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Administrative Application Process Documentation

Nov. 28, 2001

Dec. 6, 2001

Dec. 6, 2001

✓ Application Complete _____ Application Incomplete

NR

 Yes No



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

October 25, 1999

Raptor Resources, Inc.
P. O. Box 160430
Austin, Texas 78716-0430
Attention: Bill R. Keathly

Administrative Order NSL-4371(SD)

Dear Mr. Keathly:

Reference is made to the following: (i) your initial application submitted to the New Mexico Oil Conservation Division ("Division") on August 20, 1999; (ii) the Division's records in Santa Fe; (iii) the Division's initial response from Mr. Michael E. Stogner, Chief Hearing Officer/Engineer in Santa Fe, by letter dated September 17, 1999; and (iv) your resubmitted application dated September 24, 1999, which was received by the Division on October 4, 1999: all concerning Raptor Resources, Inc.'s ("Raptor") request for an unorthodox Jalmat infill gas well location within an existing non-standard 520-acre gas spacing and proration unit ("GPU") for the Jalmat Gas Pool comprising the S/2 NE/4, N/2 SE/4, and SE/4 SE/4 of Section 9 and the W/2 of Section 10, both in 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, as amended by Division Order No. R-9073-B [Paragraph No. (8) of Exhibit "A"] and had dedicated thereon the two following wells:

- (1) State "A" A/C-1 Well No. 37 (API No. 30-025-09290), located at a standard gas well location 1650 feet from the North and West lines (Unit F) of Section 10; and
- (2) State "A" A/C-1 Well No. 38 (API No. 30-025-09291), located at a standard gas well location 990 feet from the South and West lines (Unit M) of Section 10.

By Division Administrative Order NSL-2727, dated December 7, 1989, as amended by order dated July 22, 1991, another well for this GPU, the State "A" A/C-1 Well No. 88 (API No. 30-025-09297), located at an unorthodox gas well location 1980 feet from the South and West lines (Unit K) of Section 10 was also approved.

By Division Administrative Order NSL-2729, dated December 7, 1989, as amended by order dated July 22, 1991, another well for this GPU, the State "A" A/C-1 Well No. 49 (API No. 30-025-09292), located at an unorthodox gas well location 660 feet from the North and West lines (Unit D) of Section 10 was also approved.

By Division Administrative Order NSL-2731, dated December 7, 1989, as amended by order dated July 22, 1991, another well for this GPU, the State "A" A/C-1 Well No. 89 (API No. 30-025-09298), located at an unorthodox gas well location 660 feet from the South line and 1980 feet from the West line

(Unit N) of Section 10 was also approved.

In August, 1990 an additional well was completed in this GPU, the State "A" A/C-1 Well No. 55 (API No. 30-025-09293), located 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 10.

It is our understanding that the subject well to be considered at this time is currently completed in the Langlie-Mattix-Seven Rivers-Queen-Grayburg Pool, however it is to be plugged back and recompleted up-hole into the Jalmat Gas Pool upon issuance of this order.

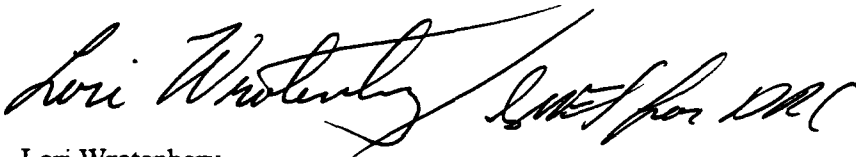
By authority granted me under the provisions of Rule 2(d) of the *"Special Rules and Regulations for the Jalmat Gas Pool"*, as promulgated by Division Order No. R-8170, as amended, and Division Rule 104.F (2) the following well located at an unorthodox Jalmat gas well location in Section 10 is hereby approved:

**State "A" A/C-1 Well No. 81
660' FNL & 1980' FWL (Unit C)
(API No. 30-025-09295).**

Also, Raptor is hereby authorized to simultaneously dedicate Jalmat gas production from the State "A" A/C-1 Well No. 81 with the State "A" A/C-1 Wells No. 37, 38, 49, 55, 88, and 89. Furthermore, Raptor is hereby permitted to produce the allowable assigned the subject 520-acre GPU from all seven of the above-described wells in any proportion

All provisions applicable to the subject GPU in Division Order No. R-9073 and Division Administrative Orders NSL-2727, as amended, NSL-2729, as amended, and NSL-2731, as amended, shall remain in full force and affect until further notice.

Sincerely,



Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe
File: NSL-2727
NSL-2729
NSL-2731

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

July 22, 1991

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

Hal J. Rasmussen Operating, Inc.
Six Desta Drive
Suite 2070
Midland, Texas 79705

Attention: Jay Cherski

Amended Administrative Order NSL-2727
Amended Administrative Order NSL-2729
Amended Administrative Order NSL-2731

Dear Mr. Cherski:

Reference is made to your applications dated December 6, 1989 and February 1, 1990 made pursuant to the provisions of Division Administrative Orders NSL-2727, NSL-2729, and NSL-2731, all dated December 7, 1989, which collectively authorized three unorthodox Jalmat Gas well locations for the State "A" A/C-1 Well Nos. 49, 88 and 89 located respectively in Units D, K, and N of Section 10, Township 23 South, Range 36 East, NMPM, Lea County New Mexico.

Administrative Order NSL-2727 provided that the State "A" A/C-1 Well No. 88, located 1980 feet from the South and West lines (Unit K) of said Section 10, be simultaneously dedicated with the State "A" A/C-1 Well Nos. 37 and 38, located, respectively in Units F and M of said Section 10 to a then existing 320-acre non-standard gas spacing and proration unit (approved by Division Order No. R-4116, dated March 10, 1971) comprising the N/2 SE/4 and SE/4 SE/4 of Section 9 and the S/2 NW/4, N/2 SW/4, and SW/4 SW/4 of Section 10, both in Township 23 South, Range 36 East, NMPM, Lea County, New Mexico.

Administrative Order NSL-2729 provided that the State "A" A/C-1 Well No. 49, located 660 feet from the North and West lines (Unit D) of said Section 10, be simultaneously dedicated with the State "A" A/C-1 Well No. 35, located 1650 feet from the South line and 990 feet from the West line (Unit L) of Section 3, Township 23 South, Range 36 East, NMPM, Lea County, New Mexico, to a then existing 240-acre non-standard gas spacing and proration unit (approved by Division Order No. R-3892, dated December 5, 1969) comprising the SW/4 of said Section 3 and the N/2 NW/4 of said Section 10.

Administrative Order NSL-2731 provided that the State "A" A/C-1 Well No. 89, located 660 feet from the South line and 1980 feet from the West line (Unit N) of said Section 10, be simultaneously dedicated with the State "A" A/C-1 Well Nos. 31 and 33, located, respec-

Hal J. Rasmussen Operating, Inc.
Amended Orders NSL-2727, NSL-2729, and NSL-2731
July 22, 1991
Page 2

tively in Unit H and F of Section 15, Township 23 South, Range 36 East, NMPM, Lea County, New Mexico, to a then existing 280-acre non-standard gas spacing and proration (approved by Division Order No. R-4361, as amended) comprising the SE/4 SW/4 of said Section 10 and the S/2 NE/4 and NW/4 of said Section 15.

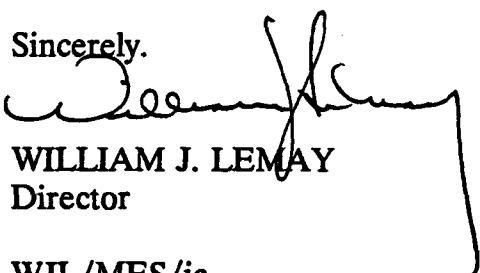
Subsequent to the issuance of said Administrative Orders NSL-2727, NSL-2729, and NSL-2731, the Division on December 14, 1989 issued Order No R-9073, as corrected by Order No. R-9073-B, which authorized, in part, a 520-acre non-standard gas spacing and proration unit (Paragraph No. (8) of Exhibit "A") comprising the S/2 NE/4, N/2 SE/4 and SE/4 SE/4 of Section 9 and the W/2 of Section 10, both in Township 23 South, Range 36 East, NMPM, Lea County, New Mexico, and had dedicated thereon, the State "A" A/C-1 Well Nos. 37 and 38 located, respectively, at standard gas well locations in Units F and M of said Section 10.

At this time, Division Administrative Orders NSL-2727, NSL-2729, and NSL-2731 should all be amended to include the State "A" A/C-1 Well Nos. 88, 49, and 89 in the current 520-acre non-standard gas spacing and proration unit.

The unorthodox location portions of said Orders NSL-2727, NSL-2729, and NSL-2731, all dated December 7, 1990 and those provisions applicable to the subject GPU in Division Order Nos. R-9073 and R-9073-B shall remain in full force and effect until further notice.

Also, you are hereby authorized to simultaneously dedicate Jalmat Gas production from the State "A" A/C-1 Well Nos. 37 and 38 with the State "A" A/C-1 Well Nos. 49, 88 and 89; furthermore, you are hereby permitted to produce the allowable assigned the GPU to all five wells in any proportion.

Sincerely,



WILLIAM J. LEMAY
Director

WJL/MES/jc

cc: Oil Conservation Division - Hobbs
NMOC - Santa Fe
File: Case - 9775
NSL - 2727
NSL - 2729
NSL - 2731 ✓



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

December 7, 1989

Hal J. Rasmussen Operating, Inc.
Six Desta Drive
Suite 5850
Midland, TX 79705

Attention: Jay Cherski

Administrative Order NSL-2731

Dear Mr Cherski:

Reference is made to your application of November 7, 1989 for an unorthodox Jalmat gas well location in an existing non-standard 280-acre gas spacing and proration unit (GPU) for said Jalmat Gas Pool comprising the SE/4 SW/4 of Section 10 and the S/2 NE/4 and NW/4 of Section 15, both in Township 23 South, Range 36 East, NMPM, Lea County, New Mexico. Said GPU was authorized by Division Order R-4361, as amended, which also permitted the simultaneous dedication of the said GPU to the State "A" A/C-1 Well Nos. 31 and 33, located, respectively in Units H and F of said Section 15.

