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SUITE 1
110 NORTH GUADALUPE
SANTA FE, NEW MEXICO 87501-6525
MAILING ADDRESS
P.O. BOX 2208
SANTA FE, NEW MEXICO 87504-2208

TELEPHONE (505) 988-4421
FACSIMILE (505) 983-6043
www.hollandhart.com

December 5, 2001

HAND-DELIVERED

Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Energy, Minerals and
Natural Resources Department
1220 S. Saint Francis Drive
Santa Fe, New Mexico 87504

Re: **Application of Raptor Resources, Inc for Administrative Approval of an unorthodox gas well location for its State "A" A/C-2 Well No. 7 (API No. 30-025-08830) at a point 660 feet from the North and West lines of Section 8, Township 22 South, Range 36 East, NMPM, and simultaneous dedication of this well and other existing wells to a standard spacing unit in the Jalmat gas Gas Pool, Lea County, New Mexico.**

Dear Ms. Wrotenbery:

Pursuant to the provisions of the Special Rules and Regulations for the Jalmat Gas Pool as promulgated by Division Order No. R-8170, as amended, and the Amended Stipulated Declaratory Judgment issued by the First Judicial District Court of Santa Fe County, New Mexico on July 11, 2001, in Hartman v. Oil Conservation Commission (Cause No. D-0101-CV-9902927), Raptor Resources, Inc. hereby files its application for approval of an unorthodox gas well location for its State "A" A/C-2 Well No. 7 (API No. 30-025-08830) to be re-entered and completed in the Jalmat Gas Pool (Tansill-Yates-Seven Rivers) at location 660 feet from the North and West lines (Unit D) of Section 8, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico and the simultaneous of this well and all existing producing Jalmat gas wells on a standard 640-acre spacing unit comprised of said Section 8. The approval of this application and the re-completion of this well in the Jalmat Gas Pool will result in spacing of less than 160 acres per well. The State "A" A/C-2 Well No. 7 was drilled at a

standard oil well location to test the Langlie Mattix Pool (Seven Rivers-Queen-Grayburg). Raptor seeks authority to plug back and recomplete this well up-hole in the Jalmat Gas Pool (Tansill-Yates-Seven Rivers).

By Order No. R-9073, issued in Case No. 9775, dated December 14, 1989 (Paragraph No. 3 of Exhibit "A") the Division approved the simultaneous dedication of the following three wells in Section 8 to this standard gas spacing unit:

- (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);
- (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); and:
- (3) State "A" A/C-2 Well No. 59 (**API No. 30-025-08843**), located at a standard gas well location 11980 feet from the South and East lines (Unit J).

By Division Administrative Order NSL-2816(SD), dated June 28, 1990, the following three wells located at unorthodox gas well locations in Section 8 were approved for this gas spacing unit:

- (1) State "A" A/C-2 Well No. 24 (**API No. 30-025-08833**), located at an unorthodox gas well location 1980 feet from the South line and 660 feet from the East line (Unit I);
- (2) State "A" A/C-2 Well No. 26 (**API No. 30-025-08835**) located at an unorthodox gas well location 660 feet from the North line and 1980 feet from the East line (Unit B); and

- (3) State "A" A/C-2 Well No. 53 (**API No. 30-025-08843**) located 660 feet from the South line and 1980 feet from the West line (Unit N).

Authority was also given in said administrative order to simultaneously dedicated Jalmat gas production form the State "A" A/C-2 Well Nos. 24, 26, 43, 49, 53 and 59.

By Division Administrative Order NSL-2816-A(SD), dated September 25,1990, the following two wells located at unorthodox gas well locations in Section 8 were approved for this gas spacing unit:

- (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); 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).

Authority was also given in said administrative order to simultaneously dedicated Jalmat gas production form the State "A" A/C-2 Well Nos. 24, 26, 43, 49, 53, 55, 58 and 59

By Division Administrative Order NSL-2816-B(SD) dated April 21, 1992, another well for this spacing unit, 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 No. SD-99-7 dated June 30, 1999, an additional well for this spacing unit, 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. On March 21, 2000 Raptor wrote the Division and requested the cancellation of this order and advised that a new application would be submitted at a later date when a decision to recomplete the well was made. Contemporaneously with the filing of this administrative application, Raptor is filing an application seeking approval to recomplete the

State "A" A/C-2 Well No. 3 and simultaneously dedicate this well and the other producing Jalmat wells on this standard Jalmat gas spacing unit.

