



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

October 17, 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-4654 (SD)

Dear Mr. Carr:

Reference is made to the following: (i) your application on behalf of the operator, Raptor Resources, Inc. ("Raptor") dated August 20, 2001 (*application reference No. pKRV0-123456207*); and (ii) the New Mexico Oil Conservation Division's ("Division") records in Santa Fe, including the files on Division Administrative Order NSP-1811 (L) (SD) and Division Case No. 9775 (which resulted in the issuance of Division Order No. R-9073): all concerning Raptor's requests for an unorthodox Jalmat infill gas well location within an existing non-standard 440-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 20: SE/4
Section 21: NE/4 SW/4, S/2 SW/4, and SE/4.

The rules and procedures currently governing the Jalmat Gas Pool 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").

The subject 440-acre GPU was established by Division Administrative Order NSP-1811 (L) (SD), dated November 22, 1999 for the following three wells:

- (1) Raptor's existing State "A" A/C-1 Well No. 112 (**API No. 30-025-24170**), located at an unorthodox gas well location for the subject 440-acre GPU 2210 feet from the South line and 1650 feet from the East line (Unit I) of Section 20;
- (2) existing State "A" A/C-1 Well No. 113 (**API No. 30-025-25446**), located at a standard gas well location for this 440-acre GPU 990 feet from the South and East lines (Unit P) of Section 20; and
- (3) existing State "A" A/C-1 Well No. 114 (**API No. 30-025-09229**), located at a standard gas well location for this 440-acre GPU 1650 feet from the South line and 990 feet from the East line (Unit I) of Section 20.

The Division's records indicate that Raptor originally permitted the subject well to be considered at this time, the State "A" A/C-1 Well No. 132 (**API No. 30-025-35426**), primarily as a Jalmat oil test (**pool code number 33820**), see the "*Application for Permit to Drill (APD)*", NMOCD Form C-101, dated February 23, 2001. As further indicated by the NMOCD Form C-102 attached to the APD, this well would be drilled at a standard oil well location 660 feet from the South and West lines (Unit M) of Section 21. Pursuant to Rule 4 (b) 2 of the Jalmat special pool rules, this gas well location is considered to be unorthodox for the subject 440-acre GPU.

By the authority granted me under the provisions of these rules, regulations, and directives, the above-described State "A" A/C-1 well No. 132, located at an unorthodox infill Jalmat gas well location in the subject 440-acre GPU, is hereby approved.

Also, Raptor is hereby authorized to simultaneously dedicate Jalmat gas production from the State "A" A/C-1 Well No. 132 with the existing State "A" A/C-1 Wells No. 112, 113, and 114. Furthermore, Raptor is permitted to produce the allowable assigned the subject 440-acre GPU from all four wells in any proportion

Further, Division Administrative Order NSP-1811 (L) (SD) shall remain in full force and affect until further notice.

Administrative Order NSL-4654(SD)

Raptor Resources, Inc.

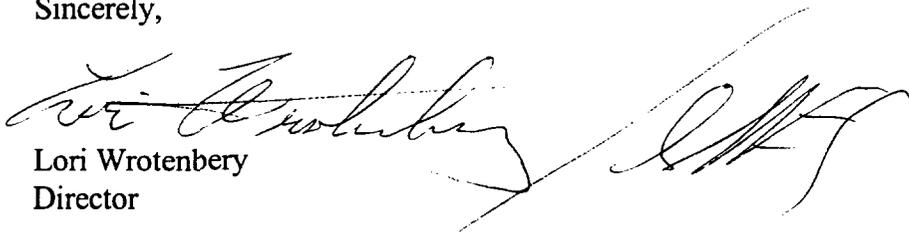
October 17, 2001

Page 3

PLEASE NOTE HOWEVER THAT, in the future, Raptor, as a prudent operator, should take all necessary steps to locate wells at a location considered to be standard for all possible zones to be encountered and should be more cognizant of well location requirements for different producing horizons within the immediate area of operations.

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

Sincerely,

A handwritten signature in cursive script, appearing to read "Lori Wrotenbery", is written over a horizontal line. To the right of the signature, there are several large, stylized initials or a mark.

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe
File: NSP-1811 (L) (SD)