It is our understanding that the subject well in this application is currently temporarily abandoned in the Langlie-Mattix Pool and will be plugged back to the Jalmat Gas Pool upon issuance of this order.

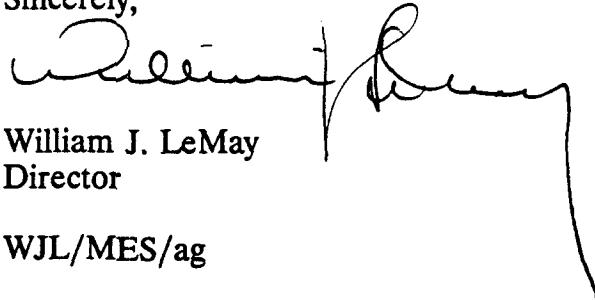
By authority granted me under the provisions of Rule 2(c) of the Special Rules and Regulations for the Jalmat Gas Pool, as promulgated by Division Order No. R-8170, as amended, the following described well located at an unorthodox gas well location is hereby approved:

State "A" A/C-1 Well No. 89
660' FSL - 1980' FWL (Unit N) of said
Section 10.

Also, you are hereby authorized to simultaneously dedicate Jalmat Gas production from the State "A" A/C-1 Well No. 89 with the State "A" A/C-1 Well Nos. 31 and 33; furthermore, you are hereby permitted to produce the allowable assigned the GPU from all of the said wells in any proportion.

Both of said Sections 10 and 15 were subject, in part, to Division Case No. 9775, whereby the applicant is seeking the rededication of acreage in the Jalmat Gas Pool. If, subsequent to an order issued in said Case No. 9775, the subject well in this administrative order is affected and placed in a redesignated Jalmat spacing unit, and such redesignation results in an unorthodox well location for the No. 89 well, the operator shall seek an amendment to this administrative order to properly reflect such changes. Said amendment shall be filed within 90 days from the date of issuance of an order in said Case No. 9775 and pursuant to Rule 2(c) of said Order No. R-8170, as amended.

Sincerely,



William J. LeMay
Director

WJL/MES/ag

cc: Oil Conservation Division - Hobbs
NM Oil and Gas Engineering Committee - Hobbs
NM State Land Office - Santa Fe
File: Case No. 9775



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

December 7, 1989

Hal J. Rasmussen Operating, Inc.
Six Desta Drive
Suite 5850
Midland, TX 79705

Attention: Jay Cherski

Administrative Order NSL-2729

Dear Mr Cherski:

Reference is made to your application of November 7, 1989 for an unorthodox Jalmat gas well location in an existing non-standard 240-acre gas spacing and proration unit (GPU) for said Jalmat Gas Pool comprising the SW/4 of Section 3 and the N/2 NW/4 of Section 10, both in Township 23 South, Range 36 East, NMPM, Lea County, New Mexico. Said GPU was authorized by Division Order R-3892, dated December 5, 1969, and had dedicated thereon the State "A" A/C-1 Well No. 35 located in Unit L of said Section 3.

It is our understanding that the subject well in this application is currently temporarily abandoned in the Langlie-Mattix Pool and will be plugged back to the Jalmat Gas Pool upon issuance of this order.

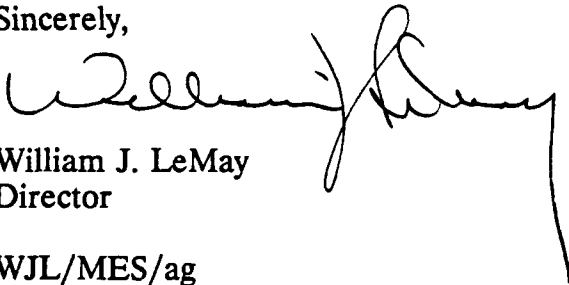
By authority granted me under the provisions of Rule 2(c) of the Special Rules and Regulations for the Jalmat Gas Pool, as promulgated by Division Order No. R-8170, as amended, the following described well located at an unorthodox gas well location is hereby approved:

State "A" A/C-1 Well No. 49
660' FN & WL (Unit D) of said
Section 10.

Also, you are hereby authorized to simultaneously dedicate Jalmat Gas production from the State "A" A/C-1 Well No. 49 with the State "A" A/C-1 Well No. 35; furthermore, you are hereby permitted to produce the allowable assigned the GPU from both of the wells in any proportion.

Both of said Sections 3 and 10 were the subject, in part, of Division Case No. 9775, whereby the applicant is seeking the rededication of acreage in the Jalmat Gas Pool. If, subsequent to an order issued in said Case No. 9775, the subject well in this administrative order is affected and placed in a redesignated Jalmat spacing unit, and such redesignation results in an unorthodox well location for the No. 49 well, the operator shall seek an amendment to this administrative order to properly reflect such changes. Said amendment shall be filed within 90 days from the date of issuance of an order in said Case No. 9775 and pursuant to Rule 2(c) of said Order No. R-8170, as amended.

Sincerely,



William J. LeMay
Director

WJL/MES/ag

cc: Oil Conservation Division - Hobbs
NM Oil and Gas Engineering Committee - Hobbs
NM State Land Office - Santa Fe
File: Case No. 9775

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

December 7, 1989

Hal J. Rasmussen Operating, Inc.
Six Desta Drive
Suite 5850
Midland, TX 79705

Attention: Jay Cherski

Administrative Order NSL-2727

Dear Mr Cherski:

Reference is made to your application of November 15, 1989 for an unorthodox Jalmat gas well location in an existing non-standard 320-acre gas spacing and proration unit (GPU) for said Jalmat Gas Pool comprising the N/2 SE/4 and SE/4 SE/4 of Section 9 and the S/2 NW/4, N/2 SW/4, and SW/4 SW/4 of Section 10, both in Township 23 South, Range 36 East, NMPM, Lea County, New Mexico. Said GPU was authorized by Division Order R-4116, dated March 10, 1971, which also permitted the simultaneous dedication of the said GPU to the State "A" A/C-1 Well Nos. 37 and 38, located, respectively in Units F and M of said Section 10.

It is our understanding that the subject well in this application is currently temporarily abandoned in the Langlie-Mattix Pool and will be plugged back to the Jalmat Gas Pool upon issuance of this order.

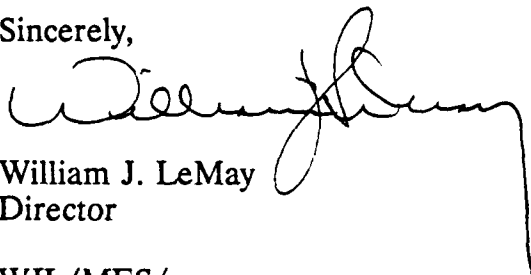
By authority granted me under the provisions of Rule 2(c) of the Special Rules and Regulations for the Jalmat Gas Pool, as promulgated by Division Order No. R-8170, as amended, the following described well located at an unorthodox gas well location is hereby approved:

State "A" A/C-1 Well No. 88
1980' FS & WL (Unit K) of said
Section 10.

Also, you are hereby authorized to simultaneously dedicate Jalmat Gas production from the State "A" A/C-1 Well No. 88 with the State "A" A/C-1 Well Nos. 37 and 38; furthermore, you are hereby permitted to produce the allowable assigned the GPU from all of the said wells in any proportion.

Both of said Sections 9 and 10 were subject, in part, to Division Case No. 9775, whereby the applicant is seeking the rededication of acreage in the Jalmat Gas Pool. If, subsequent to an order issued in said Case No. 9775, the subject well in this administrative order is affected and placed in a redesignated Jalmat spacing unit, and such redesignation results in an unorthodox well location for the No. 88 well, the operator shall seek an amendment to this administrative order to properly reflect such changes. Said amendment shall be filed within 90 days from the date of issuance of an order in said Case No. 9775 and pursuant to Rule 2(c) of said Order No. R-8170, as amended.

Sincerely,

A handwritten signature in black ink, appearing to read 'William J. LeMay', with a long horizontal flourish extending to the right.

William J. LeMay
Director

WJL/MES/ag

cc: Oil Conservation Division - Hobbs
NM Oil and Gas Engineering Committee - Hobbs
NM State Land Office - Santa Fe
File: Case No. 9775

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 9775
ORDER NO. R-9073

APPLICATION OF HAL J. RASMUSSEN
OPERATING INC. FOR NON-STANDARD
GAS PRORATION UNITS, UNORTHODOX
GAS WELL LOCATIONS, SIMULTANEOUS
DEDICATION AND SPECIAL GAS METERING
PROVISIONS, LEA COUNTY, NEW MEXICO

See Also Order No.

R-9073-A

R-9073-B

R-9073-C

R-9073-C-1

R-9073-D

R-9073-E

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on October 4, 1989, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 14th day of December, 1989, the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

- (1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.
- (2) At the time of the hearing this case was consolidated with Division Case Nos. 9774 and 9776 for the purpose of testimony.
- (3) The applicant in this matter, Hal J. Rasmussen Operating Inc., is the operator of its State "A" Lease Accounts 1 and 2 (State of New Mexico Oil and Gas Lease No. A-983) and State "A" Lease Account 3 (State of New Mexico Oil and Gas Lease No. B-1484) covering mineral rights under certain lands in Townships 22 and 23 South, Range 36 East, NMPM, Lea County, New Mexico.
- (4) The interests under both of said state leases are individually common throughout.
- (5) The Jalmat Gas Pool covers the acreage which is the subject of this

Case No. 9775
Order No. R-9073
Page No. 2

application and is governed by Special Rules and Regulations, as promulgated by Division Order No. R-8170, as amended, which provide for 640-acre spacing and designated well locations.

(6) Applicant now seeks to redesignate the existing gas spacing and proration units in the Jalmat Gas Pool on their acreage by the formation of 16 non-standard gas proration units and one standard 640-acre gas proration unit in the Jalmat Gas Pool as further described in Exhibit "A" attached hereto and made a part hereof.

