole into the Jalmat Gas Pool upon issuance of this order. By the authority granted me under the provisions of the rules, regulations, and directives governing the Jalmat Gas Pool, the following wells to be included within this 640-acre GPU are hereby approved:

- (1) the State "A" A/C-2 Well No. 3 (**API No. 30-025-08829**), located at a standard gas well location 1980 feet from the

Administrative Order NSL-2816(SD)

Raptor Resources, Inc.

December 27, 2001

Page 4

North and East lines (Unit G) of Section 8, which well was the subject of Administrative Order SD-99-7;

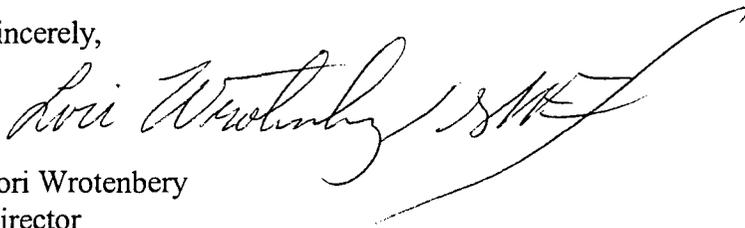
- (2) State "A" A/C-2 Well No. 7 (API No. 30-025-08830), located at an unorthodox infill gas well location 660 feet from the North and West lines (Unit D) of Section 8; and
- (3) State "A" A/C-2 Well No. 76 (API No. 30-025-34672), located at an unorthodox infill gas well location 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 8.

Also, Raptor is hereby authorized to simultaneously dedicate Jalmat gas production from the State "A" A/C-2 Wells No. 3, 7, and 76 with the existing State "A" A/C-2 Wells No. 24, 25, 26, 43, and 70. Furthermore, Raptor is permitted to produce the allowable assigned the subject 640-acre GPU from all eight wells in any proportion

It is further ordered that all provisions applicable to the subject GPU in Division Order No. R-9073 and Division Administrative Orders NSL-2816 (SD), NSL-2816-A (SD), NSL-2816-B (SD), and NSL-2816-C (SD), not in conflict with this order, shall remain in full force and affect until further notice.

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-2816 (SD)
NSL-2816-A (SD)
NSL-2816-B (SD)
NSL-2816-C (SD) ✓
SD-99-7



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

January 24, 2002

Lori Wrotenbery
Director
Oil Conservation Division

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-2816-E (SD)

Dear Mr. Carr:

Reference is made to the following: (i) your application on behalf of the operator, Raptor Resources, Inc. ("Raptor") dated December 5, 2001 (*application reference No. pKRV0-134435968*); (ii) a letter of objection dated December 18, 2001 from Doyle Hartman, Oil Operator; (iii) the Division's letter from Mr. Michael E. Stogner, Engineer/Chief Hearing Officer in Santa Fe dated December 28, 2001; (iv) your response by letter dated January 4, 2002 with a copy of Raptor's agreement with Mr. Hartman dated January 3, 2002; and (v) the New Mexico Oil Conservation Division's ("Division") records in Santa Fe, including the files on Division Administrative Orders NSL-2816 (SD), NSL-2816-A (SD), NSL-2816-B (SD), NSL-2816-C (SD), NSL-2816-D (SD), SD-99-07 and SD-99-07 (1) and the records of Division Cases No. 9775 (which resulted in the issuance of Division Order No. R-9073) and 12304: all concerning Raptor's requests for an unorthodox Jalmat infill gas well locations within a standard 640-acre gas spacing and proration unit ("GPU") for the Jalmat Gas Pool (79240) comprising all of Section 8, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico.

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 GPU was initially established by Division Order No. R-9073, issued in Case No. 9775 and dated December 14, 1989 [Paragraph No. (3) of Exhibit "A"]. The following eight described wells are shown to be currently dedicated to this unit:

- (1) State "A" A/C-2 Well No. 3 (**API No. 30-025-08829**), located at a standard gas well location 1980 feet from the North and East lines (Unit G) of Section 8, which well was the subject of Administrative Orders SD-99-7, dated June 30, 1999, SD-99-7 (1), dated March 30, 2000, and NSL-2816-D (SD), dated December 27, 2001;
- (2) State "A" A/C-2 Well No. 7 (**API No. 30-025-08830**), located at an unorthodox infill gas well location [approved by Division Administrative Order NSL-2816-D (SD)] 660 feet from the North and West lines (Unit D) of Section 8;
- (3) State "A" A/C-2 Well No. 24 (**API No. 30-025-08833**), located at an unorthodox infill gas well location 1980 feet from the South line and 660 feet from the East line (Unit I) of Section 8, which well was also the subject of Division Administrative Orders NSL-2816 (SD), dated June 28, 1990 (approval), SD-99-7 (omission), and NSL-2816-C (SD), dated October 13, 1999 (approval);
- (4) State "A" A/C-2 Well No. 25 (**API No. 30-025-08834**), located at an unorthodox infill gas well location [approved by Division Administrative Order NSL-2816-C (SD)] 660 feet from the North and East lines (Unit A) of Section 8;
- (5) State "A" A/C-2 Well No. 26 (**API No. 30-025-08835**), located at an unorthodox infill gas well location [approved by Division Administrative Order NSL-2816 (SD)] 660 feet from the North line and 1980 feet from the East line (Unit B) of Section 8;
- (6) State "A" A/C-2 Well No. 43 (**API No. 30-025-08837**), located at an unorthodox gas well location (approved by Division Order No. R-9073) 1650 feet from the North line and 990 feet from

the West line (Unit H) of Section 8;

(7) State "A" A/C-2 Well No. 70 (API No. 30-025-28279), located at an unorthodox gas well location [approved by Division Administrative Order NSL-2816-B (SD), dated April 21, 1992] 1295 feet from the South and East lines (Unit P) of Section 8; and

(8) State "A" A/C-2 Well No. 76 (API No. 30-025-34672), located at an unorthodox infill gas well location [approved by Division Administrative Order NSL-2816-D (SD)] 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 8.

It is our understanding that the subject well to be considered at this time is currently completed in the South Eunice-Seven Rivers-Queen Pool at a standard oil well location; however, this well is to be plugged back and recompleted up-hole into the Jalmat Gas Pool upon issuance of this order.

By the authority granted me under the provisions of these rules, regulations, and directives, the following described well located at an unorthodox Jalmat infill gas well location in Section 8, is hereby approved:

**State "A" A/C-2 Well No. 54
660' FSL & 1980' FEL (Unit O)
(API No. 30-025-08841).**

Also, Raptor is hereby authorized to simultaneously dedicate Jalmat gas production from the State "A" A/C-2 Well No. 54 with the existing State "A" A/C-2 Wells No. 3, 7, 24, 25, 26, 43, 70, and 76. Furthermore, Raptor is permitted to produce the allowable assigned the subject 640-acre GPU from all nine wells in any proportion

It is further ordered that all provisions applicable to the subject GPU in Division Order No. R-9073 and Division Administrative Orders NSL-2816 (SD), NSL-2816-A (SD), NSL-2816-B (SD), NSL-2816-C (SD), and NSL-2816-D (SD) not in conflict with this order, shall remain in full force and affect until further notice.

Jurisdiction of this matter shall be further retained for the entry of any such subsequent

Administrative Order NSL-2816-E(SD)

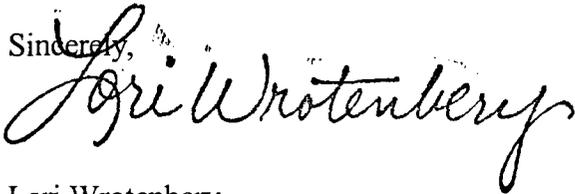
Raptor Resources, Inc.

January 24, 2002

Page 4

orders, as the Division may deem necessary.

Sincerely,



Lori Wrotenberg

Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs

New Mexico State Land Office - Santa Fe

File: NSL-2816 (SD)

NSL-2816-A (SD)

NSL-2816-B (SD)

NSL-2816-C (SD)

NSL-2816-D (SD)

SD-99-7

Case No. 12304



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

May 30, 2006

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Petrohawk Operating Company

c/o **Holland & Hart LLP**

Attention: **Ms. Ocean Munds-Dry** (omundsdry@hollandhart.com)

P. O. Box 2208

Santa Fe, New Mexico 87504-2208

Administrative Order SD-06-13

Dear Ms. Munds-Dry:

Reference is made to the following: (i) your application on behalf of the operator, Petrohawk Operating Company ("Petrohawk"), submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on May 3, 2006 (*administrative application reference No. pTDS0-612360632*); and (ii) the records of the Division in Santa Fe, including the files on Division Administrative Orders NSP-1878 (SD), NSL-2816 (SD), NSL-2816-A (SD), NSL-2816-B (SD), NSL-2816-C (SD), NSL-2816-D (SD), NSL-2816-E (SD), SD-99-07 and SD-99-07 (1) and the records of Division Cases No. 9775 (which resulted in the issuance of Division Order No. R-9073) and 12304 (which resulted in the issuance of a dismissal by Division Order No. 11352): all concerning Petrohawk's plans for the continued development of the Jalmat Gas Pool (79240) within the existing non-standard 600-acre gas spacing unit comprising the NE/4, NE/4 NW/4, S/2 NW/4, and S/2 of Section 8, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico.

Your application has been duly filed under the provisions of the "*Special Pool Rules for the Jalmat Gas Pool*," as promulgated by Division Order No. R-8170-P, issued in Case No. 12563 on December 14, 2001.

Division Administrative Order NSP-1878 (SD), dated October 19, 2004, established the subject 600-acre unit for the following eight wells:

- (1) State "A" A/C-2 Well No. 3 (API No. 30-025-08829), located at a standard gas well location 1980 feet from the North and East lines (Unit G) of Section 8, which well was the subject of Administrative Orders SD-99-7, dated June 30, 1999, SD-99-7 (1), dated March 30, 2000, and NSL-2816-D (SD), dated December 27, 2001;
- (2) State "A" A/C-2 Well No. 24 (API No. 30-025-08833), located at a standard infill gas well location 1980 feet from the South line and 660 feet from the East line (Unit I) of Section 8, which well was also the subject of Division Administrative Orders NSL-2816 (SD), dated June 28, 1990, SD-99-7, and NSL-2816-C (SD), dated October 13, 1999;

Petrohawk Operating Company
Division Administrative Order SD-06-13

May 30, 2006

Page 2

- (3) State "A" A/C-2 Well No. 25 (API No. 30-025-08834), located at a standard infill gas well location 660 feet from the North and East lines (Unit A) of Section 8, which well was also the subject of Division Administrative Order NSL-2816-C (SD);
- (4) State "A" A/C-2 Well No. 26 (API No. 30-025-08835), located at a standard infill gas well location 660 feet from the North line and 1980 feet from the East line (Unit B) of Section 8, which well was also the subject of Division Administrative Order NSL-2816 (SD);
- (5) State "A" A/C-2 Well No. 43 (API No. 30-025-08837), located at a standard infill gas well location 1650 feet from the North line and 990 feet from the West line (Unit H) of Section 8, which well was the subject of Division Order No. R-9073;
- (6) State "A" A/C-2 Well No. 54 (API No. 30-025-08841), located at a standard infill gas well location 660 feet from the South line and 1980 feet from the East line (Unit O) of Section 8, which well was the subject of Division Administrative Order NSL-2816-E (SD);
- (7) State "A" A/C-2 Well No. 70 (API No. 30-025-28279), located at an unorthodox infill gas well location [approved by Division Administrative Order NSL-2816-B (SD), dated April 21, 1992] 1295 feet from the South and East lines (Unit P) of Section 8; and
- (8) State "A" A/C-2 Well No. 76 (API No. 30-025-34672), located at a standard infill gas well location 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 8, which well was also the subject of Division Administrative Order NSL-2816-D (SD).

It is the Division's understanding that Petrohawk now intends to drill the following two wells as infill gas wells within this 600-acre unit:

- (a) State "A" A/C-2 Well No. 94, which is to be drilled at a standard gas well location 1930 feet from the South line and 660 feet from the West line (Unit L) of Section 8; and
- (b) State "A" A/C-2 Well No. 95, which is to be drilled at a standard gas well location 1980 feet from the North line and 1780 feet from the West line (Unit F) of Section 8.

By the authority granted me under the provisions of Rules 4 (B) and (D) of the special rules governing the Jalmat Gas Pool, Petrohawk is hereby authorized to simultaneously dedicate Jalmat gas production to the above-described 600-acre non-standard gas spacing unit from the ten above-described State "A" A/C-2 Wells No. 3, 24, 25, 26, 43, 54, 70, 76, 94, and 95.

