

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

CASE NO. 13252
ORDER NO. R-6483-C (1)
R-8575-C (1)

**APPLICATION OF MISSION RESOURCES
CORPORATION FOR THREE INFILL GAS
WELLS AND SIMULTANEOUS DEDICATION,
LEA COUNTY, NEW MEXICO.**

AMENDED ORDER

BY THE DIVISION:

It appearing to the New Mexico Oil Conservation Division ("Division") that Order No. R-6483-C/R-8575-C, dated August 30, 2004, does not correctly state the intended order of the Division.

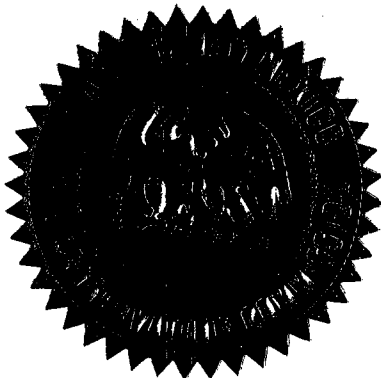
IT IS THEREFORE ORDERED THAT:

(1) Subparagraph (d) of Finding Paragraph No. (2) on page 8 of Order No R-6483-C/R-8575-C is hereby amended to read in its entirety as follows:

“(d) State “A” A/C-2 Well No. 42 (API No. 30-025-08879), located 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 11.”

(2) The corrections set forth in this order shall be entered retroactively as of August 30, 2004.

DONE at Santa Fe, New Mexico, on this 3rd day of November, 2005.



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read "Mark E. Fesmire".

MARK E. FESMIRE, P. E.
Director

**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. 13252
ORDERS NO. R-6483-C
R-8575-C**

**APPLICATION OF MISSION RESOURCES CORPORATION FOR THREE
INFILL GAS WELLS 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 29, 2004 at Santa Fe, New Mexico, before Examiner William V. Jones.

NOW, on this 30th day of August 2004, 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) The applicant, Mission Resources Corporation ("Mission"), seeks an exception to the well density provisions currently governing the Jalmat (Tansill-Yates-Seven Rivers) Gas Pool (79240) within a standard gas spacing unit consisting of all of Section 11, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico, for its proposed:

(a) State "A" A/C-2 Well No. 82 to be drilled at a standard infill gas well location 1980 feet from the South and East lines (Unit J) of Section 11;

(b) State "A" A/C-2 Well No. 83 to be drilled at a standard infill gas well location 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 11; and

8-30-2004

(c) State "A" A/C-2 Well No. 84 to be drilled at a standard infill gas well location 660 feet from the South line and 1886 feet from the East line (Unit O) of Section 11.

(3) Mission further seeks simultaneous dedication of these three (3) proposed wells and the existing nine (9) wells in Section 11, to the standard gas spacing unit consisting of all of Section 11, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico.

(4) By Division Order No. R-6483, issued in Case No. 7022 and dated October 20, 1980, the Division authorized the simultaneous dedication of the following four wells to a standard 640-acre gas spacing and proration unit ("GPU") for the Jalmat Gas Pool comprising all of Section 11:

(a) State "A" A/C-2 Well No. 14 (API No. 30-025-08873), located 660 feet from the North line and 1980 feet from the East line (Unit B) of Section 11;

(b) State "A" A/C-2 Well No. 36 (API No. 30-025-08878), located 660 feet from the South and West lines (Unit M) of Section 11;

(c) State "A" A/C-2 Well No. 42 (API No. 30-025-08879), located 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 11; and

(d) State "A" A/C-2 Well No. 62 (API No. 30-025-25542), located at a standard gas well location 1980 feet from the South line and 2310 feet from the West line (Unit K) of Section 11.

(5) By Division Order No. R-8575, issued in Case No. 9275 and dated January 4, 1988, the Division authorized the State "A" A/C-2 Well No. 73 (API No. 30-025-30035), located at an unorthodox gas well location 990 feet from the South line and 660 feet from the East line (Unit P) of Section 11 to be included in the GPU.

(6) The Division issued administrative order NSL-3089, dated January 17, 1992, authorizing the State "A" A/C-2 Well No. 15 (API No. 30-025-08874), located at an unorthodox gas well location 660 feet from the North line and 1980 feet from the West line (Unit C) of Section 11, to be included in the GPU.

(7) The Division issued administrative order NSL-3089-A (SD), dated September 16, 1999, authorizing the State "A" A/C-2 Well No. 75 (API No. 30-025-34791), located at an unorthodox gas well location 2040 feet from the South line and 660 feet from the West line (Unit L) of Section 11, to be included in the GPU.

(8) By Division Order No R-6483-B, issued in Case No. 12625 and dated July 27, 2001, the Division authorized the State "A" A/C-2 Well No. 79 (API No. 30-025-35651), located at standard gas well location 660 feet from the North line and 660 feet from the East line (Unit A) of Section 11 to be included in the GPU.

(9) By Division Order No. R-8575-B, issued in Case No. 12625 and dated July 27, 2001, the Division authorized the State "A" A/C-2 Well No. 80 (API No. 30-025-35567), located at standard gas well location 1980 feet from the North line and 1980 feet from the West line (Unit F) of Section 11 to be included in the GPU.

(10) On December 14, 1989 the Division issued a combined order in Case No. 9774 (Orders No. R-6483-A/R-8575-A), that affected the metering and testing of gas production from this 640-acre unit.

(11) Gas prorationing in the Jalmat Gas Pool was terminated on December 14, 2001, in Case No. 12563 by Division Order No. R-8170-P, and special pool rules were established.

Portions of those special pool rules, applicable to this case are as follows:

SPECIAL POOL RULES
FOR THE JALMAT GAS POOL

RULE 1. DEFINITIONS:

A GAS WELL in the Jalmat Gas Pool shall be a well producing from the vertical limits of the pool with a gas-liquid ratio in excess of 100,000 cubic feet of gas per barrel of oil.

RULE 2. ACREAGE ASSIGNMENT:

(A) A standard gas spacing unit in the Jalmat Gas Pool shall be 640 acres, more or less, and shall comprise a single governmental section.

(B) A standard oil spacing and proration unit in the Jalmat Gas Pool shall be 40 acres, more or less, and shall comprise a single governmental quarter-quarter section or lot.

(C) 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, and the dual completion of a well so as to produce oil from the Yates formation and oil from the Seven Rivers or Queen formation is prohibited.

RULE 3. WELL DENSITY AND LOCATION:

(C) For any gas spacing unit, either standard or otherwise, the number of wells allowed shall be limited to no more than one well per 160 acres. For either a standard or non-standard 640-acre unit, a maximum of four wells shall be allowed, provided that no more than one well shall be allowed to occupy any one of the four quarter sections. For a non-standard 480, 320 or 160-acre unit, a maximum of three wells, two wells, or one well, respectively, shall be allowed, provided that no more than one well shall be allowed to occupy each quarter section that comprises the unit.

(D) In no event shall any Jalmat gas spacing unit be allowed more than one well per quarter-quarter section.