(7) The applicant also seeks approval of all unorthodox gas well locations for the existing wells resulting in said acreage redesignation and the simultaneous dedication of the Jalmat gas wells on each of the aforementioned units, also described in said Exhibit "A."

(8) The applicant further seeks special metering provisions for Jalmat gas production whereby the operator would meter the total gas production from each of the 17 aforementioned units and allocate this production back to each well on its respective unit by means of a periodic testing of the wells thereon.

(9) The applicant has recently assumed gas purchaser/transporter responsibility for the acreage which is the subject of this order and by this application seeks to reduce production and transportation costs in the area and to more efficiently operate its properties by consolidating production facilities and eliminating unnecessary equipment.

(10) Each of the aforementioned units may reasonably be presumed productive of gas from the Jalmat Gas Pool and each of the non-standard gas proration units can be efficiently and economically drained and developed by the aforementioned wells.

(11) The applicant further testified that approval of the subject application will lower costs and permit the production of gas reserves within the Jalmat Gas Pool underlying this area which would otherwise not be recovered thereby preventing waste.

(12) Doyle Hartman, an operator in the Jalmat Gas Pool, appeared and objected to this application; however, there were no offsetting operators objecting to this application.

(13) The operator of each of the aforementioned Jalmat gas spacing and proration units should allocate the production to each well on its respective proration unit on the basis of well tests. The applicant proposed that this testing procedure will provide that one of the wells on the proration unit will be flowing through the testing meter for a 48-hour period with each well being tested in turn throughout the month. The remaining wells on the proration unit will be flowing through a field production meter. The daily amount of gas credited to the wells on the unit would be the total production

Case No. 9775
Order No. R-9073
Page No. 3

through the test meter and through the field meter. The production from individual proration units will be allocated back to each of the wells on that unit based upon the data derived from the periodic testing through the test meter.

(14) The applicant should file with the Division OCD Form C-111 and comply with General Rule 1111 in addition to any other report or form required to be filed as operator of the proration unit and as transporter for the wells involved herein.

(15) The Division should be empowered to administratively rescind any portion of this order or require that a particular well or wells be metered individually if it should appear that such action would prevent waste and protect correlative rights.

(16) The area of the Hal J. Rasmussen Operating, Inc. State "A" Account 1, 2 and 3 Leases has been the subject of numerous orders establishing and re-aligning non-standard and standard Jalmat Gas Pool gas proration and spacing units as well as simultaneously dedicating a variety of wells at orthodox and unorthodox locations thereto. On Exhibit "B", attached hereto and made a part hereof, is a listing of all Division Orders known to have been issued relative to the property which is the subject of this hearing. These orders should be superceded to the extent that they are inconsistent with any provision of this order.

(17) Should it be found that any additional orders exist that are contradictory to any such order issued in this case, then such order should be superceded in a like manner as described above.

(18) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the subject pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells and should otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The application of Hal J. Rasmussen Operating, Inc. to redesignate acreage in certain existing gas spacing and proration units in the Jalmat Gas Pool in Townships 22 and 23 South, Range 36 East, NMPM, Lea County, New Mexico, resulting in the formation of a standard 640-acre gas spacing and proration unit and 16 non-standard gas units, as further described in Exhibit "A", attached hereto and made a part hereof, is hereby approved.

Case No. 9775
Order No. R-9073
Page No. 4

IT IS FURTHER ORDERED THAT:

(2) The unorthodox gas well locations for all of the existing wells resulting in said acreage redesignation and the simultaneous dedication of the Jalmat gas wells on each of the aforementioned units, also described in said Exhibit "A", is also approved.

FURTHERMORE, IT IS ORDERED THAT:

(3) Special metering provisions for Jalmat gas production within each of the aforementioned units, as described in Finding Paragraph No. (13) above, is hereby approved.

(4) The applicant shall file with the Division OCD Form C-111 and comply with General Rule 1111 in addition to any other reports or forms required to be filed as operator of each proration unit and as transporter for the wells involved herein.

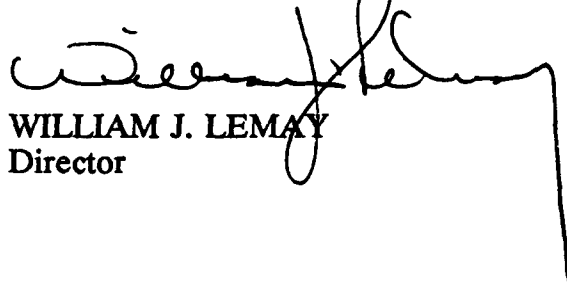
(5) The Division may administratively rescind any portion of this order or require a particular well or wells be metered individually if it should appear necessary to prevent waste and protect correlative rights.

(6) All known and subsequent Division Orders issued relative to any property which is the subject of this hearing (see Exhibit "B" attached hereto and made a part hereof) shall be superceded to the extent that they are inconsistent with any provision of this order.

(7) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

S E A L

EXHIBIT "A"
CASE NO. 9775
ORDER NO. R-9073
HAL J. RASMUSSEN OPERATING, INC.

PROPOSED NON-STANDARD JALMAT GAS PRORATION UNITS AND
JALMAT GAS WELL LOCATIONS

TOWNSHIP 22 SOUTH, RANGE 36 EAST, NMPM

- 1) Section 5: Lots 3 and 4, S/2 NW/4, and S/2 comprising 480.50 acres, more or less, in State "A" A/C-2.

Well No. 44	1980' FN & WL	Unit F	NSL
Well No. 41	660' FS & WL	Unit M	NSL
Well No. 27	660' FS & EL	Unit P	NSL

- 2) Section 7: Lots 3 and 4, N/2 NE/4, SE/4 NE/4, E/2 SW/4, N/2 SE/4, and SE/4 SE/4 comprising 393.06 acres, more or less, in State "A" A/C-2.

Well No. 5	660' FN & EL	Unit A	NSL
Well No. 12	1980' FSL & 660' FEL	Unit I	NSL
Well No. 8	660' FS & EL	Unit P	NSL

- 3) Section 8: All (*Standard 640-acre unit*) in State "A" A/C-2.

Well No. 49	660' FNL & 1980' FWL	Unit C	NSL
Well No. 43	1650' FNL & 990' FEL	Unit H	NSL
Well No. 56	1980' FS & EL	Unit J	Standard Location

- 4) Section 9: N/2 and SW/4 comprising 480 acres in State "A" A/C-2.

Well No. 40	990' FN & EL	Unit A	Standard Location
Well No. 63	990' FNL & 2310' FWL	Unit C	Standard Location
Well No. 38	1980' FS & WL	Unit K	NSL

TOWNSHIP 23 SOUTH, RANGE 36 EAST, NMPM

- 5) Section 3: S/2 comprising 320 acres in State "A" A/C-1.

Well No. 30	1650' FSL & 990' FEL	Unit I	NSL
Well No. 35	1650' FSL & 990' FWL	Unit L	NSL

Case No. 9775
Order No. R-9073
Page No. 6

- 6) Section 4: Lots 1, 2, 3 and 4, and S/2 N/2 comprising 327.25 acres, more or less, in State "A" A/C-1.

Well No. 23	660' FNL & 2310' FEL	Unit B	Standard Location
Well No. 15	1980' FN & WL	Unit F	Standard Location
Well No. 87	1980' FN & EL	Unit G	Standard Location

- 7) Section 4: SW/4 and Section 9: N/2 NW/4, SW/4 NW/4, and SW/4 comprising 440 acres in State "A" A/C-1.

(Section 4)

Well No. 18	660' FS & WL	Unit M	NSL
Well No. 111	467' FSL & 2173' FWL	Unit N	NSL

(Section 9)

Well No. 14	1980' FNL & 660' FWL	Unit E	NSL
Well No. 104	1650' FSL & 1980' FWL	Unit K	NSL
Well No. 10	1980' FSL & 660' FWL	Unit L	NSL
Well No. 9	660' FS & WL	Unit M	NSL

- 8) Section 9: S/2 NE/4, N/2 SE/4, and SE/4 SE/4 and Section 10: W/2 comprising 480 acres in State "A" A/C-1.

(Section 10)

Well No. 37	1650' FN & WL	Unit F	Standard Location
Well No. 38	990' FS & WL	Unit M	Standard Location

- 9) Section 10: E/2 comprising 320 acres in State "A" A/C-3.

Well No. 1	990' FN & EL	Unit A	Standard Location
Well No. 2	1650' FSL & 990' FEL	Unit I	Standard Location

- 10) Section 11: N/2 and SW/4 comprising 480 acres in State "A" A/C-1.

Well No. 16	660' FN & EL	Unit A	NSL
Well No. 29	990' FNL & 1650' FWL	Unit C	Standard Location
Well No. 34	1650' FS & WL	Unit K	Standard Location

Case No. 9775
 Order No. R-9073
 Page No. 7

- 11) Section 13: N/2 and SW/4 and Section 14: NE/4 comprising 640 acres in State "A" A/C-1.

(Section 13)

Well No. 20	660' FNL & 1980' FWL	Unit C	NSL
Well No. 21	1980' FNL & 660' FEL	Unit H	NSL
Well No. 22	660' FSL & 1980' FWL	Unit N	NSL

(Section 14)

Well No. 77	660' FNL & 1980' FEL	Unit B	NSL
Well No. 13	1980' FNL & 660' FEL	Unit H	NSL

- 12) Section 14: NW/4 and Section 15: N/2 comprising 480 acres in State "A" A/C-1.

(Section 14)

Well No. 28	1650' FN & WL	Unit F	Standard Location
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(Section 15)

Well No. 33	1650' FN & WL	Unit F	Standard Location
Well No. 31	1650' FN & 990' FEL	Unit H	Standard Location

- 13) Section 17: SE/4, Section 20: NE/4, and Section 21: N/2 NW/4 and SW/4 NW/4 comprising 440 acres in State "A" A/C-1.

(Section 17)

Well No. 39	1980' FS & EL	Unit J	NSL
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(Section 20)

Well No. 5 (Currently P & A'd)	1320' FNL & 660' FEL	Units A/H	NSL
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(Section 21)

Well No. 4	330' FNL & 1660' FWL	Unit C	NSL
Well No. 3	1650' FNL & 330' FWL	Unit E	NSL

Case No. 9775
 Order No. R-9073
 Page No. 8

- 14) Section 20: SE/4 and Section 21: NE/4 SW/4, S/2 SW/4, and SW/4 SE/4 comprising 320 acres in State "A" A/C-2.