Petrohawk Operating Company
Division Administrative Order SD-06-13

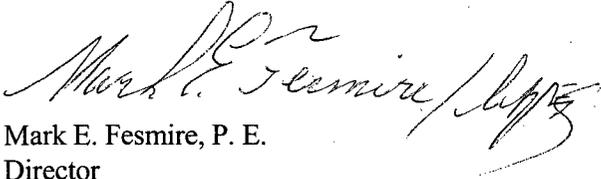
May 30, 2006

Page 3

All provisions applicable to the existing 600-acre non-standard gas spacing unit in Division Administrative Orders NSP-1878 (SD) and NSL-2816-B (SD) not in conflict with this order shall remain in full force and affect until further notice.

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

Sincerely,



Mark E. Fesmire, P. E.
Director

MEF/ms

cc: New Mexico Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe

File: NSP-1878 (SD)
NSL-2816 (SD)
NSL-2816-A (SD)
NSL-2816-B (SD)
NSL-2816-C (SD)
NSL-2816-D (SD)
NSL-2816-E (SD)
SD-99-7
Case No. 9775
Case No. 12304



NSL-2816-C(SD)

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

July 27, 2006

Mark E. Fesmire, P.E.

Director

Oil Conservation Division**Petrohawk Operating Company**c/o **Holland & Hart LLP**Attention: **Ms. Ocean Munds-Dry** (omundsdry@hollandhart.com)**P. O. Box 2208****Santa Fe, New Mexico 87504-2208****ADDENDUM****Administrative Order SD-06-13**

Dear Ms. Munds-Dry:

Reference is made to the following: (i) your application on behalf of the operator, Petrohawk Operating Company ("Petrohawk"), submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on June 21, 2006 (*administrative application reference No. pTDS0-617259331*); (ii) your e-mail to Mr. Michael E. Stogner, Staff Engineer with the Division in Santa Fe, on Wednesday afternoon, July 26, 2006 checking on the status of this application; and (iii) the records of the Division in Santa Fe, including the files on Division Administrative Orders NSP-1878 (SD), NSL-2816 (SD), NSL-2816-A (SD), NSL-2816-B (SD), NSL-2816-C (SD), NSL-2816-D (SD), NSL-2816-E (SD), SD-99-07, SD-99-07 (1), and SD-06-13 and the records of Division Cases No. 9775 (which resulted in the issuance of Division Order No. R-9073) and 12304 (which resulted in the issuance of a dismissal by Division Order No. 11352); all concerning Petrohawk's plans for the continued development of the Jalmat Gas Pool (79240) within the existing non-standard 600-acre gas spacing unit comprising the NE/4, NE/4 NW/4, S/2 NW/4, and S/2 of Section 8, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico.

Your application has been duly filed under the provisions of the "*Special Pool Rules for the Jalmat Gas Pool*," as promulgated by Division Order No. R-8170-P, issued in Case No. 12563 on December 14, 2001.

Division Administrative Order NSP-1878 (SD), dated October 19, 2004, established the subject 600-acre unit for the following eight wells:

- (1) State "A" A/C-2 Well No. 3 (API No. 30-025-08829), located at a standard gas well location 1980 feet from the North and East lines (Unit G) of Section 8, which well was the subject of Administrative Orders SD-99-7, dated June 30, 1999, SD-99-7 (1), dated March 30, 2000, and NSL-2816-D (SD), dated December 27, 2001;
- (2) State "A" A/C-2 Well No. 24 (API No. 30-025-08833), located at a standard infill gas well location 1980 feet from the South line and 660 feet from the East line (Unit I) of Section 8, which well was also the subject of Division Administrative Orders NSL-2816 (SD), dated June 28, 1990, SD-99-7, and NSL-2816-C (SD), dated October 13, 1999;