By Division Administrative Order NSL-2816-C(SD), dated October 13, 1999, the following two wells located at unorthodox gas well locations in Section 8 were approved for this gas spacing unit:

- (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 East line (Unit I); 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).

On this date, Raptor has also filed administrative applications seeking approval of unorthodox gas well locations and authorization for simultaneous dedication of the following three 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:
- (2) State "A" A/C-2 Well No. 54 (**API No. 30-025-089841**) located at an unorthodox gas well location 660 feet from the South and East lines of Section 8; and
- (3) State "A" A/C-2 Well No. 76 (**API No. 30-025-34692**), located 660 feet from the North and West lines (Unit D) of Section 8. (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;

Raptor Resources, Inc.
Application for Administrative Approval of
Unorthodox Well Location and Simultaneous Dedication
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Page 5

The Jalmat Gas Pool is governed by Special Pool Rules and Regulations, promulgated by Division order No. R-8170. Rule 2(b)1. of these rules provides for wells located on 640-acre spacing units to be located no closer than 1650 feet from the outer boundary of the spacing unit.

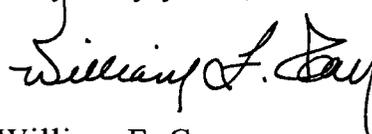
Attached hereto as Exhibits A is a plat which shows the subject 640-acre spacing unit comprised of Section 8 and the operators of offsetting tracts. Exhibit B is a copy of Oil Conservation Division Form C-102 which shows the location of the proposed unorthodox well location and all other wells currently dedicated to this non-standard spacing unit. Exhibit C is a list of these wells.

Exhibit D lists the parties affected by this application. A copy of this application, including a copy of the plat described above has been sent to these affected parties by certified mail-return receipt requested in accordance with Rule 1207 (A)(2) advising them that if they have an objection to this application it must be filed in writing with the Division's Santa Fe office within twenty days from the date this notice was sent.

A draft order for your consideration approving this application has been E-mailed to the Division and is enclosed on hard copy and computer disk.

Your attention to this application is appreciated.

Very truly yours,



William F. Carr
Attorney for Raptor Resources, Inc.

Enclosures

cc: Bill Keathly
Regulatory Agent for Raptor Resources, Inc.

Oil Conservation Division-Hobbs

EXHIBIT A	Operator Name
OFFSET OPERATORS	
SECTION 8, T 22S R 36E	
	Chevron USA Inc
	Ralph C Burton
	Southwest Royalties Inc
	Mirage Energy
	Arco Permian
	Conoco Inc
	Finley Resources Inc
	Marathon Oil Co
	Doyle Hartman
	OXY USA WTP Limited Partnership
	Melrose Operating Co
	McCasland Disposal Systems
	Raptor Resources Inc



EXHIBIT A

District I
1625 N. French Dr., Hobbs. NM 88240

District II
PO Drawer DD, Artesia, NM 88211-0719

District III
1000 Rio Brazos Rd. Aztec, NM 87410

District IV
PO Box 2088, Santa Fe. NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102

Revised February 21, 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

API Number 30-025- 08830		2 Pool Code 79240		3 Pool Name Jalmat Tansill Yates 7 Rvrs (Pro Gas)	
4 Property Code 24671		5 Property Name State A A/C 2			6 Well Number 7
7 OGRID No. 162791		8 Operator Name Raptor Resources			9 Elevation