(Section 21)

Well No. 8	660' FSL & 1980' FEL	Unit O	NSL
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- 15) Section 22: NE/4 NW/4, S/2 NW/4, and SW/4 comprising 280 acres in State "A" A/C-1.

Well No. 94	660' FNL & 1980' FWL	Unit C	NSL
Well No. 19	1650' FNL & 330' FWL	Unit E	NSL
Well No. 97	1980' FN & WL	Unit F	Standard Location
Well No. 1	330' FSL & 2310' FWL	Unit N	NSL

- 16) Section 23: N/2 comprising 320 acres in State "A" A/C-1.

Well No. 27	1650' FN & WL	Unit F	Standard Location
Well No. 26	1650' FN & EL	Unit G	Standard Location
Well No. 105	2080' FNL & 660' FEL	Unit H	NSL

- 17) Section 24: W/2 and SE/4 comprising 480 acres in State "A" A/C-1.

Well No. 53	1980' FNL & 660' FWL	Unit E	NSL
Well No. 25	1650' FN & WL	Unit F	Standard Location
Well No. 32	1650' FS & EL	Unit J	Standard Location
Well No. 24	990' FSL & 1650' FWL	Unit N	Standard Location

EXHIBIT "B"
CASE NO. 9775
ORDER NO. R-9073
HAL J. RASMUSSEN OPERATING, INC.

DIVISION ORDERS ISSUED RELATIVE TO THE PROPERTY
WHICH IS THE SUBJECT OF THIS HEARING.

Division Orders issued
prior to hearing

R-634
R-1364
R-2504
R-3188
R-3209
R-3264
R-3892
R-3893
R-4116
R-4361, as amended
R-4484

Division Administrative
Orders

NSP-406
NSP-518
NSP-614
NSP-615
NSP-1044
NSP-1108
NSL-1219

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 9874
ORDER NO. R-9073-A

APPLICATION OF HAL J. RASMUSSEN
OPERATING, INC. FOR TWO UNORTHODOX
GAS WELL LOCATIONS AND SIMULTANEOUS
DEDICATION, AND TO AMEND, IN PART,
DIVISION ORDER NO. R-9073 AND
ADMINISTRATIVE ORDER NSL-2728,
LEA COUNTY, NEW MEXICO

See Also Order Nos.
R-9073
R-9073-B
R-9073-C
R-9073-C-1
R-9073-D
R-9073-E

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on February 21, 1990, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 28th day of February, 1990, the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

- (1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.
- (2) By Division Administrative Order NSL-2728, dated December 7, 1989, an unorthodox gas well location was approved for Hal J. Rasmussen Operating Inc.'s State "A" A/C-1 Well No. 71 to be drilled 660 feet from the South and West lines (Unit M) of Section 13, Township 23 South, Range 36 East, Jalmat Gas Pool, NMPM, Lea County, New Mexico. Said order also authorized the simultaneous dedication of Jalmat Gas production from the State "A" A/C-1 Well Nos. 20, 21, 22 and 71, located in Units C, H, N and M of said Section 13, respectively, to the then 480-acre non-standard gas spacing and proration unit (GPU) comprising the N/2 and SW/4 of said Section 13.

Case No. 9874
Order No. R-9073-A
Page No. 2

(3) By Division Order No. R-9073, dated December 14, 1989 (Paragraph No. 11 of Exhibit "A"), a 640-acre non-standard gas spacing and proration unit in the Jalmat Gas Pool was established comprising the N/2 and SW/4 of Section 13 and the NE/4 of Section 14, both in Township 23 South, Range 36 East, NMPM, Lea County, New Mexico, said unit to be simultaneously dedicated to the State "A" A/C-1 Well Nos. 20, 21 and 22 located in Units C, H and N, respectively, of said Section 13 and Well Nos. 13 and 77 located in Units H and B, respectively, of said Section 14.

(4) At this time the applicant, Hal J. Rasmussen Operating Inc., seeks approval to recomplete the following two wells from the Langlie-Mattix Pool to the Jalmat Gas Pool, both wells are located at unorthodox gas well locations for said Jalmat Gas Pool within the previously approved 640-acre non-standard gas spacing and proration unit, as described above:

State "A" A/C-1 Well No. 66
660 feet from the North and West lines
(Unit D); and

State "A" A/C-1 Well No. 75
1980 feet from the North and West lines
(Unit F), both located in said Section 13.

(5) Applicant also seeks to amend Division Administrative Order NSL-2728 to reflect the proper dedicated acreage for the State "A" A/C-1 Well No. 71, located at an unorthodox Jalmat gas well location 660 feet from the South and West lines (Unit M) of said Section 13, to the current aforementioned 640-acre non-standard gas proration unit. Also to be considered is an amendment to said Order No. R-9073 to authorize the simultaneous dedication of the 640-acre unit to the State "A" A/C-1 Well Nos. 20, 21, 22, 66, 71 and 75 located in Units C, H, N, D, M and F, respectively, in Section 13 and Well Nos. 13 and 77 located in Units H and B, respectively, of said Section 14.

(6) Both the State "A" A/C-1 Well Nos. 66 and 75 were originally drilled and completed in the last four months of 1959 as Langlie-Mattix Seven Rivers Queen Grayburg San Andres oil producers both at standard oil well locations.

(7) Since both wells have depleted the Langlie-Mattix reserves underlying each respective drill tract, the applicant proposes to recomplete both wells in the Jalmat Gas Pool in order to help drain the remaining gas reserves underlying the above-described 640-acre non-standard gas proration unit.

(8) No offset operators or interested parties appeared at the hearing in opposition to this matter.

Case No. 9874
Order No. R-9073-A
Page No. 3

(9) Approval of the proposed recompletions, unorthodox gas well locations and simultaneous dedication will afford the applicant to produce its just and equitable share of the gas in the subject pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells and will otherwise prevent waste and protect correlative rights.

(10) To reduce the number of orders applicable in this proration unit, existing approvals should be consolidated with this application in order to lessen confusion; therefore, Division Administrative Order NSL-2728 should be superceded by this order and Paragraph No. (11) in Exhibit "A" attached to Order No. R-9073 should be amended to include the State "A" A/C-1 Well Nos. 66, 71 and 75.

IT IS THEREFORE ORDERED THAT:

(1) Division Administrative Order NSL-2728, dated December 7, 1989 is hereby superceded until further notice.

(2) Paragraph No. (11) of Exhibit "A" of Division Order No. R-9073, dated December 14, 1989, be and the same, is hereby amended to read in its entirety as follows:

"(11) Section 13: N/2 and SW/4 of Section 14: NE/4 comprising 640 acres in State "A" A/C-1.

(Section 13)

Well No. 20	660' FNL & 1980' FWL	Unit C	NSL
Well No. 21	1980' FNL & 660' FEL	Unit H	NSL
Well No. 22	660' FSL & 1980' FWL	Unit N	NSL
Well No. 66	660' FN & WL	Unit D	NSL
Well No. 71	660' FS & WL	Unit M	NSL
Well No. 75	1980' FN & WL	Unit F	NSL

(Section 14)

Well No. 77	660' FNL & 1980' FEL	Unit B	NSL
Well No. 13	1980' FNL & 660' FEL	Unit H	NSL"

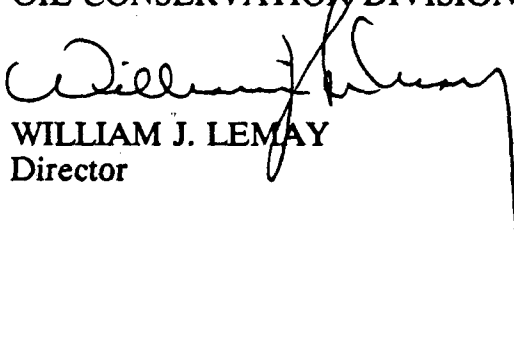
(3) All other provisions of said Order No. R-9073 shall remain in full force and effect until further notice.

(4) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

Case No. 9874
Order No. R-9073-A
Page No. 4

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director

S E A L

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

CASE NO. 9775
ORDER NO. R-9073-B

APPLICATION OF HAL J. RASMUSSEN OPERATING,
INC. FOR NON-STANDARD GAS PRORATION UNITS,
UNORTHODOX GAS WELL LOCATIONS, SIMULTANEOUS
DEDICATION AND SPECIAL GAS METERING PROVISIONS,
LEA COUNTY, NEW MEXICO

NUNC PRO TUNC ORDER

BY THE DIVISION:

It appearing to the Division that Order No. R-9073 dated December 14, 1989, does not correctly state the intended order of the Division,

IT IS THEREFORE ORDERED THAT:

(1) Paragraph No. (8) of Exhibit "A" of Division Order No. R-9073, dated December 14, 1989, be and the same is hereby amended to read in its entirety as follows:

"(8) Section 9: S/2 NE/4, N/2 SE/4, and SE/4 SE/4 and
Section 10: W/2 comprising 520 acres in State "A"
A/C-1.

(Section 10)

Well No. 37 1650' FN & WL	Unit F	Standard Location
Well No. 38 990' FS & WL	Unit M	Standard Location"

(2) All other provisions of said Order No. R-9073 and Division Order No. R-9073-A, dated February 28, 1990, which amended Paragraph No. (11) of said Exhibit "A", shall remain in full force and effect until further notice.

(3) The corrections set forth in this order be entered nunc pro tunc as of December 14, 1989.

