



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)

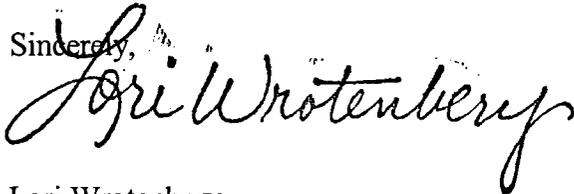
Raptor Resources, Inc.

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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)

NSL-2816-D (SD) ✓

SD-99-7

Case No. 12304