10 Surface Location

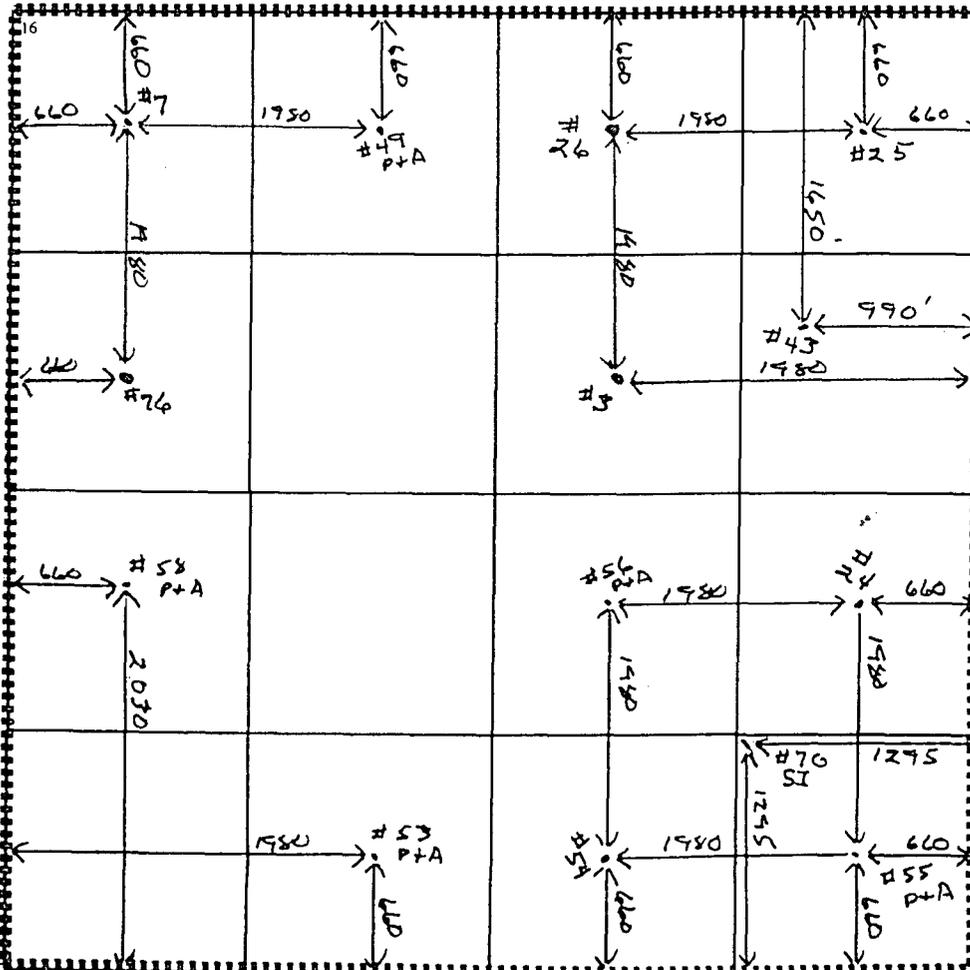
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	8	22S	36E		660	North	660	West	Lea

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

12 Dedicated Acres 640	13 Joint or Infill	14 Consolidation Code	15 Order No. Applied To
---------------------------	--------------------	-----------------------	----------------------------

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief

Bill R. Keathly
Signature

Bill R. Keathly
Printed Name

Regulatory Agent
Title

8-27-01
Date

18 SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date of Survey

Signature and Seal of Professional Surveyor:

Certificate Number

EXHIBIT C					
State "A" A/C 2 Well NO 7					
640 acre Non-Standard Jalmat Gas Pool Spacing and Proration Unit					
Township 22 South, Range 36E, N.M.P.M.					
Section 8, 660' FNL & 660' FWL (Unit D)					
WELL Name	Well No	Status	API No.	Sec/Twp/Rg/UL	Footage from Lease
State "A" A/C 2	26	P	30-025-08835	8 22S 36E B	660' FNL & 1980' FEL
State "A" A/C 2	43	P	30-025-08837	8 22S 36E H	1650' FNL & 990' FEL
State "A" A/C 2	24	P	30-025-08833	8 22S 36E I	1980' FSL & 660' FEL
State "A" A/C 2	54	P	30-025-08841	8 22S 36E O	660' FSL & 1980' FEL
State "A" A/C 2	70	SI	30-025-28279	8 22S 36E P	1295' FSL & 1295' FEL
State "A" A/C 2	25	P	30-025-08834	8 22S 36E A	660' FNL & 660' FEL
State "A" A/C 2	49	P&A	30-025-08838	8 22S 36E C	660' FSL & 1980' FWL
State "A" A/C 2	53	P&A	30-025-08840	8 22S 36E N	660' FSL & 1980' FWL
State "A" A/C 2	55	P&A	30-025-08842	8 22S 36E P	660' FSL & 660' FEL
State "A" A/C 2	56	P&A	30-025-08843	8 22S 36E J	1980' FSL & 1980' FEL
State "A" A/C 2	58	P&A	30-025-20978	8 22S 36E L	2030' FSL & 660' FWL
State "A" A/C 2	10	P&A	30-025-08831	8 22S 36E M	660' FSL & 330' FWL
State "A" A/C 2	76	P	30-025-34692	8 22S 36E E	1980' FSL & 660' FWL
State "A" A/C 2	7	SI	30-025-08830	8 22S 36E D	660' FNL & 660' FWL
State "A" A/C 2	3	P	30-025-08829	8 22S 36E G	1980' FNL & 1980' FEL