*See Also Order
No.*

R-9073

R-9073-A

R-9073-C

R-9073-L-1

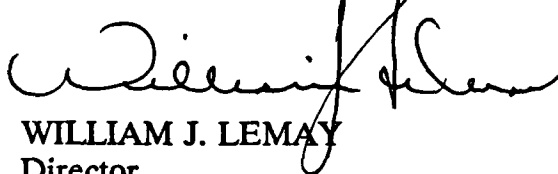
R-9073-D

R-9073-E

Case No. 9775
Order No. R-9073-B
Page No. 2

DONE at Santa Fe, New Mexico, on this 27th day of September, 1990.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

S E A L

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 10151
ORDER NO. R-9073-C

APPLICATION OF HAL J. RASMUSSEN
OPERATING, INC. TO AMEND, IN PART,
DIVISION ORDER NO. R-9073, LEA
COUNTY, NEW MEXICO

See Also R-9073
R-9073-A
R-9073-B
R-9073-C-1
R-9073-D
R-9073-E

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on November 14, 1990, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 27th day of November, 1990, the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

- (1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.
- (2) By Division Order No. R-9073, dated December 14, 1989 (Paragraph No. 7 of Exhibit "A"), a 440-acre non-standard gas spacing and proration unit in the Jalmat Gas Pool was established comprising the SW/4 of Section 4 and the N/2 NW/4, SW/4 NW/4, and SW/4 of Section 9, both in Township 23 South, Range 36 East, NMPM, Lea County, New Mexico. Said unit was to be simultaneously dedicated to the State "A" A/C-1 Well Nos. 18 and 111 located in Units M and N, respectively, of said Section 4 and Well Nos. 14, 104, 10, and 9 located in Units E, K, L and M, respectively, of said Section 9.
- (3) At this time the applicant, Hal J. Rasmussen Operating, Inc., seeks approval to delete 40 acres, comprising the SE/4 SW/4 (Unit N) of said Section 9 from the above-described 440-acre non-standard gas spacing and proration unit.

(4) The acreage to be deleted is to be dedicated to the applicant's State "A" A/C-1 Well No. 123 to be drilled 990 feet from the South line and 2250 feet from the West line (Unit N) of said Section 9 as an oil well in the Seven Rivers zone of the Jalmat Pool.

(5) This amendment is necessary for the applicant to comply with Rule 2(a) of the Special Rules and Regulations for the Jalmat Gas Pool, as promulgated by Division Order No. R-8170, as amended, which states in part that "a standard oil proration unit in the Jalmat Gas Pool shall be 40 acres" and that "acreage dedicated to a gas well in the Jalmat Gas Pool shall not be simultaneously dedicated to an oil well in the Jalmat Gas Pool."

(6) Applicant has provided sufficient notice to all offset operators pursuant to Division General Rule 1207.

(7) No offset operators or interested parties appeared at the hearing in opposition to this matter.

(8) Approval of the proposed amendment to said Order No. R-9073 will afford the applicant the right to produce its just and equitable share of the oil and gas in the subject pool, is in the best interests of conservation and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) Paragraph No. 7 of Exhibit "A" of Division Order No. R-9073, dated December 14, 1989, be and the same is hereby amended to read in its entirety as follows:

"7) Section 4: SW/4 and Section 9: N/2 SW/4, SW/4 NW/4 and N/2 SW/4 and SW/4 SW/4 comprising 400 acres in State "A" A/C-1.

(Section 4)

Well No. 18	660' FS & WL	Unit M	NSL
Well No. 111	467' FSL & 2173' FWL	Unit N	NSL

Case No. 10151
Order No. R-9073-C
Page No. 3

(Section 9)

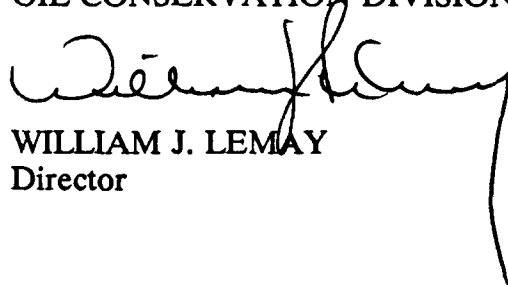
Well No. 14	1980' FNL & 660' FWL	Unit E	NSL
Well No. 104	1650' FSL & 1980' FWL	Unit K	NSL
Well No. 10	1980' FSL & 660' FWL	Unit L	NSL
Well No. 9	660' FS & WL	Unit M	NSL"

(2) All other provisions of said Order No. R-9073 shall remain in full force and effect until further notice.

(3) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

S E A L

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

CASE NO. 10151
ORDER NO. R-9073-C-1

APPLICATION OF HAL J. RASMUSSEN
OPERATING, INC. TO AMEND, IN PART,
DIVISION ORDER NO. R-9073, LEA COUNTY,
NEW MEXICO

See Also R-9073
R-9073-A
R-9073-B
R-9073-C
R-9073-D
R-9073-E

NUNC PRO TUNC ORDER

BY THE DIVISION:

It appearing to the Division that Order No. R-9073-C dated November 27, 1990, does not correctly state the intended order of the Division,

IT IS THEREFORE ORDERED THAT:

(1) Decretory Paragraph No. (1) of Division Order No. R-9073-C, dated November 27, 1990, be and the same is hereby amended to read in its entirety as follows:

"(1) Paragraph No. 7 of Exhibit "A" of Division Order No. R-9073, dated December 14, 1989, be and the same is hereby amended to read in its entirety as follows:

- 7) Section 4: SW/4 and Section 9: N/2 NW/4, SW/4
NW/4 and N/2 SW/4 and SW/4 SW/4 comprising 400
acres in State "A" A/C-1.

(Section 4)

Well No. 18	660' FS & WL	Unit M	NSL
Well No. 111	467' FSL & 2173' FWL	Unit N	NSL

(Section 9)

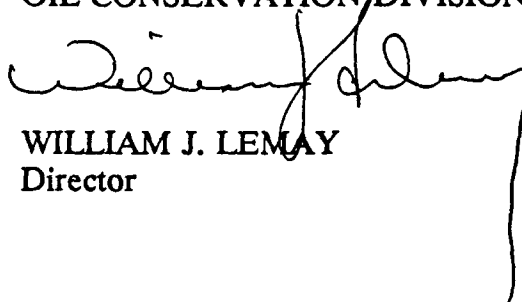
Well No. 14	1980' FNL & 660' FWL	Unit E	NSL
Well No. 104	1650' FSL & 1980' FWL	Unit K	NSL
Well No. 10	1980' FSL & 660' FWL	Unit L	NSL
Well No. 9	660' FS & WL	Unit M	NSL"

Case No. 10151
Order No. R-9073-C-1
Page No. 2

(2) The corrections set forth in this order be entered nunc pro tunc as of November 27, 1990.

DONE at Santa Fe, New Mexico, on this 23rd day of January, 1991.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

SEAL

STATE OF NEW MEXICO
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

See Also Orders No.

R-9073

R-9073-A

R-9073-B

R-9073-C

R-9073-C-1

R-9073-E

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 12360
ORDER NO. R-9073-D

APPLICATION OF DOYLE HARTMAN, OIL OPERATOR FOR RESCISSION
AND RECONSIDERATION OF PORTIONS OF DIVISION ORDER NO. R-9073,
AS AMENDED, AFFECTING LANDS IN TOWNSHIPS 22 AND 23 SOUTH,
RANGE 36 EAST, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on May 4, 2000, at Santa Fe, New Mexico before Examiner David R. Catanach.

NOW, on this *30th* day of May, 2000, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given and the Division has jurisdiction of this case and its subject matter.

(2) By Order No. R-9073, as amended, issued in Case No. 9775 on December 14, 1989, the Division approved, upon application of Hal J. Rasmussen Operating Inc. ("Rasmussen"):

- (a) the redesignation of acreage in certain existing gas spacing and proration units in the Jalmat Gas Pool in Townships 22 and 23 South, Range 36 East, NMPM, Lea County, New Mexico, thereby forming one standard 640-acre gas proration unit and sixteen non-standard gas proration units;
- (b) the location of any existing Jalmat gas well within the subject area that became unorthodox as a result of the acreage rededication;

- (c) the simultaneous dedication of the existing Jalmat wells on each of the redesignated gas proration units; and
- (d) a special gas metering provision whereby the total gas production from each of the 17 gas proration units shall be metered, and this production allocated back to each well by means of a 48-hour monthly well test.

(3) The applicant, Doyle Hartman, Oil Operator ("Hartman"), seeks there consideration and rescission of certain special gas metering provisions set forth in Order No. R-9073, as amended.

(4) Hartman is the operator of leases that offset certain non-standard gas proration units approved by Order No. R-9073, as amended.

(5) Raptor Resources, Inc. ("Raptor") is the successor operator of Rassmussen's Jalmat gas proration units.

(6) Both Raptor and Hartman appeared at the hearing through legal counsel.

(7) Raptor and Hartman presented the parties' stipulation, Exhibit No. 1.

(8) Adoption of the stipulated agreement, Exhibit 1, and proposed amendment of Division Order No. R-9073, as amended, is in the best interest of conservation and protection of correlative rights and should therefore be approved.

IT IS THEREFORE ORDERED THAT:

(1) The application of Doyle Hartman, Oil Operator, for reconsideration and rescission of certain special gas metering provisions set forth in Order No. R-9073, as amended, is hereby approved.

(2) Ordering Paragraph (3) of Division Order No. R-9073, as amended, is hereby amended to read in its entirety as follows:

(3) Special metering provisions for Jalmat gas production within each of the aforementioned units, as described in Finding Paragraph No. (13) above, is hereby approved provided that such approval is not

inconsistent with the following agreement between Doyle Hartman, Oil Operator, and Raptor Resources, Inc.:

The operator of certain Jalmat Pool gas wells, presently Raptor Resources, Inc., shall comply with NMOCD Rule 403.A by proceeding with due diligence to separately meter the below described seven (7) wells and any future wells drilled or recompleted on the following properties:

S/2 of Section 8 and the SW/4 of Section 9 in T-22-S, R-36-E (encompassing Well Nos. 54, 24 and 4)

SE/4 of Section 3, the NE/4 of Section 10 and the N/2 of Section 11 in T-23-S, R-36-E (encompassing Well No. 58). Raptor is not required to meter Well No. 64 in Section 3 since it is a marginal well nor is Raptor required to meter Well No. 81 in Section 10 since it is outside of the NE/4 and is a marginal well.