RULE 4. ADMINISTRATIVE EXCEPTIONS:

(B) The Division Director may grant an administrative exception to the gas well density provisions of Rule 3(C) above, or may administratively approve the formation of a non-standard gas spacing unit that will result in a well density of more than one well per 160 acres, so long as the operator presents sufficient engineering, geologic, reservoir drainage and other applicable evidence that demonstrates:

(1) the proposed well is necessary (a) to effectively and efficiently drain a 160-acre quarter section that cannot be adequately drained by the existing well or wells, or (b) to adequately protect the subject unit from offsetting drainage, or (c) to prevent waste by utilizing an existing or previously abandoned wellbore, or (d) to recover additional reserves that would otherwise not be recovered from the reservoir;

(2) *the proposed well will not violate correlative rights; and*

(3) *the applicant has obtained consent of or given notice to all operators of any unit or units adjacent to the gas spacing unit requiring the well density exception and, for any adjacent unit or units where there is no operator, all lessees or unleased mineral interest owners, in the form and manner prescribed by Rule 4(D).*

(12) The rules and procedures currently governing the Jalmat Gas Pool and pertinent to this case include but are not necessarily limited to:

(a) the "Special Rules and Regulations for the Jalmat Gas Pool," as promulgated by Division Order No. R-8170-P, as amended;

(b) Division Rules 104.D(1 and 3); and

(c) the amended Stipulated Declaratory Judgment 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 Judgment").

(13) The amended Stipulated Declaratory Judgment provides in part that:

(a) 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

(b) 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 1207.A(2) and opportunity for hearing for affected persons. Once notice is provided, the Division may process the application in a manner consistent with [this judgment], and otherwise consistent with the Division's practice, its Rules and Regulations and the Oil and Gas Act.

(14) It appears that Mission has provided notice of the application in this case to all offsetting Division-designated operators in adjoining spacing units in accordance with the Special Pool Rules of the Jalmat Gas Pool, the provisions of the amended Stipulated Declaratory Judgment, and Division Rule 1207.A (2).

(15) No affected party or offsetting operator and/or interest owner appeared at the hearing, or otherwise opposed this application.

(16) Mission presented testimony from regulatory, geological, and engineering personnel as follows.

(a) Mission became a designated operator in the State of New Mexico on February 1, 2004, after being absent from the state for several years. Mission obtained properties from Raptor Resources, Inc. within this geographic area.

(b) If this application is approved and these three (3) wells successfully drilled and completed, there will be twelve quarter-quarters within this 640-acre spacing unit with producing wells and four quarter-quarters with no producing wells. None of the quarter-quarters within this spacing unit will have more than one producing Jalmat gas well.

(c) The Jalmat Gas Pool produces mainly from discontinuous sands in the Yates and Seven Rivers formations. The sands are partially radioactive, must be fractured to produce, and sometimes produce for longer than 40 years. Average recovery per well is less than 0.5 bcf of gas. Economics of development are aided by the existence of natural gas liquids. The advancing completion technologies of perforating and fracturing are aiding development in this pool.

(d) There is substantial geologic discontinuity in the Jalmat Gas Pool underlying Section 11 on which these proposed infill wells (State "A" A/C-2 Wells No. 82, 83, and 84) are to be drilled.

(e) Development within this standard 640-acre unit with only one Jalmat gas well per 160-acre tract (NE/4, NW/4, SW/4, and SE/4 of Section 11), would miss sands containing producible reserves and leave reserves in the ground, thereby causing waste.

(17) The drilling of Mission's State "A" A/C-2 Wells No. 82, 83, and 84, will result in the recovery of hydrocarbons that will otherwise not be recovered, thereby preventing waste and protecting correlative rights.

(18) The application of Mission for an exception to the well density requirements of the Special Pool Rules and Regulations for the Jalmat Gas Pool should be approved.

(19) To efficiently produce the remaining recoverable reserves from the Jalmat Gas Pool under this standard 640-acre gas spacing and proration unit, all Jalmat gas production from the State "A" A/C-2 Wells No. 14, 15, 36, 42, 62, 73, 75, 79, 80, 82, 83, and 84 should be simultaneously dedicated to this gas spacing unit and the application of Mission for simultaneous dedication should be approved.

IT IS THEREFORE ORDERED THAT:

(1) The application of Mission Resources Corporation ("Mission") for an exception to the well density requirements of the Special Pool Rules and Regulations for the Jalmat Gas Pool, as promulgated by Division Order No. R-8170-P, as amended, for the following three (3) wells to be drilled at standard infill gas locations in Section 11, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico, within an existing standard 640-acre gas spacing unit in the Jalmat Gas Pool comprising all of Section 11, is hereby granted.

✓ (a) The State "A" A/C-2 Well No. 82 to be drilled at a standard infill gas well location 1980 feet from the South and East lines (Unit J) of Section 11.

✓ (b) The State "A" A/C-2 Well No. 83 to be drilled at a standard infill gas well location 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 11.

✓ (c) The State "A" A/C-2 Well No. 84 to be drilled at a standard infill gas well location 660 feet from the South line and 1886 feet from the East line (Unit O) of Section 11.

(2) Mission is further authorized to simultaneously dedicate the three wells listed above in paragraph 1 and the nine (9) wells listed below, to this standard 640-acre spacing unit consisting of all of Section 11:

✓ (a) State "A" A/C-2 Well No. 14 (API No. 30-025-08873), located 660 feet from the North and 1980 feet from the East line (Unit B) of Section 11;

✓ (b) State "A" A/C-2 Well No. 15 (API No. 30-025-08874), located 660 feet from the North line and 1980 feet from the West line (Unit C) of Section 11;

✓ (c) State "A" A/C-2 Well No. 36 (API No. 30-025-08878), located 660 feet from the South and West lines (Unit M) of Section 11;

✓ (d) State "A" A/C-2 Well No. 42 (API No. 30-025-08879), located 1980 feet from the North line and 660 feet from the East line (Unit ~~M~~ ^N) of Section 11;

✓ (e) State "A" A/C-2 Well No. 62 (API No. 30-025-25542), located 1980 feet from the South line and 2310 feet from the West line (Unit K) of Section 11;

✓ (f) State "A" A/C-2 Well No. 73 (API No. 30-025-30035), located 990 feet from the South line and 660 feet from the East line (Unit P) of Section 11;

✓ (g) State "A" A/C-2 Well No. 75 (API No. 30-025-34791), located 2040 feet from the South line and 660 feet from the West line (Unit L) of Section 11;

✓ (h) State "A" A/C-2 Well No. 79 (API No. 30-025-35651), located 660 feet from the North and west lines (Unit D) of Section 11; and

✓ (i) State "A" A/C-2 Well No. 80 (API No. 30-025-35567), located 1980 feet from the North and West lines (Unit F) of said Section 11.

(3) All provisions applicable to the subject 640-acre spacing unit in Division Orders No. R-6483, R-6483-B, R-8575, and R-8575-B and Division Administrative Orders NSL-3089 and NSL-3089-A(SD), not in conflict with this order, shall remain in full force and effect until further notice.

(4) In addition, all provisions applicable to the subject 640-acre spacing unit in Division Orders No. R-6483-A and R-8575-A, not in conflict with this order, shall remain in full force and effect until further notice.

(5) All provisions of the Special Pool Rules for the Jalmat Gas Pool, including but not limited to Rule 5 "Well Testing", that are not in conflict with this order, shall remain in full force and effect until further notice.