EXHIBIT D
State "A" A/C/ 2 Well No. 7
640 acre Non-Standard Jalmat Gas Pool Spacing and Proration Unit
Township 22 South, Range 36 East, N.M.P.M.
Section 8, 660' FNL & 660' FWL (Unit D)

Notification of Offset Operators

Conoco Inc
10 Desta Dr., Ste 100 W
Midland, TX 79705

Chevron USA Inc
Attn: WOJV- Business Unit
P.O. Box 1635
Houston, TX 77251

Finley Resources
1308 Lake St., Suite 200
Ft. Worth, TX 76102

Doyle Hartman
P.O. Box 10426
Midland, TX 79702

Southwest Royalties Inc
P.O. Box 11390
Midland, TX 79702

Marathon Oil Co
Mid-Continent Production Office
P.O. Box 522
Midland, TX 79702

Ralph C. Burton
3500 Acoma
Hobbs, NM 88240

Mirage Energy Inc
7915 N. Llewelyn
Hobbs, NM 88240

Arco Permian
P.O. Box 1610
Midland, TX 79701

Melrose Operating Co
P.O. Box 5081
Midland, TX 79704

OXY USA WTP Limited Partnership
P.O. Box 4294
Houston, TX 77210-4294

EXHIBIT D
State "A" A/C/ 2 Well No. 7
640 acre Non-Standard Jalmat Gas Pool Spacing and Proration Unit
Township 22 South, Range 36 East, N.M.P.M.
Section 8, 660' FNL & 660' FWL (Unit D)

Notification of Offset Operators

McCasland Disposal System
P.O. Box 98
Eunice, NM 88231

HOLLAND & HART LLP
AND
CAMPBELL & CARR
ATTORNEYS AT LAW

DENVER • ASPEN
BOULDER • COLORADO SPRINGS
DENVER TECH CENTER
BILLINGS • BOISE
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December 5, 2001

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO ALL AFFECTED PARTIES

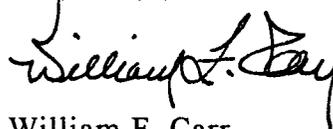
Re: **Application of Raptor Resources, Inc., for administrative approval of an unorthodox well location for its State "A" A/C-2 Well No. 7; 660 feet from the North and West lines of Section 8, Township 22 South, Range 36 East, N.M.P.M., Lea County, New Mexico.**

Gentlemen:

Enclosed is a copy of the above-referenced application which was filed with the Oil Conservation Division on this date by Raptor Resources, Inc. for administrative approval of an unorthodox well location for its State "A" A/C-2 Well No. 7 (**API No. 30-025-08830**), located 660 feet from the North and West lines of Section 8, Township 22 South, Range 36 East, N.M.P.M., Lea County, New Mexico.

As the owner of an interest which will be affected by the proposed well, you may object to this application. Objections must be filed in writing at the Division's Santa Fe office within twenty days from the date this notice was sent to you. If no objection is received within twenty days after the Division Director receives this application, the unorthodox location may be approved.

Very truly yours,



William F. Carr
Attorney for Raptor Resources, Inc.

Enclosure

cc: Mr. Russell Douglass
Mr. John Lawrence

December __, 2001

Raptor Resources, Inc.
c/o Holland & Hart, LLP
Post Office Box 2208
Santa Fe, New Mexico 87504-2208

Attention: William F. Carr

Administrative Order NSL-2816-E (SD)

Dear Mr. Carr:

Reference is made to your application dated November 30, 2001 for an unorthodox gas well location in an existing standard 640-acre gas spacing and proration unit for the Jalmat Gas Pool comprising all of Section 8, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico. By Order No. R-9073, issued in Case No. 9775, dated December 14, 1989 (Paragraph No. 3 of Exhibit "A") the Division approved the simultaneous dedication of the following three wells in Section 8 to this standard gas spacing unit:

- (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);
- (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); and:
- (3) State "A" A/C-2 Well No. 59 (API No. 30-025-08843), located at a standard gas well location 11980 feet from the South and East lines (Unit J).

By Division Administrative Order NSL-2816 (SD), dated June 28, 1990, the following three wells located at unorthodox gas well locations in Section 8 were approved for this gas spacing unit:

- (1) State "A" A/C-2 Well No. 24 (API No. 30-025-08833), located at an unorthodox gas well location 1980 feet from the South line and 660 feet from the East line (Unit I);

- (2) State "A" A/C-2 Well No. 26 (API No. 30-025-08835) located at an unorthodox gas well location 660 feet from the North line and 1980 feet from the East line (Unit B); and
- (3) State "A" A/C-2 Well No. 53 (API No. 30-025-08843) located 660 feet from the South line and 1980 feet from the West line (Unit N).