SW/4 of Section 14, the S/2 of Section 15, the W/2 of Section 22 and the NW/4 of Section 23 in T-23-S, R-36-E (encompassing the Matkins No. 3, the Matkins No. 6, and Well No. 72).

(3) All other provisions contained within Order No. R-9073, as amended, shall remain in full force and effect.

(4) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


LORI WROTENBERY
Director

SEAL

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

*See Also Order No.
R-9073*

**IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:**

*R-9073-A
R-9073-B
R-9073-C
R-9073-C(1)
R-9073-D*

**CASE NO. 12561
ORDER NO. R-9073-E**

**APPLICATION OF RAPTOR RESOURCES, INC. TO FURTHER AMEND
DIVISION ORDER NO. R-9073 BY AUTHORIZING A NON-STANDARD 400-ACRE
GAS PRORATION UNIT AND AN UNORTHODOX INFILL GAS WELL
LOCATION, LEA COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on March 8, 2001 at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 22nd day of March, 2001, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given pursuant to Division Rules 1207.A (2) and (3) and the Division has jurisdiction of this case and its subject matter.

(2) By Division Order No. R-9073, issued in Case No. 9775 and dated December 14, 1989 [Paragraph No. (13) of Exhibit "A"], a non-standard 440-acre gas spacing and proration unit ("GPU") comprising the SE/4 of Section 17, the NE/4 of Section 20, and the N/2 NW/4 and SW/4 NW/4 of Section 21, all in Township 23 South, Range 36 East, NMPM, Lea County, New Mexico, was established for the Jalmat Gas Pool. This order further provided for the following four described wells to be dedicated to this 440-acre GPU:

(i) State "A" A/C-1 Well No. 3 (API No. 30-025-09367), located at an unorthodox gas well location 1650 feet from the North line and 330 feet from the West line (Unit E) of Section 21;

(ii) State "A" A/C-1 Well No. 4 (API No. 30-025-09366), located at an unorthodox gas well location 330 feet from the

North line and 1660 feet from the West line (Unit C) of Section 21;

(iii) State "A" A/C-1 Well No. 5, located at an unorthodox gas well location 1320 feet from the North line and 660 feet from the East line (Units A/H) of Section 20; and

(iv) State "A" A/C-1 Well No. 39 (API No. 30-025-09358), located at an unorthodox gas well location 1980 feet from the South and East lines (Unit J) of Section 17.

(3) At this time, the applicant, Raptor Resources, Inc. ("Raptor"), seeks to: (i) expand this unit to include the 40 acres comprising the SE/4 NW/4 of Section 21; and (ii) contract this unit by deleting the two 40-acre tracts that comprise the SW/4 SE/4 (Unit O) of Section 17 and the NW/4 NE/4 (Unit B) of Section 20.

(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 Rules 104.D (2) and 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; and

(iv) the stipulated declaratory judgement of the First Judicial District Court in Santa Fe County, New Mexico issued on January 4, 2001.

(5) The deletion of the two above-described 40-acre tracts is necessary for the applicant to comply with Rule 2 (a) 3 of the special Jalmat Gas Pool rules, which states in part: "*A gas well in the Jalmat Gas Pool shall not be simultaneously dedicated to an oil well in the Jalmat Gas Pool.*" The Division's records indicate that: (i) the NW/4 NE/4 (Unit B) of Section 20, being a standard 40-acre oil spacing and proration unit within the Jalmat Gas Pool [see Rule 2 (a) 2 of the special pool rules], is currently assigned to Primal Energy Corporation for its State "20" Well No. 1 (API No. 30-025-28421), located 660 feet from the North line and 1980 feet from the East line of Section 20; and (ii) the 40 acres comprising the SW/4 SE/4

(Unit O) of Section 17 are currently dedicated to Mirage Energy, Inc.'s State "SN" Well No. 1 (API No. 30-025-28784), located 660 feet from the South line and 1980 feet from the East line of Section 17.

(6) The expansion of this GPU to include the SE/4 NW/4 (Unit F) of Section 21 serves to accommodate Raptor's existing State "A" A/C-1 Well No. 6 (API No. 30-025-09369), located 2310 feet from the North line and 1650 feet from the West line (Unit F) of Section 21. This well was classified an oil well in the Jalmat Gas Pool at the time the initial 440-acre non-standard GPU was established by Division Order No. R-9073. Recently however this production was reclassified as gas under the special Jalmat pool rules.

(7) Further, pursuant to special Jalmat Rule 4 (b) 2 the location of the State "A" A/C-1 Well No. 6 is unorthodox for the resulting 400-acre GPU.

(8) The aforementioned State "A" A/C-1 Wells No. 3, 4, and 5 are now plugged and abandoned and should therefore be omitted from this reassigned 400-acre GPU.

(9) This application has been duly filed under the provisions of: (i) Division Rules 104.D (2) and 104.F; and (ii) Division Rule 605.B.

(10) Further, this matter was styled such that in the absence of objection this case would be taken under advisement.

(11) No offsetting operator and/or interest owner appeared at the hearing in opposition to this application.

(12) Approval of the proposed amendment to Division Order No. R-9073 will afford the applicant the opportunity to produce its just and equitable share of the gas in the Jalmat Gas Pool, is in the best interest of conservation, will otherwise prevent waste and protect correlative rights, and will not cause gas well density within the unit to increase beyond one well per 160 acres.

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the application of Raptor Resources, Inc., paragraph No. 13 on Exhibit "A" of Division Order No. R-9073, issued in Case No. 9775 and dated December 14, 1989, shall now be amended to read as follows:

"(13) Section 17: N/2 SE/4 and SE/4 SE/4, Section 20: NE/4 NE/4 and S/2 NE/4, and Section 21: NW/4, comprising 400 acres in State "A" A/C-1.

(Section 17)

Well No. 39 1980' FS & EL (Unit J) NSL
(API No. 30-025-09358)

(Section 21)

Well No. 6 310' FNL & 1650' FWL (Unit F) NSL
(API No. 30-025-09369)."

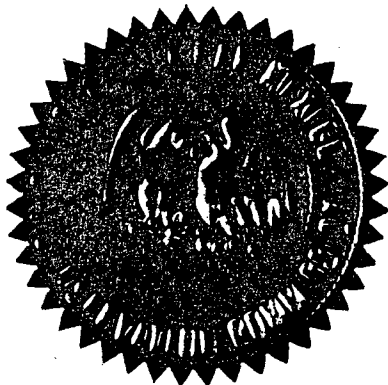
(2) All other provisions of Division Order No. R-9073, as amended, shall remain in full force and effect until further notice.

(3) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Lori Wrotenberg
LORI WROTENBERY
Director



SEAL

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:**

**CASE NO. 12623
ORDER NO. R-11591**

**APPLICATION OF RAPTOR RESOURCES, INC. FOR TWO UNORTHODOX
INFILL GAS WELL LOCATIONS AND SIMULTANEOUS DEDICATION, LEA
COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on April 19, 2001 at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 31st day of May, 2001, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

FINDS THAT:

- (1) Due public notice has been given and the Division has jurisdiction of this case and its subject matter.
- (2) At the hearing Division Cases No. 12623, 12624, and 12625 were consolidated for the purpose of testimony.
- (3) The applicant, Raptor Resources, Inc. ("Raptor"), seeks an exception to the well location and well density provisions currently governing the Jalmat (Tansill-Yates-Seven Rivers) Gas Pool for its proposed: (i) State "A" A/C-1 Well No. 130 (API No. 30-025-35552) to be located at an unorthodox infill gas well location 660 feet from the South and East lines (Unit P) of Section 9, Township 23 South, Range 36 East, NMPM, Lea County, New Mexico; and (ii) State "A" A/C-1 Well No. 131 (API No. 30-025-35556) to be 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 9.
- (4) By Division Order No. R-9073, issued in Case No. 9775 and dated December 14, 1989, as amended by Division Order No. R-9073-B [Paragraph No. (8) of Exhibit "A"], a non-standard 520-acre gas spacing and proration unit ("GPU") for the Jalmat Gas Pool

comprising the S/2 NE/4, N/2 SE/4 and SE/4 SE/4 of Section 9 and the W/2 of Section 10, both in Township 23 South, Range 36 East, NMPM, Lea County, New Mexico, was established for the Jalmat Gas Pool. This order further provided for the following two wells to be dedicated to this 520-acre GPU:

(i) State "A" A/C-1 Well No. 37 (API No. 30-025-09290), located at a standard gas well location 1650 feet from the North and West lines (Unit F) of Section 10; and

(ii) State "A" A/C-1 Well No. 38 (API No. 30-025-09291), located at a standard gas well location 990 feet from the South and West lines (Unit M) of Section 10.

(5) Subsequent to the issuance of Orders No. R-9073 and R-9073-B the Division authorized development within this 520-acre GPU in the following manner:

(i) by Division Administrative Order NSL-2727, dated December 7, 1989, as amended by order dated July 22, 1991, another well for this GPU, the State "A" A/C-1 Well No. 88 (API No. 30-025-09297), located at an unorthodox gas well location 1980 feet from the South and West lines (Unit K) of Section 10, was approved;

(ii) by Division Administrative Order NSL-2729, dated December 7, 1989, as amended by order dated July 22, 1991, another well for this GPU, the State "A" A/C-1 Well No. 49 (API No. 30-025-09292), located at an unorthodox gas well location 660 feet from the North and West lines (Unit D) of Section 10, was also approved;

(iii) by Division Administrative Order NSL-2731, dated December 7, 1989, as amended by order dated July 22, 1991, another well for this GPU, the State "A" A/C-1 Well No. 89 (API No. 30-025-09298), located at an unorthodox gas well location 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 10, was also approved;

(iv) in August, 1990 an additional well was completed in this GPU, the State "A" A/C-1 Well No. 55 (API No. 30-025-09293), located 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 10; and finally

(v) by Division Administrative Order NSL-4371, dated October 25, 1999, the State "A" A/C-1 Well No. 81 (API No. 30-025-09295), located at an unorthodox gas well location 660 feet from the North line and 1980 feet from the West line (Unit C) of Section 9, was approved.