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

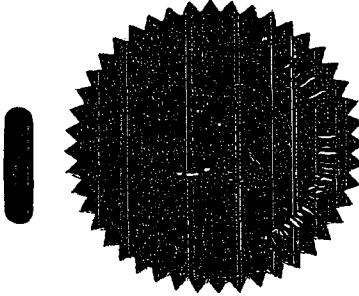
Case No. 13252
Order No. R-6483-C/R-8575-C
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DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



MARK E. FESMIRE, P.E.,
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. 12625
ORDERS NO. R-6483-B
R-8575-B

APPLICATION OF RAPTOR RESOURCES, INC. FOR AN UNORTHODOX
INFILL GAS WELL LOCATION 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 and June 28, 2001 at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 27th day of July, 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-2 Well No. 79 to be located at an unorthodox infill gas well location 660 feet from the North and West lines (Unit D) of Section 11, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico; and (ii) State "A" A/C-2 Well No. 80 (API No. 30-025-35567) to be located at a standard infill gas well location 1980 feet from the North and West lines (Unit F) of Section 11.

(4) By Order No. R-6483, issued in Case No. 7022 and dated October 20, 1980, the Division, authorized the simultaneous dedication of the following four wells to a standard 640-acre gas spacing and proration unit ("GPU") for the Jalmat Gas Pool comprising all of Section

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11:

- (i) State "A" A/C-2 Well No. 14 (**API No. 30-025-08873**), located 660 feet from the North line and 1980 feet from the East line (Unit B) of Section 11;
- (ii) State "A" A/C-2 Well No. 36 (**API No. 30-025-08878**), located 660 feet from the South and West lines (Unit M) of Section 11;
- (iii) State "A" A/C-2 Well No. 42 (**API No. 30-025-08879**), located 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 11; and
- (iv) State "A" A/C-2 Well No. 62 (**API No. 30-025-25542**), located at a standard gas well location 1980 feet from the South line and 2310 feet from the West line (Unit K) of Section 11.

(5) Subsequent to the issuance of Order No. R-6483 the Division authorized development within this 640-acre GPU in the following manner:

- (i) by Division Order No. R-8575, issued in Case No. 9275 and dated January 4, 1988, authorization was given to include the State "A" A/C-2 Well No. 73 (**API No. 30-025-30035**), located at an unorthodox gas well location 990 feet from the South line and 660 feet from the East line (Unit P) of Section 11 in the GPU;
- (ii) by Division Administrative Order NSL-3089, dated January 17, 1992, another well for this GPU, the State "A" A/C-2 Well No. 15 (**API No. 30-025-08874**), located at an unorthodox gas well location 660 feet from the North line and 1980 feet from the West line (Unit C) of Section 11, was also approved; and finally
- (iii) by Division Administrative Order NSL-3089-A (SD), dated September 16, 1999, the State "A" A/C-2 Well No. 75 (**API No. 30-025-34791**), located at an unorthodox gas well location 2040 feet from the South line and 660 feet from the West line (Unit L) of Section 11, was also approved.

(6) On December 14, 1989 the Division issued a combined order in Case No. 9774 (Orders No. R-6483-A/R-8575-A) that affected the metering and testing of gas production from this 640-acre unit.

(7) 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").

(8) In its application Raptor indicated that its plugged and abandoned State "A" A/C-2 Well No. 18 located at a standard gas well location 1650 feet from the North and East lines (Unit G) of Section 11 is currently dedicated to this 640-acre GPU. Records indicate that this well was originally drilled in 1939 by Texas Pacific Coal and Oil Company ("TP"), was completed as an oil well in the Arrowhead-Grayburg Pool, produced a total of 143,705 barrels of oil, and was plugged and abandoned in 1953 by TP; therefore, the State "A" A/C-2 Well No. 18 should 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 amended 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 1207.A (2) and opportunity for hearing for affected persons. Once notice is provided, the Division may process the application in a manner consistent with [this judgement], and otherwise consistent with the Division's practice, its Rules and Regulations and the Oil and Gas Act.

(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.

(12) It appears that Raptor has provided notice of the application in this case in accordance with the provisions of the amended 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) Raptor presented geological evidence that shows:

(i) there is substantial geologic discontinuity in the Jalmat Gas Pool underlying Section 11 on which these proposed infill wells (State "A" A/C-2 Wells No. 79 and 80) are to be drilled;

(ii) development of the Jalmat Gas Pool within this standard 640-acre GPU with only one well per 160-acre tract

(NE/4, NW/4, SW/4, and SE/4 of Section 11), would miss sands containing producible reserves and leave reserves in the ground, thereby causing waste; and

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

(15) 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.

(16) 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.

(17) Raptor's engineering evidence also included information on the wells located on all 40-acre tracts offsetting the State "A" A/C-2 Wells No. 79 and 80. Although four wells produce from the 40-acre tracts in the Jalmat Gas Pool and the Eumont Gas Pool offsetting the State "A" A/C-2 Well No. 79, these wells produce at only marginal rates and cannot drain the NW/4 of Section 11. Although wells produce from the Jalmat Gas Pool on the 40-acre tracts offsetting the proposed State "A" A/C-2 Well No. 80, the geologic evidence on the area shows that the Yates and Seven Rivers formations are very heterogeneous in this area and a well in the SE/4 NW/4 of Section 11 is needed to produce the remaining recoverable reserves under this acreage.

(18) The drilling of the Raptor Resources, Inc. State "A" A/C-2 Wells No. 79 and 80 will enable applicant to recover reserves that otherwise will not be recovered.

(19) 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-2 Wells No. 79 and 80 are needed to efficiently drain remaining reserves from this proration unit.

(20) The proposed State "A" A/C-2 Wells No. 79 and 80 are necessary to efficiently drain remaining recoverable reserves from this proration unit.

(21) 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.

(22) The proposed State "A" A/C-2 Wells No. 79 and 80 will economically drain recoverable reserves from this 640-acre GPU.

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

(24) Raptor presented evidence 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.

(25) The Special Pool Rules and Regulations for the Jalmat Gas Pool provide for wells on 640-acre spacing and proration units to be located no closer than 990 feet to the outer boundary of the spacing unit (*Special Rule 2 (b) 1, Order No. R-8170*). Accordingly, the proposed location of the State "A" A/C-2 Well No. 79 is closer to the outer boundary of the acreage dedicated thereto than permitted by the Jalmat special pool rules.

(26) Raptor presented evidence 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.

(27) The geological and engineering data presented in support of the well location for the State "A" A/C-2 Well No. 79 demonstrate that the proposed unorthodox well location is necessary to enable the applicant to recover remaining reserves under this spacing and proration unit thereby preventing waste.

(28) The proposed unorthodox gas well location for the State "A" A/C-2 Well No. 79 will serve to protect correlative rights and prevent waste and should therefore be approved.

(29) To efficiently produce the remaining recoverable reserves from the Jalmat Gas Pool under this standard 640-acre gas spacing and proration unit, all Jalmat gas production from the State "A" A/C-2 Wells No. 14, 15, 36, 42, 62, 73, 75, 79, and 80 should be simultaneously dedicated to this GPU.