Authority was also given in said administrative order to simultaneously dedicated Jalmat gas production form the State "A" A/C-2 Well Nos. 24, 26, 43, 49, 53 and 59.

By Division Administrative Order NSL-2816-A (SD), dated September 25,1990, the following two wells located at unorthodox gas well locations in Section 8 were approved for this gas spacing unit:

- (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); 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).

Authority was also given in said administrative order to simultaneously dedicated Jalmat gas production form the State "A" A/C-2 Well Nos. 24, 26, 43, 49, 53, 55, 58 and 59

By Division Administrative Order NSL-2816-B (SD) dated April 21, 1992, another well for this spacing unit, 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) was approved. Authority was also given in said administrative order to simultaneously dedicated Jalmat gas production form the State "A" A/C-2 Well Nos. 24, 26, 43, 49, 53, 55, 58, 59 and 70.

By Division Administrative Order No. SD-99-7 dated June 30, 1999, an additional well for this spacing unit, 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. On March 21, 2000 Raptor wrote the Division and requested the cancellation of this order and advised that a new application would be submitted at a later date when a decision to recomplete the well was made. Contemporaneously with the filing of this administrative application, Raptor is filing an application seeking approval to recomplete the State "A" A/C-2 Well No. 3 and simultaneously dedicate this well and the other producing Jalmat wells on this standard Jalmat gas spacing unit.

By Division Administrative Order NSL-2816-C (SD), dated October 13, 1999, the following two wells located at unorthodox gas well locations were approved for this gas spacing unit:

- (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 East line (Unit I) of Section 8; 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.

Authority was also given in said administrative order to simultaneously dedicated Jalmat gas production form the State "A" A/C-2 Well Nos. 24, 25, 26, 43, 49, 53, 55, 58, 59 and 70.

On this date, Raptor has also filed administrative applications seeking approval of unorthodox gas well locations and authorization for simultaneous dedication of the following three 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;
- (2) State "A" A/C-2 Well No. 54 (API No. 30-025-08841), located at an unorthodox gas well location 660 feet from the South line and 1980 feet from the East line (Unit O) of Section 8 and

- (2) State "A" A/C-2 Well No. 76 (API No. 30-025-34692), located 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 8.

By the authority granted me under the provisions of the Amended Stipulated Declaratory Judgment issued by the First Judicial District Court of Santa Fe County, New Mexico on July 11, 2001, in Hartman v. Oil Conservation Commission (Cause No. D-0101-CV-9902927), and Rule 2(c) of the Special Rules and Regulations for the Jalmat Gas Pool, as promulgated by Division Order No. 8170, as amended, the following described well location at an unorthodox gas well location is hereby approved:

**State "A" A/C-2 Well No. 7
(API No. 30-025-08830)
660' FN&WL (Unit D)
Section 8, Township 22 South, Range 36 East, NMPM**

Also, you are hereby authorized to simultaneously dedicate Jalmat gas production from the State "A" A/C-2 Well Nos. 3, 7, 24, 25, 26, 43, 49, 53, 54, 55, 58, 59, 70 and 76; furthermore you are hereby permitted to produce the allowable assigned the spacing unit from all of said wells in any proportion.

All provisions applicable to the subject spacing unit in Division Order Nos. R-9073 and Division administrative Order NSL-2816(SD), Order NSL-2816-A(SD), Order NSL-2816-B(SD), Order NSL- 2816-C(SD), and Order NSL-2723-D(SD) shall remain in full force and effect until further notice.

Sincerely,

Lori Wrotenbery
Director

SEAL

cc: Oil Conservation Divison - Hobbs
NM State Land Office - Santa Fe



NEW MEXICO ENERGY, MINERALS and
NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

12/11/01

Lori Wrotenberg
Director
Oil Conservation Division

OIL CONSERVATION DIVISION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

RE: Proposed:
MC _____
DHC _____
NSL X _____ SD
NSP _____
SWD _____
WFX _____
PMX _____

Gentlemen:

I have examined the application for the:

Raptor Resources Inc State A A/C-2 #7-D-8-225-36e
Operator Lease & Well No. Unit S-T-R API # 30-025-08830

and my recommendations are as follows:

*No comment order has not
been issued for Jalmat*

Yours very truly,

Chris Williams (Signature)
Chris Williams
Supervisor, District 1