

October 8, 1999

Raptor Resources, Inc.
P. O. Box 160430
Austin, Texas 78716-0430

Attention: Bill R. Keathly

Administrative Order NSL-2723-E (SD)

Dear Mr. Keathly:

Reference is made to the following: (i) your application submitted to the New Mexico Oil Conservation Division ("Division") on September 27, 1999; and (ii) the Division's records in Santa Fe: all concerning Raptor Resources, Inc.'s ("Raptor") request for an unorthodox Jalmat infill gas well location in an existing non-standard 480-acre gas spacing and proration unit ("GPU") for the Jalmat Gas Pool comprising the N/2 and SW/4 of Section 11, Township 23 South, Range 36 East, NMPM, Lea County, New Mexico. This GPU was established by Division Order No. R-9073, dated December 14, 1989 [Paragraph No. (10) of Exhibit "A"] and had dedicated thereon the following three wells:

- (1) State "A" A/C-1 Well No. 16 (**API No. 30-025-09309**), located at an unorthodox gas well location 660 feet from the North and East lines (Unit A) of Section 11;
- (2) State "A" A/C-1 Well No. 29 (**API No. 30-025-09310**), located at a standard gas well location 990 feet from the North line and 1650 feet from the West line (Unit C) of Section 11; and
- (3) State "A" A/C-1 Well No. 34 (**API No. 30-025-09311**), located at a standard gas well location 1650 feet from the South and West lines (Unit K) of Section 11.

By Division Administrative Order NSL-2723, dated December 6, 1989, the following two described wells located at unorthodox gas well locations were approved for this GPU:

- (1) State "A" A/C-1 Well No. 67 (**API No. 30-025-09313**), located 1980 feet from the North line and 660 feet from the East line (Unit H) of Section 11; and
- (2) State "A" A/C-1 Well No. 99 (**API No. 30-025-09372**), located 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 11.