(6) 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 Stipulated Declaratory Judgement of the First Judicial District Court in Santa Fe County, New Mexico issued on December 15, 2000 in Hartman vs. Oil Conservation Division, Cause No. D-0101-CV-9902927 ("Stipulated Declaratory Judgement").

(7) In its application Raptor indicated that the following three wells are currently dedicated to this 520-acre GPU:

(i) Clayton W. Williams, Jr., Inc. State "A" A/C-1 Well No. 56 (API No. 30-025-09294), located at a standard gas well location 1980 feet from the South line and 660 feet from the West line (Unit L) of Section 10;

(ii) Raptor's State "A" A/C-1 Well No. 86 (API No. 30-025-09296) located at an unorthodox gas well location 1980 feet from the North and West lines (Unit F) of Section 10; and

(iii) Clayton W. Williams, Jr., Inc. State "A" A/C-1 Well No. 100 (API No. 30-025-09279), located at an unorthodox

gas well location 1980 feet from the North line and 990 feet from the East line (Unit H) of Section 9.

(8) ~~The State "A" A/C-1 Wells No. 56 and 100 were plugged and abandoned in September, 1992 by Clayton W. Williams, Jr., Inc. The State "A" A/C-1 Well No. 86 has been listed as "temporarily abandoned" in the Langlie-Mattix Pool since 1988, has never been the subject of any previous order by the Division authorizing its non-standard location, and was not included in this application. These three wells should therefore be omitted from this GPU.~~

(9) Raptor acquired interests in the Jalmat Gas Pool within Townships 22 and 23 South, Range 36 East, NMPM, Lea County, New Mexico in 1998 and embarked on a redevelopment program which included the drilling of 14 wells during calendar years 1999 and 2000. The results of this program demonstrate the existence of substantial recoverable reserves in the Jalmat Gas Pool that cannot be recovered by the existing wells in this pool.

(10) The Stipulated Declaratory Judgment provides in part that:

(i) the approval of drilling an additional well or wells on a spacing unit ("infill drilling") in the Eumont and Jalmat Gas Pools shall be administered in a manner that affords due process to affected parties, including notice, an opportunity to object and in the case of objection a right to public hearing in accordance with Division Rule 104; and

(ii) in accordance with those principles it is provided that in the event an operator files an application with the Division for approval of an additional well or wells in the Eumont Gas Pool or the Jalmat Gas Pool, which if allowed would result in spacing of less than 160 acres per well on a proration unit, the infill well or wells may be permitted only after notice pursuant to Division Rule 1207A (2) and opportunity for hearing for affected persons.

(11) Raptor presented evidence showing that it notified all affected persons of this application in accordance with Division Rules 104 and 1207.A (2) by providing a copy of this application by certified mail to all offsetting Division-designated operators and working interest owners in adjoining spacing units. Further, Raptor testified that in all offsetting spacing units it operates, the working interest ownership is identical to the ownership in the subject spacing and proration unit, except for Hal J. Rasmussen Operating Inc., owner of working interest in Section 17, Township 23 South, Range 36 East, NMPM, New Mexico,

and that all working interest owners have been notified of this application.

(12) It appears that Raptor has provided notice of the application in this case in accordance with the provisions of the Stipulated Declaratory Judgment and Division Rules 104 and 1207.A (2).

(13) No affected party or offsetting operator and/or interest owner appeared at the hearing in opposition to this application.

(14) The Stipulated Declaratory Judgment also provides that an application for approval of an additional well or wells in the Jalmat Gas Pool, which if allowed would result in spacing of less than 160 acres per well "...must be supported by evidence that the additional well or wells are necessary to efficiently and economically drain the proration unit, will prevent waste and protect correlative rights."

(15) Raptor presented geological evidence that shows:

(i) there is substantial geologic discontinuity in the Jalmat Gas Pool underlying the E/2 SE/4 of Section 9 on which these proposed infill wells (State "A" A/C-1 Wells No. 130 and 131) are to be drilled;

(ii) development of the Jalmat Gas Pool within this non-standard 520-acre GPU with only one well per 160-acre tract, more or less (NW/4 and SW/4 of Section 10 and remaining area in Section 9), would miss sands containing producible reserves and leave reserves in the ground, thereby causing waste; and

(iii) development of the Jalmat Gas Pool on less than one well per 160-acre tract is needed to assure that as many producible sands as reasonably possible are intersected by a wellbore.

(16) The engineering evidence presented by Raptor showed that substantial reserves have not been recovered by existing wells within its property due to inadequate completion practices in older wells, including inadequate treatment of perforated intervals and incomplete perforating of productive intervals, which has resulted in many of the productive intervals in the Yates and Seven Rivers formations, as well as other productive zones throughout the pool, being by-passed and not produced.

(17) Without this redevelopment, the properties in the Raptor 1999 and 2000 program would have produced approximately 3.1 million cubic feet of gas per day. However, as a result of the Raptor redevelopment program, these properties now produce at more than twice that rate.

(18) Raptor's engineering evidence also included information on the wells located on all 40-acre tracts offsetting the State "A" A/C-1 Wells No. 130 and 131. Although one well produced substantial oil and gas from a 40-acre tract offsetting the State "A" A/C-1 Well No. 130, the geologic evidence on the area shows that the Yates and Seven River formations are very heterogeneous in this area and a well in the NE/4 SE/4 of Section 9 is needed to produce the remaining recoverable reserves under this acreage. These data also show there is only one producing well offsetting the State "A" A/C-1 Well No. 131 and that it produces at marginal rates and cannot drain the SE/4 SE/4 of Section 9.

(19) The drilling of the Raptor Resources, Inc. State "A" A/C-1 Wells No. 130 and 131 will enable applicant to recover reserves that otherwise will not be recovered.

(20) Raptor also testified that due to the heterogeneous nature of the Yates and Seven Rivers formations and the limited offsetting production, the proposed State "A" A/C-1 Wells No. 130 and 131 are needed to efficiently drain remaining reserves from this proration unit.

(21) The proposed State "A" A/C-1 Wells No. 130 and 131 are necessary to efficiently drain remaining recoverable reserves from this proration unit.

(22) Raptor presented economic information on its overall Jalmat gas redevelopment program, which shows that it will obtain an acceptable economic return from new infill Jalmat wells it drills within its property holdings.

(23) The proposed State "A" A/C-1 Wells No. 130 and 131 will economically drain recoverable reserves from this 520-acre GPU.

(24) Raptor has met the conditions of the Stipulated Declaratory Judgment for this application, which will result in effective spacing of less than 160 acres per well.

(25) Raptor testified that to be able to selectively perforate individual zones within the Jalmat Gas Pool that have not previously been produced to depletion, it needs to drill new wells instead of attempting recompletions of old existing wellbores.

(26) The Special Pool Rules and Regulations for the Jalmat Gas Pool provide for wells on 520-acre spacing and proration units to be located no closer than 990 feet to the outer boundary of the spacing unit (*Special Rule 4(b)2, Order No. R-8170*). Accordingly, the State "A" A/C-1 Wells No. 130 and 131 are closer to the outer boundary of the acreage dedicated thereto than permitted by the Jalmat special pool rules.

(27) Raptor testified that to intersect portions of the reservoir not previously drained, well locations must be determined based upon the geologic and reservoir characteristics at the proposed location and an engineering evaluation of the prior completions and past and current production from offset wells.

(28) The geological and engineering data presented in support of the well location for the State "A" A/C-1 Wells No. 130 and 131 demonstrate that the proposed unorthodox well locations are necessary to enable the applicant to recover remaining reserves under this spacing and proration unit thereby preventing waste.

(29) The proposed unorthodox gas well location for the State "A" A/C-1 Wells No. 130 and 131 will serve to protect correlative rights and prevent waste and should therefore be approved.

(30) To efficiently produce the remaining recoverable reserves from the Jalmat Gas Pool under this 520-acre nonstandard spacing and proration unit, all Jalmat gas production from the State "A" A/C-1 Wells No. 37, 38, 49, 55, 81, 88, 89, 130, and 131 should be simultaneously dedicated to this GPU.

(31) That portion of this application for the simultaneous dedication of the State "A" A/C-1 Wells No. 37, 38, 49, 55, 81, 88, 89, 130, and 131 (less the State "A" A/C-1 Wells No. 56, 86, and 100) to the subject 520-acre non-standard gas spacing and proration unit should therefore be approved.

(32) Approval of this application and the drilling of the Raptor Resources, Inc. State "A" A/C-1 Wells No. 130 and 131 will result in the recovery of hydrocarbons that will otherwise not be recovered thereby preventing waste and will otherwise be in the best interest of conservation and protection of correlative rights.

(33) The drilling of Raptor's State "A" A/C-1 Wells No. 130 and 131 at the proposed unorthodox infill gas well locations in Section 9, Township 23 South, Range 36 East, NMPM, Lea County, New Mexico is necessary to efficiently and economically drain the existing 520-acre GPU comprised of the S/2 NE/4, N/2 SE/4 and SE/4 SE/4 of Section 9

and the W/2 of Section 10, both in Township 23 South, Range 36 East, NMPM, Lea County, New Mexico and should therefore be approved.

IT IS THEREFORE ORDERED THAT:

(1) The application of Raptor Resources, Inc. ("Raptor") for an exception to the well location requirements of the Special Pool Rules and Regulations for the Jalmat Gas Pool, as promulgated by Division Order No. R-8170, as amended, for the following two wells to be drilled at unorthodox infill well locations within an existing non-standard 520-acre spacing and proration unit in the Jalmat Gas Pool comprising the S/2 NE/4, N/2 SE/4 and SE/4 SE/4 of Section 9 and the W/2 of Section 10, both in Township 23 South, Range 36 East, NMPM, Lea County, New Mexico (approved by Division Order No. R-9073, issued in Case No. 9775 and dated December 14, 1989, as amended by Division Order No. R-9073-B [Paragraph No. (8) of Exhibit "A"]), is hereby granted:

(i) State "A" A/C-1 Well No. 130 (API No. 30-025-35552) to be located 660 feet from the South and East lines (Unit P) of Section 9; and

(ii) State "A" A/C-1 Well No. 131 (API No. 30-025-35556) to be located 1980 feet from the South line and 660 feet from the East line (Unit I) of Section 9.