(30) That portion of this application for the simultaneous dedication of the State "A" A/C-2 Wells No. 14, 15, 36, 42, 62, 73, 75, 79, and 80 (less the State "A" A/C-2 Well No. 18) to the subject 640-acre standard gas spacing and proration unit should therefore be approved.

(31) Approval of this application and the drilling of the Raptor Resources, Inc. State "A" A/C-2 Wells No. 79 and 80 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.

(32) The drilling of Raptor's State "A" A/C-2 Well No. 79 at the proposed unorthodox infill gas well location in Section 11, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico and State "A" A/C-2 Well No. 80 at a standard infill gas well location in Section 11 is necessary to efficiently and economically drain the existing 640-acre GPU comprised of Section 11 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 Raptor State "A" A/C-2 Well No. 79 to be drilled at an unorthodox infill gas location 660 feet from the North and West lines (Unit D) of Section 11, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico, within an existing standard 640-acre gas spacing and proration unit in the Jalmat Gas Pool ("GPU") comprising all of Section 11, is hereby granted.

IT IS FURTHER ORDERED THAT:

(2) Applicant, pursuant to the rules governing the Jalmat Gas Pool and the amended Stipulated Declaratory Judgment, is further authorized to simultaneously dedicate this standard 640-acre unit in the Jalmat Gas Pool to its proposed State "A" A/C-2 Well No. 80 (API No. 30-025-35567), to be located at a standard infill gas well location 1980 feet from the North and West lines (Unit F) of Section 11, the above described State "A" A/C-2 Well No. 79, and the following described wells:

- (i) State "A" A/C-2 Well No. 14 (API No. 30-025-08873), located 660 feet from the North line and 1980 feet from the East line (Unit B) of Section 11, which was the subject of Division Order No. R-6483, issued in Case No. 7022 and dated

October 20, 1980;

(ii) State "A" A/C-2 Well No. 15 (API No. 30-025-08874), located at an unorthodox gas well location (approved by Division Administrative Order NSL-3089, dated January 17, 1992) 660 feet from the North line and 1980 feet from the West line (Unit C) of Section 11;

(iii) State "A" A/C-2 Well No. 36 (API No. 30-025-08878), located 660 feet from the South and West lines (Unit M) of Section 11, which was also the subject of Division Order No. R-6483;

(iv) State "A" A/C-2 Well No. 42 (API No. 30-025-08879), located 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 11, which was also the subject of Division Order No. R-6483;

(v) State "A" A/C-2 Well No. 62 (API No. 30-025-25542), located at a standard gas well location 1980 feet from the South line and 2310 feet from the West line (Unit K) of Section 11, which was also the subject of Division Order No. R-6483;

(vi) State "A" A/C-2 Well No. 73 (API No. 30-025-30035), located at an unorthodox gas well location (approved by Division Order No. R-8575, issued in Case No. 9275 and dated January 4, 1988) 990 feet from the South line and 660 feet from the East line (Unit P) of Section 11; and

(vii) State "A" A/C-2 Well No. 75 (API No. 30-025-34791), located at an unorthodox gas well location (approved by Division Administrative Order NSL-3089-A (SD), dated September 16, 1999) 2040 feet from the South line and 660 feet from the West line (Unit L) of Section 11.

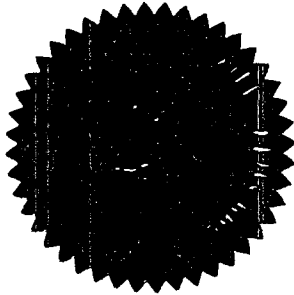
(3) Raptor is hereby permitted to produce the allowable assigned the subject 640-acre GPU from all nine of these wells in any proportion.

(4) All provisions applicable to the subject 640-acre GPU in Division Orders No. R-6483, R-6483-A, R-8575, and R-8575-A and Division Administrative Orders NSL-3089 and NSL-3089-A, not in conflict with this order, shall remain in full force and effect until

further notice.

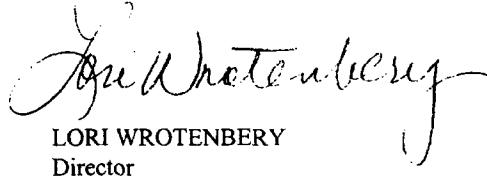
(5) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

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



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


LORI WROTENBERG
Director



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

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

September 16, 1999

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

Administrative Order NSL-3089-A (SD)

Dear Mr. Keathly:

Reference is made to the following: (i) your application submitted to the New Mexico Oil Conservation Division ("Division") on August 20, 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 within an existing standard 640-acre gas spacing and proration unit ("GPU") for the Jalmat Gas Pool comprising all of Section 11, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico. Presently there are three Division orders that address well placement and the number of wells within this GPU:

- (1) By Order No. R-6483, issued in Case No. 7022 dated October 20, 1980, the Division in part, authorized for the simultaneous dedication of the following four wells to the subject 640-acre GPU:
 - (a) State "A" A/C-2 Well No. 14 (API No. 30-025-08873), located 660 feet from the North line and 1980 feet from the East line (Unit B) of Section 11;
 - (b) State "A" A/C-2 Well No. 36 (API No. 30-025-08878), located 660 feet from the South and West lines (Unit M) of Section 11;
 - (c) State "A" A/C-2 Well No. 42 (API No. 30-025-08879), located 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 11; and
 - (d) State "A" A/C-2 Well No. 62 (API No. 30-025-25542), located at a standard gas well location 1980 feet from the South line and 2310 feet from the West line (Unit K) of Section 11.
- (2) By Division Order No. R-8575, issued in Case No. 9275 and dated January 4, 1988, authorization was given to include the State "A" A/C-2 Well No. 73 (API No. 30-025-30035), located at an unorthodox gas well location 990 feet from the South line and 660 feet from the East line (Unit P) of

9-16-1999

Administrative Order NSL-3089-A(SD)

Raptor Resources Inc.

September 16, 1999

Page 2

Section 11 to the GPU.

- (3) By Division Administrative Order NSL-3089, dated January 17, 1992, authorization was given to include the State "A" A/C-2 Well No. 15 (API No. 30-025-08874), located at an unorthodox gas well location 660 feet from the North line and 1980 feet from the West line (Unit C) of Section 11 to the GPU.

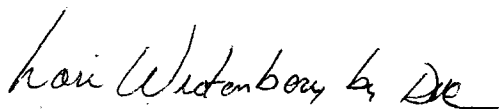
By authority granted me under the provisions of Rule 2(d) of the "*Special Rules and Regulations for the Jalmat Gas Pool*", as promulgated by Division Order No. R-8170, as amended, and Division Rule 104.F (2) the following well to be drilled at an unorthodox Jalmat gas well location in Section 11 is hereby approved:

**State "A" A/C-2 Well No. 75
2040' FSL & 660' FWL (Unit L).**

Also, Raptor is hereby authorized to simultaneously dedicate Jalmat gas production from the proposed State "A" A/C-2 Well No. 75 with the existing State "A" A/C-2 Wells No. 14, 15, 36, 42, 62, and 73. Furthermore, Raptor is hereby permitted to produce the allowable assigned the subject 640-acre GPU from all seven of these wells in any proportion

All provisions applicable to the subject GPU in Division Orders No. R-6483 and R-8575 and Division Administrative Order NSL-3089(SD) 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-3089(SD) ✓

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR



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

January 17, 1992

Clayton W. Williams, Jr., Inc.
3000 Claydesta National Bank Building
Six Desta Drive
Midland, Texas 79705

Attention: David G. Grafe, Petroleum Engineer

Administrative Order NSL-3089.SD

Dear Mr. Grafe:

Reference is made to your application dated December 5, 1991 for an unorthodox gas well location in an existing standard 640-acre gas spacing and proration unit for the Jalmat Gas Pool comprising all of Section 11, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico. Presently there are two Division Orders effecting said unit.

