



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

December 27, 2001

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-2874-F (SD)

Dear Mr. Carr:

Reference is made to the following: (i) your application on behalf of the operator, Raptor Resources, Inc. ("Raptor") dated November 28, 2001 (*application reference No. pKRV0-133340724*); and (ii) the New Mexico Oil Conservation Division's ("Division") records in Santa Fe, including the files on Division Administrative Orders NSL-2874, NSL-2874-A, NSL-2874-B (SD), NSL-2874-C (SD), NSL-2874-D (SD), and NSL-2874-E (SD) and Division Cases No. 9775 (which resulted in the issuance of Division Order No. R-9073) and 9874 (which resulted in the issuance of Division Order No. R-9073-A): all concerning Raptor's request for an unorthodox Jalmat infill gas well location within an existing non-standard 640-acre gas spacing and proration unit ("GPU") for the Jalmat Gas Pool (79240) comprising the following described acreage in Lea County, New Mexico:

TOWNSHIP 23 SOUTH, RANGE 36 EAST, NMPM

Section 13: NE/4
Section 14 : N/2 and SW/4.

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. (11) of Exhibit "A"] and had dedicated thereon the following five wells:

- (1) State "A" A/C-1 Well No. 13 (API No. 30-025-09355), located at an unorthodox gas well location 1980 feet from the North line and 660 feet from the East line (Unit H) of Section 14;
- (2) State "A" A/C-1 Well No. 20 (API No. 30-025-09341), located at an unorthodox gas well location 660 feet from the North line and 1980 feet from the West line (Unit C) of Section 13;
- (3) State "A" A/C-1 Well No. 21 (API No. 30-025-09342), located at an unorthodox gas well location 1980 feet from the North line and 660 feet from the East line (Unit H) of Section 13;
- (4) State "A" A/C-1 Well No. 22 (API No. 30-025-09343), located at an unorthodox gas well location 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 13; and
- (5) State "A" A/C-1 Well No. 77 (API No. 30-025-10714), located at an unorthodox gas well location 660 feet from the North line and 1980 feet from the East line (Unit B) of Section 14.

By Division Order No. R-9073-A, issued in Case No. 9874 and dated February 28, 1990, the following three described wells located at unorthodox gas well locations were approved for this GPU:

- (1) State "A" A/C-1 Well No. 66 (API No. 30-025-09346), located at an unorthodox gas well location 660 feet from the North and West lines (Unit D) of Section 13;
- (2) State "A" A/C-1 Well No. 71 (API No. 30-025-09347), located at an unorthodox gas well location 660 feet from the South and West lines (Unit M) of Section 13; and
- (3) State "A" A/C-1 Well No. 75 (API No. 30-025-09349), located at an unorthodox gas well location 1980 feet from the North and West lines (Unit F) of Section 13.

By Division Administrative Order NSL-2874, dated September 25, 1990, another well for this GPU, the State "A" A/C-1 Well No. 106 (API No. 30-025-20974), located at an unorthodox gas well location 660 feet from the North and East lines (Unit A) of Section 13 was approved.

By Division Administrative Order NSL-2874-A, dated January 18, 1991, the following two described wells located at unorthodox gas well locations were approved for this GPU:

- (1) State "A" A/C-1 Well No. 57 (API No. 30-025-09344), located 660 feet from the North line and 1980 feet from the East line (Unit B) of Section 13; and
- (2) State "A" A/C-1 Well No. 122 (API No. 30-025-30654), located 2100 feet from the South line and 660 feet from the West line (Unit L) of Section 13.

Division Administrative Order NSL-2874-B (SD), dated November 4, 1992, authorized two additional wells for this GPU at the following described unorthodox gas well locations:

- (1) State "A" A/C-1 Well No. 60 (API No. 30-025-09343), located 1980 feet from the North and East lines (Unit G) of Section 13; and
- (2) State "A" A/C-1 Well No. 78 (API No. 30-025-10715), located 1980 feet from the North and East lines (Unit G) of Section 14.

By Division Administrative Order NSL-2874-C (SD), dated September 16, 1993, another well for this GPU, the State "A" A/C-1 Well No. 76 (API No. 30-025-10716), located at an unorthodox gas well location 660 feet from the North and East lines (Unit A) of Section 14 was approved.

By Division Administrative Order NSL-2874-D (SD), dated November 15, 1999, the State "A" A/C-1 Well No. 74 (API No. 30-025-09348), located at an unorthodox gas well location 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 14 was approved for this GPU. Furthermore, Division Administrative Order NSL-2874-D (SD) omitted the above-described State "A" A/C-1 Wells No. 21 and 60 from this GPU since both wells had been plugged and abandoned in 1992 and 1994, respectively.

The most recent order issued in this matter, Division Administrative Order NSL-2874-E (SD), dated July 25, 2000, authorized the State "A" A/C-1 Well No. 74 (API No. 30-025-09348), located at an unorthodox gas well location 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 14 to be included within this GPU.

It is our understanding that the subject well to be considered at this time, the plugged and abandoned Clayton Williams Energy, Inc. State "A" A/C-1 Well No. 60 (API No. 30-025-09345), located 1980 feet from the North and East lines (Unit G) of Section 13, which well was also the subject of Division Administrative Orders NSL-2874-B (SD) (approval) and NSL-2874-D (SD) (omission), is to be re-entered and completed by Raptor as a gas well within this 640-acre GPU at an unorthodox infill Jalmat gas well location. By the authority granted me under the provisions of the rules, regulations, and directives governing the Jalmat Gas Pool, the location of the State "A" A/C-1 Well No. 60 is hereby approved.

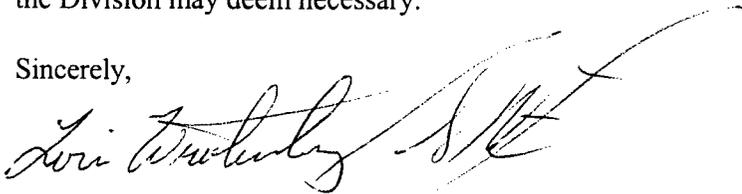
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Also, Raptor is hereby authorized to simultaneously dedicate Jalmat gas production from the State "A" A/C-1 Well No. 60 with the existing State "A" A/C-1 Wells No. 13, 20, 22, 57, 66, 71, 74, 75, 76, 77, 78, 106, 122, and 128. Furthermore, Raptor is permitted to produce the allowable assigned the subject 640-acre GPU from all 15 wells in any proportion

It is further ordered that all provisions applicable to the subject GPU in Division Orders No. R-9073 and R-9073-A and Division Administrative Orders NSL-2874, NSL-2874-A, NSL-2874-B (SD), NSL-2874-C (SD), NSL-2874-D (SD), and NSL-2874-E (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-2874
NSL-2874-A
NSL-2874-B (SD)
NSL-2874-C (SD)
NSL-2874-D (SD)
NSL-2874-E (SD) /