IT IS FURTHER ORDERED THAT:

(2) Applicant, pursuant to the rules governing the Jalmat Gas Pool and the Stipulated Declaratory Judgment, is further authorized to simultaneously dedicate this 520-acre non-standard unit in the Jalmat Gas Pool to the above described State "A" A/C-1 Wells No. 130 and 131 and the following described wells:

(i) State "A" A/C-1 Well No. 37 (API No. 30-025-09290), located at a standard gas well location 1650 feet from the North and West lines (Unit F) of Section 10;

(ii) State "A" A/C-1 Well No. 38 (API No. 30-025-09291), located at a standard gas well location 990 feet from the South and West lines (Unit M) of Section 10;

(iii) State "A" A/C-1 Well No. 49 (API No. 30-025-09292), located at an unorthodox gas well location (approved by Division Administrative Order NSL-2729, dated December 7,

1989, as amended by order dated July 22, 1991) 660 feet from the North and West lines (Unit D) of Section 10;

(iv) State "A" A/C-1 Well No. 55 (API No. 30-025-09293), located 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 10;

(v) State "A" A/C-1 Well No. 81 (API No. 30-025-09295), located at an unorthodox gas well location (approved by Division Administrative Order NSL-4371, dated October 25, 1999) 660 feet from the North line and 1980 feet from the West line (Unit C) of Section 9;

(vi) State "A" A/C-1 Well No. 88 (API No. 30-025-09297), located at an unorthodox gas well location (approved by Division Administrative Order NSL-2727, dated December 7, 1989, as amended by order dated July 22, 1991) 1980 feet from the South and West lines (Unit K) of Section 10; and

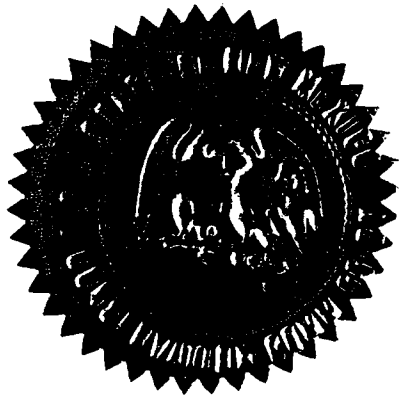
(vii) State "A" A/C-1 Well No. 89 (API No. 30-025-09298), located at an unorthodox gas well location (approved by Division Administrative Order NSL-2731, dated December 7, 1989, as amended by order dated July 22, 1991) 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 10.

* (3) Raptor is hereby permitted to produce the allowable assigned the subject 520-acre GPU from all nine of these wells in any proportion.

* (4) All provisions applicable to the subject 520-acre GPU in Division Orders No. R-9073 and R9073-B and Division Administrative Orders NSL-2727, NSL-2729, NSL-2731, and NSL-4371, not in conflict with this order, shall remain in full force and affect until further notice.

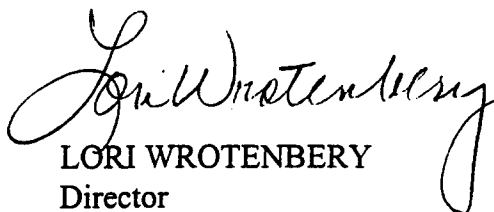
(5) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


LORI WROTENBERY
Director



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

Bill Richardson
Governor
Joanna Prukop
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

January 8, 2003

Raptor Resources, Inc.
c/o Holland & Hart LLP
P. O. Box 2208
Santa Fe, New Mexico 87504-2208
Attention: William F. Carr

Telefax No. (505) 983-6043

Administrative Order NSP-1862 (SD)

Dear Mr. Carr:

Reference is made to the following: (i) your application (*application reference No. pKRV0-235438380*) on behalf of the operator, Raptor Resources, Inc.'s ("Raptor"), dated December 19, 2002; and (ii) the New Mexico Oil Conservation Division's ("Division") records in Santa Fe, including the files on Division Administrative Orders NSL-2727, NSL-2729, NSL-2731, NSL-4371 (SD), and SD-01-09 and Division Cases No. 9775 (which resulted in the issuance of Division Orders No. R-9073 and R-9073-B) and No. 12623 (which resulted in the issuance of Division Order No. R-11591): all concerning Raptor's requests to decrease the acreage of the existing 520-acre non-standard gas spacing unit for the Jalmat Gas Pool (**79240**), comprising the S/2 NE/4, N/2 SE/4, and SE/4 SE/4 of Section 9 and the W/2 of Section 10, both in Township 23 South, Range 36 East, NMPM, Lea County, New Mexico, by deleting therefrom the 40-acre tract comprising the SE/4 SE/4 (Unit P) of Section 9.

This 520-acre non-standard gas spacing unit was initially established by Division Order No. R-9073, issued in Case No. 9775 and dated December 14, 1989, as amended by Division Order No. R-9073-B [Paragraph No. (8) of Exhibit "A"].

Your application submitted on behalf of Raptor has been duly filed under the provisions of the "*Special Pool Rules for the Jalmat Gas Pool*," as promulgated by Division Order No. R-8170-P, issued in Case No. 12563 on December 14, 2001.

It is our understanding from this application and the Division's records that the following ten wells are shown to be currently dedicated to the aforementioned 520-acre non-standard gas spacing unit:

- (1) the existing State "A" A/C-1 Well No. 37 (**API No. 30-025-09290**), located 1650 feet from the North and West lines (Unit F) of Section 10, which well was the subject of Division Orders No. R-9073 and R-9073-B;

(2) the existing State "A" A/C-1 Well No. 38 (**API No. 30-025-09291**), located 990 feet from the South and West lines (Unit M) of Section 10, which well was also the subject of Division Orders No. R-9073 and R-9073-B;

(3) the existing State "A" A/C-1 Well No. 49 (**API No. 30-025-09292**), located 660 feet from the North and West lines (Unit D) of Section 10, which well was the subject of Division Administrative Order NSL-2729, dated December 7, 1989, as amended by order dated July 22, 1991;

(4) the existing State "A" A/C-1 Well No. 55 (**API No. 30-025-09293**), located 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 10;

(5) the existing State "A" A/C-1 Well No. 81 (**API No. 30-025-09295**), located 660 feet from the North line and 1980 feet from the West line (Unit C) of Section 10, which well was the subject of Division Administrative Order NSL-4371, dated October 25, 1999;

(6) the existing State "A" A/C-1 Well No. 88 (**API No. 30-025-09297**), located 1980 feet from the South and West lines (Unit K) of Section 10, which well was the subject of Division Administrative Order NSL-2727, dated December 7, 1989, as amended by order dated July 22, 1991;

(7) the existing State "A" A/C-1 Well No. 89 (**API No. 30-025-09298**), located 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 10, which well was the subject of Division Administrative Order NSL-2731, dated December 7, 1989, as amended by order dated July 22, 1991;

(8) the recently drilled State "A" A/C-1 Well No. 130 (**API No. 30-025-35552**), located 660 feet from the South and East lines (Unit P) of Section 9, which well was the subject of Division Order No. R-11591, issued in Case No. 12623 on May 31, 2001;

(9) the recently drilled State "A" A/C-1 Well No. 131 (**API No. 30-025-35556**), located 1980 feet from the South line and 660 feet

from the East line (Unit I) of Section 9, which well was also the subject of Division Order No. R-11591); and

(10) the previously plugged and abandoned Clayton W. Williams, Jr., Inc. State "A" A/C-1 Well No. 56 (API No. 30-025-09294), located 1980 feet from the South line and 660 feet from the West line (Unit L) of Section 10 is to be re-entered and completed to the Jalmat Gas Pool.

IT SHALL BE NOTED AT THIS TIME THAT the locations of all the above described State "A" A/C-1 Wells No. 37, 38, 49, 55, 56, 81, 88, 89, 130, and 131 are now considered to be standard for this 520-acre non-standard unit pursuant to Rule 3 (A) (2) of the special rules currently governing the Jalmat Gas Pool.

It our understanding that the above described State "A" A/C-1 Well No. 130 in Unit "P" of Section 9 was recently completed as a Jalmat "oil" well and its corresponding 40-acre standard oil spacing and proration unit comprising the SE/4 SE/4 (Unit P) of Section 9 is to be omitted from the 520-acre non-standard gas unit at this time.

By the authority granted me under the provisions of Rules 4 (B) and (D) of the special rules governing the Jalmat Gas Pool, the following described 480-acre non-standard gas spacing unit is hereby approved:

LEA COUNTY, NEW MEXICO
TOWNSHIP 23 SOUTH, RANGE 36 EAST, NMPM

Section 9: S/2 NE/4 and N/2 SE/4

Section 10: W/2.

Also, pursuant to Rule 6 (B) of the Jalmat special pool rules, Raptor is hereby authorized to simultaneously dedicate Jalmat gas production from the State "A" A/C-1 Wells No. 37, 38, 49, 55, 56, 81, 88, 89, and 131.

All provisions applicable to this newly formed 480-acre non-standard gas spacing unit in Division Orders No. R-9073 and R-9073-B and Division Administrative Order SD-01-09 not in conflict with this order shall remain in full force and affect until further notice. At this time Division Administrative Orders NSL-2727, as amended, NSL-2729, as amended, NSL-2731, as amended, and NSL-4371 (SD) and Division Order No. R-11591 are hereby placed in abeyance until further notice.

Administrative Order NSP-1862 (SD)

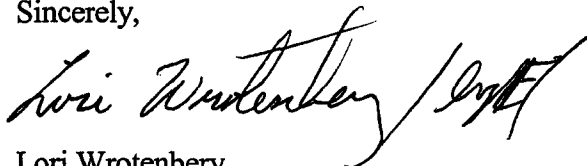
Raptor Resources, Inc.

January 8, 2003

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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 black ink, appearing to read "Lori Wrotenbery" followed by a stylized flourish or initials.

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs

New Mexico State Land Office - Santa Fe

File: NSL-2727

NSL-2729

NSL-2731

NSL-4371 (SD)

SD-01-09 /