- * By Order No. R-6483, dated October 20, 1980, the Division, in part, authorized simultaneous dedication of the State "A" A/C-2 Well Nos. 14, 36, 42, and 62 located respectively in Units B, M, E, and K of said Sections 11 to the subject 640-acre; and
- * By Order No. R-8575, dated January 4, 1988, authorization was given to include the State "A" A/C-2 Well No. 73 located at an unorthodox gas well location in Unit P of said Section 11 to the unit.

It is our understanding that the subject well in this application is currently producing from the South Eunice Seven Rivers Queen Pool, however, said well will be plugged back to the Jalmat Gas Pool upon issuance of this order.

1-17-1992

*Administrative Order NSL-3089
Clayton W. Williams, Jr., Inc.
January 17, 1992
Page 2*

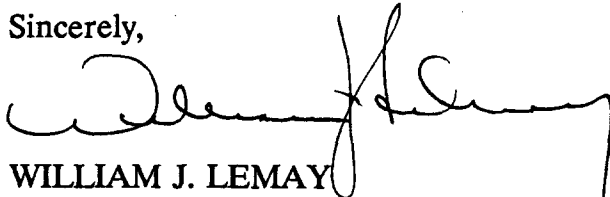
By authority granted me under the provisions of Rule 2(c) of the Special Rules and Regulations for the Jalmat Gas Pool, as promulgated by Division Order No. R-8170, as amended, the following described well located at an unorthodox gas well location is hereby approved:

State "A" A/C-2 Well No. 15
660' FNL - 1980' FWL (Unit C)

Also, you are hereby authorized to simultaneously dedicate Jalmat Gas production from the State "A" A/C-2 Well No. 15 with the State "A" A/C-2 Well Nos. 14, 36, 42, 62, and 73; furthermore, you are hereby permitted to produce the allowable assigned the GPU from all of the said wells in any proration.

All provisions of Division Order Nos. R-6483 and R-8575 shall remain in full force and effect until further notice.

Sincerely,



WILLIAM J. LEMAY
Director

WJL/MES/jc

cc: Oil Conservation Division - Hobbs
NMSLO - Santa Fe
File: Case Nos. 9275, 9774

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. 9774
ORDER NO. R-8575-A
R-6483-A

APPLICATION OF HAL J. RASMUSSEN
OPERATING, INC. TO AMEND DIVISION
ORDERS R-6483 AND R-8575 AND FOR
SPECIAL GAS METERING PROVISIONS,
LEA COUNTY, NEW MEXICO

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. 9775 and 9776 for the purpose of testimony.
- (3) By Division Order No. R-6483 dated October 20, 1980, the Division, in part, authorized the operator to simultaneously dedicate the State "A" A/C-2 Well Nos. 14, 36, 42 and 62 located respectively in Units B, M, E and K of Section 11, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico, to a standard 640-acre Jalmat Gas Pool proration unit comprising all of said Section 11.

Case No. 9774
Order No. R-8575-A
R-6483-A
Page No. 2

(4) On January 4, 1988, by Division Order No. R-8575, said Order No. R-6483 was amended to include the State "A" A/C-2 Well No. 73, located at an unorthodox gas well location 990 feet from the South line and 660 feet from the East line (Unit P) of said Section 11, in the simultaneous dedication of said 640-acre Jalmat Gas proration unit.

(5) The applicant, Hal J. Rasmussen Operating, Inc., now seeks to amend both Division Order Nos. R-6483 and R-8575 by authorizing special metering provisions for Jalmat Gas production whereby the operator would meter the total gas production from said unit and allocate this production back to each of the aforementioned wells by means of periodic testing.

(6) Because the production is from a single gas proration unit in the Jalmat Gas Pool, the working interest and royalty ownership will not be adversely affected by granting this application.

(7) Doyle Hartman, an operator and mineral interest owner in the Jalmat Gas Pool, appeared at the hearing and objected to this application.

(8) No offsetting owners, operators or gas purchasers objected to this application.

(9) The applicant is taking over as gas purchaser/transporter for properties in this area including this proration unit and seeks to utilize a system of gas measurement and allocation to unit wells that will eliminate the need for a meter at each well and the associated costs.

(10) The applicant's proposed metering and testing procedures provide that one of the five unit wells will be flowing through a test meter on a daily basis for 48 hours with each other unit well being tested in turn so that after the 10th day, the first well will go back on test for two days. The wells not on test will be flowing through a field production meter. The daily amount of gas credited to the wells on this system would be the total of the production through both the field and test meters. The production will be allocated back to each one of the wells on the unit based upon the data derived from the periodic testing through the test meter.

(11) It is the intention of the applicant in his request to reduce production costs and to more efficiently operate the subject proration unit by consolidating production facilities and to eliminate unnecessary equipment.

(12) The reduced cost of operation is expected to extend the economical life of the wells on the proration unit, increase the ultimate recovery of gas therefrom and thereby prevent waste.

Case No. 9774

Order No. R-8575-A
R-6483-A

Page No. 3

(13) 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.

(14) 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 is necessary to prevent waste or protect correlative rights.

(15) 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) Division Order Nos. R-6483 and R-8575 are hereby amended to include a provision for special metering provisions for Jalmat Gas Pool production from the operator's standard 640-acre gas spacing and proration unit comprising all of Section 11, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico, being simultaneously dedicated to the State "A" A/C-2 Well Nos. 14, 36, 42, 62 and 73 all located in Units B, M, E, K and P, respectively, of said Section 11.

(2) Said special metering provisions shall be carried out as described in Finding Paragraph No. (10) above.

(3) The applicant in this matter, Hal J. Rasmussen Operating, Inc., 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 the subject proration unit and as transporter for the wells involved herein.

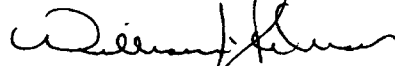
(4) The Division may administratively rescind any portion of this order or require a particular well or wells be metered individually if it should appear necessary to prevent waste and protect correlative rights.

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

Case No. 9774
Order No. R-8575-A
R-6483-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

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

CASE NO. 9275
Order No. R-8575

THE APPLICATION OF SUN EXPLORATION
AND PRODUCTION COMPANY FOR AMENDMENT
OF DIVISION ORDER NO. R-6483, LEA
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on December 16, 1987, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 4th day of January, 1988, 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 on this cause and the subject matter thereof.

(2) By Order No. R-6483 dated October 20, 1980, the Division authorized the Sun Exploration and Production Company to simultaneously dedicate its State "A" A/C-2 Wells Nos. 14, 36, 42, and 62 located respectively in Units B, M, E, and K of Section 11, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico, to a standard 640-acre Jalmat Gas Pool proration unit consisting of said Section 11.

