



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

July 27, 2001

Lori Wrotenbery
Director
Oil Conservation Division

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

Administrative Order NSL-4615(SD)

Dear Mr. Keathly:

Reference is made to the following: (i) your application submitted to the New Mexico Oil Conservation Division ("Division") on February 13, 2001; (ii) the Division's records in Hobbs and Santa Fe, including the files on Division Order No. R-9073, as amended, (see Paragraph No. 1 in Exhibit "A" of Order No. R-9073) and Division Administrative Orders NSP-1636 (SD) (L) and NSP-1636-A (L) (SD); and (iii) the amended Stipulated Declaratory Judgement of the First Judicial District Court in Santa Fe County, New Mexico issued on July 11, 2001: all concerning Raptor's requests for an unorthodox Jalmat infill gas well location within an existing non-standard 440.59-acre gas spacing and proration unit ("GPU") for the Jalmat Gas Pool comprising Lots 3 and 4, the S/2 NW/4, SW/4, W/2 SE/4, and the SE/4 SE/4 of Section 5, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico. This GPU was established by Division Administrative Order NSP-1636-A (L) (SD), dated July 18, 2000 and pursuant to this order currently has dedicated thereon the following seven wells:

- (1) State "A" A/C-2 Well No. 2 (API No. 30-025-08791), located at an unorthodox gas well location [approved by Division Administrative Order NSP-1636-A (L) (SD)] 1980 feet from the South and West lines (Unit L) of Section 5;
- (2) State "A" A/C-2 Well No. 27 (API No. 30-025-08789), located at an unorthodox gas well location [approved by Division Administrative Order NSP-1636-A (L) (SD)] 660 feet from the South and East lines (Unit P) of Section 5;
- (3) State "A" A/C-2 Well No. 33 (API No. 30-025-08793), located at an unorthodox gas well location [approved by Division Administrative Order NSP-1636 (SD) (L), dated September 19, 1991] 660 feet from the South line and 1980 feet from the East line (Unit O) of Section 5;
- (4) State "A" A/C-2 Well No. 34 (API No. 30-025-08800),

located at an unorthodox gas well location [approved by Division Administrative Order NSP-1636-A (L) (SD)] 1980 feet from the South and East lines (Unit J) of Section 5;

- (5) State "A" A/C-2 Well No. 44 (API No. 30-025-08797), located at an unorthodox gas well location [approved by Division Administrative Order NSP-1636 (SD) (L)] 1980 feet from the North and West lines (Unit F) of Section 5;
- (6) State "A" A/C-2 Well No. 46 (API No. 30-025-08800), located at an unorthodox gas well location [approved by Division Administrative Order NSP-1636-A (L) (SD)] 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 5; and
- (7) State "A" A/C-2 Well No. 47 (API No. 30-025-08798), located at an unorthodox gas well location [approved by Division Administrative Order NSP-1636 (SD) (L)] 660 feet from the North line and 1980 feet from the West line (Lot 3/Unit C) of Section 5.

This application has been duly filed under the provisions of: (i) 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; (ii) Division Rule 605; and (iii) the "*Special Rules and Regulations for the Jalmat Gas Pool*", as promulgated by Division Order No. R-8170, as amended.

It is our understanding that the subject well to be considered at this time was initially drilled to a total depth of 4,000 feet in March, 2000 in order to test the South Eunice-Seven Rivers-Queen Pool at standard oil well location within a 40-acre standard oil spacing and proration unit comprising the SW/4 NW/4 (Unit E) of Section 5. Assuming this lower zone to be non-productive, Raptor now seeks to recomplete this well up-hole into the Jalmat Gas Pool upon issuance of this order.

By the authority granted me under the provisions of Division Rules 104.F (2) and 605.B (2) (b) and the applicable provisions of the special pool rules, regulations, and procedures governing the Jalmat Gas Pool, the following well located at an unorthodox Jalmat gas well location in Section 5 is hereby approved:

**State "A" A/C-2 Well No. 78
1980' FNL & 660' FWL (Unit E)
(API No. 30-025-34910).**

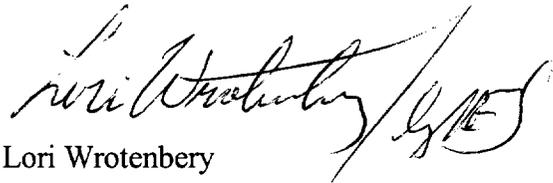
Administrative Order NSL-4615(SD)
Raptor Resources, Inc.
July 27, 2001
Page 3

Also, Raptor is hereby authorized to simultaneously dedicate Jalmat gas production from the State "A" A/C-2 Well No. 78 with the State "A" A/C-2 Wells No. 2, 27, 33, 34, 44, 46, and 47. Furthermore, Raptor is hereby permitted to produce the allowable assigned the subject 440.50-acre GPU from all eight of these wells in any proportion.

All provisions applicable to the subject GPU in Division Administrative Orders NSL-1636 (SD) (L) and NSP-1636-A (L) (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: NSP-1636(SD)(L)
NSP-1636-A(L)(SD)
William F. Carr, Legal Counsel for Raptor Resources, Inc. - Santa Fe