Petrohawk Operating Company
ADDENDUM to Division Administrative Order SD-06-13

July 27, 2006

Page 2

- (3) State "A" A/C-2 Well No. 25 (API No. 30-025-08834), located at a standard infill gas well location 660 feet from the North and East lines (Unit A) of Section 8, which well was also the subject of Division Administrative Order NSL-2816-C (SD);
- (4) State "A" A/C-2 Well No. 26 (API No. 30-025-08835), located at a standard infill gas well location 660 feet from the North line and 1980 feet from the East line (Unit B) of Section 8, which well was also the subject of Division Administrative Order NSL-2816 (SD);
- (5) State "A" A/C-2 Well No. 43 (API No. 30-025-08837), located at a standard infill gas well location 1650 feet from the North line and 990 feet from the West line (Unit H) of Section 8, which well was the subject of Division Order No. R-9073;
- (6) State "A" A/C-2 Well No. 54 (API No. 30-025-08841), located at a standard infill gas well location 660 feet from the South line and 1980 feet from the East line (Unit O) of Section 8, which well was the subject of Division Administrative Order NSL-2816-E (SD);
- (7) State "A" A/C-2 Well No. 70 (API No. 30-025-28279), located at an unorthodox infill gas well location [approved by Division Administrative Order NSL-2816-B (SD), dated April 21, 1992] 1295 feet from the South and East lines (Unit P) of Section 8; and
- (8) State "A" A/C-2 Well No. 76 (API No. 30-025-34672), located at a standard infill gas well location 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 8, which well was also the subject of Division Administrative Order NSL-2816-D (SD).

By Division Administrative Order SD-06-13, dated May 30, 2006, the following two additional wells were approved for this 600-acre unit:

- (9) State "A" A/C-2 Well No. 94 (API No. 30-025-37909), to be drilled at a standard gas well location 1930 feet from the South line and 660 feet from the West line (Unit L) of Section 8; and
- (10) State "A" A/C-2 Well No. 95 (API No. 30-025-37910), to be drilled at a standard gas well location 1980 feet from the North line and 1780 feet from the West line (Unit F) of Section 8.

It is the Division's understanding that Petrohawk now intends to drill the following two wells as infill gas wells within this 600-acre unit:

Petrohawk Operating Company
ADDENDUM to Division Administrative Order SD-06-13

July 27, 2006

Page 3

(a) State "A" A/C-2 Well No. 91, which is to be drilled at a standard gas well location 660 feet from the South and West lines (Unit M) of Section 8; and

(b) State "A" A/C-2 Well No. 92, which also is to be drilled at a standard gas well location 660 feet from the South line and 2180 feet from the West line (Unit N) of Section 8.

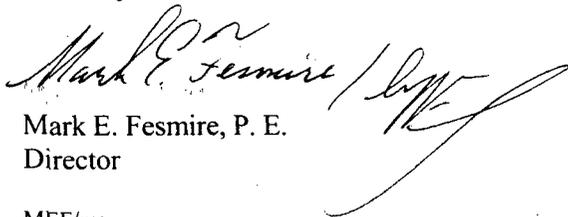
In addition to these two new wells Petrohawk also intends to re-enter the plugged and abandoned Clayton Williams Energy, Inc. State "A" A/C-2 Well No. 49 (API No. **30-025-08838**), which is located at a standard infill gas well location 660 feet from the North line and 1980 feet from the West line (Unit C) of Section 8, and attempt a recompletion into the Jalmat interval as a gas well. This well was also the Subject of Division Order No. R-9073 and Division Administrative Orders NSL-2816 (SD), NSL-2816-A (SD), NSL-2816-B (SD), and SD-99-7.

By the authority granted me under the provisions of Rules 4 (B) and (D) of the special rules governing the Jalmat Gas Pool, Petrohawk is hereby authorized to simultaneously dedicate Jalmat gas production to the above-described 600-acre non-standard gas spacing unit from the thirteen above-described State "A" A/C-2 Wells No. 3, 24, 25, 26, 43, 49, 54, 70, 76, 91, 92, 94, and 95.

All provisions applicable to the existing 600-acre non-standard gas spacing unit in Division Administrative Orders NSP-1878 (SD), NSL-2816-B (SD), and SD-06-13 (dated May 30, 2006) not in conflict with this order shall remain in full force and affect until further notice.

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

Sincerely,



Mark E. Fesmire, P. E.
Director

MEF/ms

cc: New Mexico Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe

File: NSP-1878 (SD)
NSL-2816 (SD)
NSL-2816-A (SD)
NSL-2816-B (SD)
NSL-2816-C (SD)
NSL-2816-D (SD)
NSL-2816-E (SD)
SD-99-7
SD-06-13 (*administrative application reference No. pTDS0-612360632*)
Case No. 9775
Case No. 12304