(3) The applicant in the present case, Sun Exploration and Production Company, seeks the amendment of said Division Order No. R-6483, for approval of an unorthodox Jalmat Gas Pool well location for its State "A" A/C-2 Well No. 73 located 990 feet from the South line and 660 feet from the East line (Unit P) of

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Case No. 9275
Order No. R-8575

said Section 11, and to further authorize the simultaneous dedication of the above described gas proration unit to its State "A" A/C-2 Well No. 73 and to the existing wells described in Finding No. (2) above.

(4) The applicant testified that the State "A" A/C-2 Well No. 73 was originally drilled at a standard oil well location within the Arrowhead-Grayburg Pool, was subsequently tested within the Grayburg formation, and proved to be non-commercial.

(5) The applicant further testified that said State "A" A/C-2 Well No. 73 was subsequently recompleted in the Penrose formation of the Jalmat Gas Pool and is currently capable of commercial production in said pool.

(6) The applicant presented drainage calculations which indicate that said State "A" A/C-2 Well No. 73 will drain a portion of the proration unit not currently being drained by the existing wells.

(7) The applicant further testified that approval of the subject application will enable the production of remaining gas reserves within the Jalmat Gas Pool underlying the proration unit which would otherwise not be recovered by the existing wells, thereby preventing waste.

(8) No offset operator objected to the proposed unorthodox location and simultaneous dedication.

(9) 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) Ordering Paragraph No. (2) of Division Order No. R-6483 is hereby amended to read in its entirety as follows:

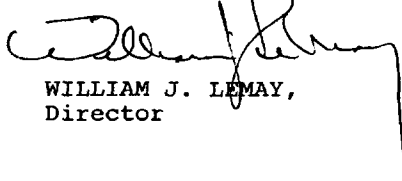
Page 3
Case No. 9275
Order No. R-8575

"The applicant is further authorized to simultaneously dedicate its State "A" A/C-2 Wells Nos. 14, 36, 42, and 62 located respectively in Units B, M, E, and K of Section 11, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico, and its State "A" A/C-2 Well No. 73 located at an unorthodox location 990 feet from the South line and 660 feet from the East line (Unit P) of said Section 11, also hereby approved, to a standard 640-acre Jalmat Gas Pool proration unit consisting of all of said Section 11."

(2) 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

Entered October 20, 1980
JLK

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 7022
Order No. R-6483

APPLICATION OF TEXAS PACIFIC OIL
COMPANY, INC. FOR A NON-STANDARD
PRORATION UNIT AND SIMULTANEOUS
DEDICATION, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on September 17, 1980, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 20th day of October, 1980, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Texas Pacific Oil Company, Inc., seeks approval for the simultaneous dedication of a 320-acre non-standard gas proration unit comprising the N/2 of Section 9, Township 22 South, Range 36 East, NMPM, Jalmat Gas Pool, to be dedicated to its Wells Nos. 40 and 63, located in Units A and C, respectively, of said Section 9.

(3) That the entire non-standard proration unit may reasonably be presumed productive of gas from the Jalmat Gas Pool and that the entire non-standard gas proration unit can be efficiently and economically drained and developed by the aforesaid wells.

(4) That the applicant further seeks approval to simultaneously dedicate its Wells Nos. 14, 36, 42, and 62 located in Units B, M, E, and K, respectively, of Section 11, Township

-2-
Case No. 7022
Order No. R-6483

22 South, Range 36 East, to a standard proration unit to be comprised of all of said Section 11.

(5) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the Jalmat Gas 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.

(6) That Division Order No. R-5493 which created the four proration units which are being abolished to create the two subject new units should be superseded.

IT IS THEREFORE ORDERED:

(1) That the applicant, Texas Pacific Oil Company, Inc., is hereby granted a 320-acre non-standard gas proration unit in the Jalmat Gas Pool comprising the N/2 of Section 9, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico, to be simultaneously dedicated to its Wells Nos. 40 and 63, located in Units A and C, respectively, of said Section 9.

(2) That the applicant is further authorized to simultaneously dedicate its Wells Nos. 14, 36, 42, and 62 located in Units B, M, E, and K, respectively, of Section 11, Township 22 South, Range 36 East, NMPM, to a standard proration unit in said Jalmat Gas Pool to be comprised of all of said Section 11.

(3) That Division Order No. R-5493 is hereby superseded.

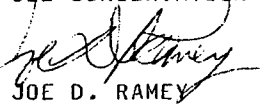
(4) That the proration balancing status of each of the aforesaid newly created proration units shall be the current combined status of the proration units which are hereby abolished in order to create the new units.

(5) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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Case No. 7022
Order No. R-6483

DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY
Director

S E A L

fd/

Entered July 20, 1977

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 5979
Order No. R-5493

APPLICATION OF TEXAS PACIFIC OIL
COMPANY, INC. FOR NON-STANDARD PRORATION
UNITS, SIMULTANEOUS DEDICATION, AND
UNORTHODOX LOCATIONS, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on July 6, 1977,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 19th day of July, 1977, the Commission, a
quorum being present, having considered the testimony, the record,
and the recommendations of the Examiner, and being fully advised
in the premises,

FINDS:

(1) That due public notice having been given as required by
law, the Commission has jurisdiction of this cause and the subject
matter thereof.

(2) That the applicant, Texas Pacific Oil Company, Inc.,
seeks approval of the following non-standard gas proration units
on its State "A" A/C-2 Lease in Township 22 South, Range 36 East,
NMPM, Jalmat Gas Pool, Lea County, New Mexico:

a 480-acre unit comprising the N/2, W/2 SW/4, and E/2
SE/4 of Section 11 to be simultaneously dedicated to
Wells Nos. 14, 36, and 42 located at unorthodox locations
in Units B, M, and E, respectively, of said Section 11;

a 160-acre unit comprising the E/2 SW/4 and the W/2 SE/4
of Section 11 to be dedicated to Well No. 62 drilled at
an unorthodox location in Unit K of said Section 11;

a 160-acre unit comprising the NW/4 of Section 9 to be
dedicated to Well No. 63 drilled at an unorthodox
location in Unit C of said Section 9;

a 160-acre unit comprising the NE/4 of Section 9 to be
dedicated to Well No. 40 located at a standard location
in Unit A of said Section 9.

7-19-1977

-2-

Case No. 5979
Order No. R-5493

(3) That the entire non-standard proration units may each reasonably be presumed productive of gas from the Jalmat Gas Pool and that the entire non-standard gas proration units can each be efficiently and economically drained and developed by the afore-said wells.

(4) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the Jalmat Gas 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.

(5) That those portions of Commission Orders Nos. R-4116 and R-3264-A which are inconsistent with this order, and which previously approved certain proration units involving these same lands should be superseded.

IT IS THEREFORE ORDERED:

(1) That the applicant, Texas Pacific Oil Company, Inc., is hereby granted the following non-standard gas proration units on its State "A" A/C-2 Lease in Township 22 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico:

a 480-acre unit comprising the N/2, W/2 SW/4, and E/2 SE/4 of Section 11 to be simultaneously dedicated to Wells Nos. 14, 36 and 42 located at unorthodox locations in Units B, M, and E, respectively, of said Section 11;

a 160-acre unit comprising the E/2 SW/4 and the W/2 SE/4 of Section 11 to be dedicated to Well No. 62 drilled at an unorthodox location in Unit K of said Section 11;

a 160-acre unit comprising the NW/4 of Section 9 to be dedicated to Well No. 63 drilled at an unorthodox location in Unit C of said Section 9;

a 160-acre unit comprising the NE/4 of Section 9 to be dedicated to Well No. 40 located at a standard location in Unit A of said Section 9.

(2) That those portions of Commission Orders Nos. R-4116 and R-3264-A which are inconsistent with this order are hereby superseded.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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Case No. 5979

Order No. R-5493

DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Phil R. Lucero

PHIL R. LUCERO, Chairman

Emery C. Arnold

EMERY C. ARNOLD, Member

Joe D. Ramey
JOE D. RAMEY, Member & Secretary

S E A L

jr/

Entered March 10, 1971
QEP

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 4501
Order No. R-4116

APPLICATION OF TEXAS PACIFIC OIL COMPANY
FOR SEVERAL NON-STANDARD GAS PRORATION
UNITS AND REDEDICATION OF ACREAGE, LEA
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on February 24, 1971, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 10th day of March, 1971, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Texas Pacific Oil Company, seeks the establishment and acreage dedication of the following-described standard and non-standard gas proration units and wells in Townships 22 and 23 South, Range 36 East, NMPM, Jalmat Gas Pool, Lea County, New Mexico:

1. A 360-acre non-standard gas proration unit comprising the N/2 of Section 15, and the SE/4 SW/4 of Section 10, Township 23 South, Range 36 East, to be dedicated to Texas Pacific State "A" Account 1 Wells Nos. 31 and 33.

3-10-1971

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CASE No. 4501
Order No. R-4116

2. A 320-acre non-standard gas proration unit comprising the E/2 SE/4 and the NW/4 SE/4 of Section 9, and the S/2 NW/4 and the N/2 SW/4 and the SW/4 SW/4 of Section 10, Township 23 South, Range 36 East, to be dedicated to Texas Pacific State "A" Account 1 Wells Nos. 37 and 38.
3. A 480-acre non-standard gas proration unit comprising the W/2 and the NE/4 of Section 13, Township 23 South, Range 36 East, to be dedicated to Texas Pacific State "A" Account 1 Wells Nos. 20, 21, and 22.
4. A standard 640-acre gas proration unit comprising all of Section 11, Township 22 South, Range 36 East, to be dedicated to Texas Pacific State "A" Account 2 Wells Nos. 14, 36, and 42.
5. A 480-acre non-standard gas proration unit comprising the E/2 of Section 8, and the SW/4 of Section 9, Township 22 South, Range 36 East, to be dedicated to Texas Pacific State "A" Account 2 Wells Nos. 38, 43, and 56.

(3) That each of the proposed gas proration units is productive of gas.

(4) That each of the proposed gas proration units can be efficiently and economically drained and developed by the wells to which it is to be dedicated.

(5) That approval of the proposed gas proration units will afford the applicant the opportunity to produce its just and equitable share of the gas in the Jalmat Gas Pool, will prevent the economic loss caused by the drilling of unnecessary wells, will avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights, provided the beginning status of each of the subject units is adjusted in accordance with the net status as of March 1, 1971, of the acreage to be dedicated to said units.

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CASE No. 4501
Order No. R-4116

(6) That all provisions of prior orders issued by the Commission or Secretary-Director of the Commission that are inconsistent with the provisions of this order should be superseded.

IT IS THEREFORE ORDERED:

(1) That effective as of March 1, 1971, the following-described standard and non-standard gas proration units in Townships 22 and 23 South, Range 36 East, NMPM, Jalmat Gas Pool, Lea County, New Mexico, are hereby created:

1. A 360-acre non-standard gas proration unit comprising the N/2 of Section 15, and the SE/4 SW/4 of Section 10, Township 23 South, Range 36 East, to be dedicated to Texas Pacific State "A" Account 1 Wells Nos. 31 and 33, located in Units H and F, respectively, of said Section 15.
2. A 320-acre non-standard gas proration unit comprising the E/2 SE/4 and the NW/4 SE/4 of Section 9, and the S/2 NW/4 and the N/2 SW/4 and the SW/4 SW/4 of Section 10, Township 23 South, Range 36 East, to be dedicated to Texas Pacific State "A" Account 1 Wells Nos. 37 and 38, located in Units F and M, respectively, of said Section 10.
3. A 480-acre non-standard gas proration unit comprising the W/2 and the NE/4 of Section 13, Township 23 South, Range 36 East, to be dedicated to Texas Pacific State "A" Account 1 Wells Nos. 20, 21, and 22, located in Units C, H, and N, respectively, of said Section 13.
4. A standard 640-acre gas proration unit comprising all of Section 11, Township 22 South, Range 36 East, to be dedicated to Texas Pacific State "A" Account 2 Wells Nos. 14, 36, and 42, located in Units B, M, and E, respectively, of said Section 11.
5. A 480-acre non-standard gas proration unit comprising the E/2 of Section 8, and the

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CASE No. 4501

Order No. R-4116

SW/4 of Section 9, Township 22 South, Range 36 East, to be dedicated to Texas Pacific State "A" Account 2 Well No. 38, located in Unit K of said Section 9, and to Texas Pacific State "A" Account 2 Wells Nos. 43 and 56, located in Units H and J, respectively, of said Section 8.

(2) That the acreage factor for allowable purposes assigned to each of the above-described standard and non-standard gas proration units shall bear the same ratio to the acreage factor for a standard gas proration unit as the acreage in said unit bears to the acreage in a standard gas proration unit for the Jalmat Gas Pool; and that the operator may produce the allowable assigned to each of the subject gas proration units from the wells on the units in any proportion.

(3) That the beginning status of each of the above-described units shall be adjusted in accordance with the net status as of March 1, 1971, of the acreage to be dedicated to said units.

(4) That all provisions of prior orders issued by the Commission or Secretary-Director of the Commission that are inconsistent with the provisions of this order are hereby superseded.

(5) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Bruce King
BRUCE KING, Chairman

Alex J. Armiijo
ALEX J. ARMIJO, Member

A. L. Porter, Jr.
A. L. PORTER, Jr. Member & Secretary

S E A L

esr/

Entered December 5, 1969
A.P.

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 4245
Order No. R-3892

APPLICATION OF TEXAS PACIFIC OIL
COMPANY, INC., FOR SEVERAL NON-
STANDARD GAS PRORATION UNITS, LEA
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on November 25, 1969,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 5th day of December, 1969, the Commission, a
quorum being present, having considered the testimony, the record,
and the recommendations of the Examiner, and being fully advised
in the premises,

FINDS:

(1) That due public notice having been given as required by
law, the Commission has jurisdiction of this cause and the subject
matter thereof.

(2) That the applicant, Texas Pacific Oil Company, Inc.,
seeks the dedication and rededication of certain acreage and the
establishment of the following non-standard gas proration units
in the Jalmat Gas Pool, Lea County, New Mexico:

TOWNSHIP 22 SOUTH, RANGE 36 EAST, NMPM

- (a) A 200-acre unit comprising the NW/4 and the NW/4
SW/4 of Section 11, to be dedicated to the State
"A" a/c-2 Well No. 42 located in Unit E of said
Section 11;
- (b) A 280-acre unit comprising the SE/4, S/2 SW/4,
and the NE/4 SW/4 of Section 11, to be dedicated
to the State "A" a/c-2 Well No. 36 located in
Unit M of said Section 11;

12-5-1969

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CASE No. 4245

Order No. R-3892

TOWNSHIP 23 SOUTH, RANGE 36 EAST, NMPM

- (c) A 200-acre unit comprising the N/2 NE/4, the SE/4 NE/4, and the NE/4 NW/4 of Section 15 and the SE/4 SW/4 of Section 10, to be dedicated to the State "A" a/c-1 Well No. 31 located in Unit H of said Section 15;
 - (d) A 160-acre unit comprising the S/2 NW/4, SW/4 NE/4, and the NW/4 NW/4 of Section 15, to be dedicated to the State "A" a/c-1 Well No. 33 located in Unit F of said Section 15;
 - (e) A 240-acre unit comprising the SW/4 of Section 3, and the N/2 NW/4 of Section 10, to be dedicated to the State "A" a/c-1 Well No. 35 located in Unit L of said Section 3;
 - (f) A 160-acre unit comprising the S/2 NW/4 and N/2 SW/4 of Section 10, to be dedicated to the State "A" a/c-1 Well No. 37 located in Unit F of said Section 10.
- (3) That each of the proposed non-standard gas proration units is productive of gas.
- (4) That each of the proposed non-standard gas proration units can be efficiently and economically drained and developed by the well to which it is to be dedicated.
- (5) That approval of the proposed non-standard gas proration units will afford the applicant the opportunity to produce its just and equitable share of the gas in the pool, and will otherwise prevent waste and protect correlative rights.
- (6) That all provisions of prior orders issued by the Commission or Secretary-Director of the Commission that are inconsistent with the provisions of this order should be superseded.

IT IS THEREFORE ORDERED:

- (1) That the following-described non-standard gas proration units in the Jalmat Gas Pool, Lea County, New Mexico, are hereby created:
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CASE No. 4245

Order No. R-3892

TOWNSHIP 22 SOUTH, RANGE 36 EAST, NMPM

- (a) A 200-acre unit comprising the NW/4 and the NW/4 SW/4 of Section 11, to be dedicated to the State "A" a/c-2 Well No. 42 located in Unit E of said Section 11;
- (b) A 280-acre unit comprising the SE/4, S/2 SW/4, and the NE/4 SW/4 of Section 11, to be dedicated to the State "A" a/c-2 Well No. 36 located in Unit M of said Section 11;

TOWNSHIP 23 SOUTH, RANGE 36 EAST, NMPM

- (c) A 200-acre unit comprising the N/2 NE/4, the SE/4 NE/4, and the NE/4 NW/4 of Section 15 and the SE/4 SW/4 of Section 10, to be dedicated to the State "A" a/c-1 Well No. 31 located in Unit H of said Section 15;
- (d) A 160-acre unit comprising the S/2 NW/4, SW/4 NE/4, and the NW/4 NW/4 of Section 15, to be dedicated to the State "A" a/c-1 Well No. 33 located in Unit F of said Section 15;
- (e) A 240-acre unit comprising the SW/4 of Section 3, and the N/2 NW/4 of Section 10, to be dedicated to the State "A" a/c-1 Well No. 35 located in Unit L of said Section 3;
- (f) A 160-acre unit comprising the S/2 NW/4 and N/2 SW/4 of Section 10, to be dedicated to the State "A" a/c-1 Well No. 37 located in Unit F of said Section 10.

(2) That the acreage factor for allowable purposes assigned to each of the above-described non-standard gas proration units shall bear the same ratio to the acreage factor for a standard gas proration unit as the acreage in said unit bears to the acreage in a standard gas proration unit for the Jalmat Gas Pool.

(3) That all provisions of prior orders issued by the Commission or Secretary-Director of the Commission that are inconsistent with the provisions of this order are hereby superseded.

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
MEXICO FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 840
Order No. R-609

THE APPLICATION OF TEXAS AND
PACIFIC COAL AND OIL COMPANY
FOR AN ORDER GRANTING APPROVAL
OF AN EXCEPTION PURSUANT TO RULE
5 (a) OF ORDER NO. R-520 IN THE
ESTABLISHMENT OF AN UNORTHODOX
GAS PRORATION UNIT OF 320 CONTIGUOUS
ACRES CONSISTING OF S/2 OF SECTION 11,
TOWNSHIP 22 SOUTH, RANGE 36 EAST,
NMPM, LEA COUNTY, NEW MEXICO, IN
THE JALMAT GAS POOL.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on February 16, 1955, at Santa Fe, New Mexico, before the Oil Conservation Commission, hereinafter referred to as the "Commission".

NOW, on this 16th day of March, 1955, the Commission, a quorum being present, having considered the record and the testimony adduced at said hearing, and being fully advised in the premises,

FINDS:

(1) That due notice of the time and place of hearing and the purpose thereof having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That pursuant to the provisions of Rule 5 (a) of Order No. R-520, the Commission has authority to permit the formation of a gas proration unit consisting of other than a legal section after notice and hearing.

(3) That applicant, Texas and Pacific Coal and Oil Company, is the owner of an oil and gas lease covering the land concerned herein which comprises other than a legal section, and described as follows:

TOWNSHIP 22 SOUTH, RANGE 36 EAST, NMPM
S/2 of Section 11

containing 320 acres, more or less.

(4) That applicant, Texas and Pacific Coal and Oil Company, has a producing gas well on the aforesaid lease known as Texas and Pacific

Entered March 21, 1955

3-16-1955

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Order No. R-609

Coal and Oil Company State "A" a/c-2, Well No. 36, located 660 feet from the south line and 660 feet from the west line of Section 11, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico, in the Jalmat Gas Pool.

(5) That said well was completed and on production prior to August 12, 1954, the effective date of Order No. R-520, and is located within the limits of the pool heretofore delineated and designated as the Jalmat Gas Pool.

(6) That the entire unorthodox proration unit as herein proposed may be assumed productive of gas from the Jalmat Gas Pool.

(7) That unless a proration unit consisting of applicant's aforesaid acreage is permitted, applicant will be deprived of the full use and value of the lease herein described and the well located thereon.

(8) That the creation of the proration unit herein described is in the interests of conservation and will protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the application of Texas and Pacific Coal and Oil Company for the approval of an unorthodox proration unit in the Jalmat Gas Pool be and the same hereby is approved, and a proration unit consisting of the following described acreage is hereby created:

TOWNSHIP 22 SOUTH, RANGE 36 EAST, NMPM
S/2 of Section 11

(2) That applicant's well, Texas and Pacific Coal and Oil Company State "A" a/c-2 Well No. 36, located in the S/2 of Section 11, Township 22 South, Range 36 East, NMPM, shall be granted an allowable in accordance with the Jalmat Gas Pool rules in the proportion that the above-described 320-acre proration unit bears to the standard or orthodox proration unit for said pool, all until further order of the Commission.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

John F. Simms
JOHN F. SIMMS, Chairman

E. S. Walker
E. S. WALKER, Member

W. B. Macey
W. B. MACEY, Member and Secretary

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