

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

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.

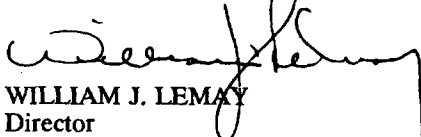
(5) The Division may administratively rescind any portion of this order or require a particular well or wells be metered individually if it should appear necessary to prevent waste and protect correlative rights.

(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

GARREY CARRUTHERS
GOVERNOR

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

June 28, 1990

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

Attention: Jay Cherski

Administrative Order NSL-2816(SD)

Dear Mr. Cherski:

Reference is made to your application dated January 22, 1990 for three unorthodox Jalmat Gas Well locations in an existing standard 640-acre gas spacing and proration unit (GPU) for said Jalmat Gas Pool comprising all of Section 8, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico. Said GPU was the subject, in part, of Division Order No. R-9073, dated December 14, 1989, which authorized Hal J. Rasmussen Operating, Inc. to simultaneously dedicate thereon State "A" A/C-2 Well Nos. 43, 49 and 56 located, respectively in Units H, C and J of said Section 8.

It is our understanding that the three subject wells in this application are either producing from or temporarily abandoned in the South Eunice Seven Rivers Queen Pool and that each well will be properly plugged back to the Jalmat Gas Pool.

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 wells located at unorthodox gas well locations are hereby approved:

State "A" A/C-2 Well No. 24
1980' FSL - 660' FEL (Unit I);

State "A" A/C-2 Well No. 26
660' FNL - 1980' FEL (Unit B); and

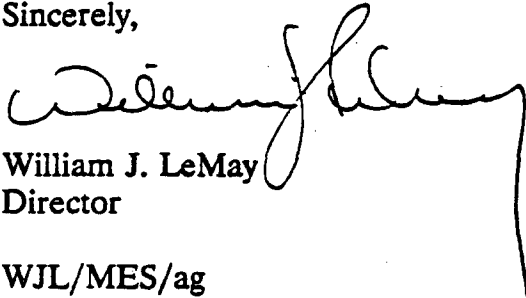
Administrative Order NSL-2816(SD)
Hal J. Rasmussen Operating, Inc.
June 28, 1990
Page 2

State "A" A/C-2 Well No. 53
660' FSL - 1980' FWL (Unit N).

Also, you are hereby authorized to simultaneously dedicate Jalmat Gas production from the State "A" A/C-2 Well Nos. 24, 26, 43, 49, 53 and 56 to said GPU. Furthermore, you are hereby permitted to produce the allowable assigned to the proration unit from all wells in any proportion.

All provisions applicable to the subject GPU in Division Order No. R-9073 shall remain in full force and effect until further notice.

Sincerely,



William J. LeMay
Director

WJL/MES/ag

cc: Oil Conservation Division - 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

September 25, 1990

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

Attention: Jay Cherski

Administrative Order NSL-2816(SD)-A

Dear Mr. Cherski:

Reference is made to your applications dated July 25, 1990 for two unorthodox Jalmat Gas Well locations in an existing standard 640-acre gas spacing and proration unit (GPU) for said Jalmat Gas Pool comprising all of Section 8, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico. Said GPU was the subject, in part, of Division Order No. R-9073, dated December 14, 1989 (Paragraph No. (3) of Exhibit "A"), which authorized Hal J. Rasmussen Operating, Inc. to simultaneously dedicate thereon State "A" A/C-2 Well Nos. 43, 49 and 56 located, respectively in Units H, C and J of said Section 8 to this proration unit.

By Division Administrative Order NSL-2816(SD), dated June 28, 1990, three additional wells, the State "A" A/C-2 Well Nos. 24, 26 and 53, located at unorthodox gas well locations in Units I, B and N, respectively, were approved for the subject GPU. Authorization was also given in said NSL-2816(SD) to simultaneously dedicate Jalmat Gas production from the State "A" A/C-2 Well Nos. 24, 26, 43, 49, 53 and 56 to the subject GPU.

It is our understanding that the two subject wells in this application are either producing from or temporarily abandoned in the South Eunice Seven Rivers Queen Pool and that each well will be properly plugged back to the Jalmat Gas Pool.

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 wells located at unorthodox gas well locations are hereby approved:

Administrative Order NSL-2816(SD)-A
Hal J. Rasmussen Operating, Inc.
September 25, 1990
Page 2

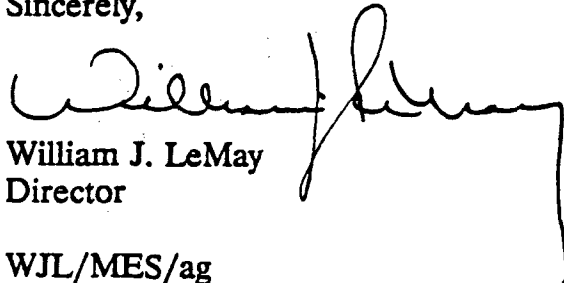
State "A" A/C-2 Well No. 55
660' FS & EL (Unit P); and

State "A" A/C-2 Well No. 58
2030' FSL - 680' or 660'FWL (Unit L).

Also, you are hereby authorized to simultaneously dedicate Jalmat Gas production from the State "A" A/C-2 Well Nos. 24, 26, 43, 49, 53, 55, 56 and 58 to said GPU. Furthermore, you are hereby permitted to produce the allowable assigned to the proration unit from all wells in any proportion.

All of Division Administrative Order NSL-2816(SD), dated June 28, 1990 and those provisions applicable to the subject GPU in Division Order No. R-9073 shall remain in full force and effect until further notice.

Sincerely,



William J. LeMay
Director

WJL/MES/ag

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

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

BRUCE KING
GOVERNOR

April 21, 1992

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

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-2816(SD)-B

Dear Mr. Grafe:

Reference is made to your application dated December 20, 1991 (received April 15, 1992) for an unorthodox Jalmat Gas Well location in an existing standard 640-acre gas spacing and proration unit (GPU) for said Jalmat Gas Pool comprising all of Section 8, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico. Said GPU was the subject, in part, of Division Order No. R-9073, dated December 14, 1989 (Paragraph No. (3) of Exhibit "A"), which authorized Hal J. Rasmussen Operating, Inc. to simultaneously dedicate thereon State "A" A/C-2 Well Nos. 43, 49 and 56 located, respectively in Units H, C and J of said Section 8 to this proration unit.

By Division Administrative Order NSL-2816(SD), dated June 28, 1990, three additional wells, the State "A" A/C-2 Well Nos. 24, 26 and 53, located at unorthodox gas well locations in Units I, B and N, respectively, were approved for the subject GPU. Authorization was also given in said NSL-2816(SD) to simultaneously dedicate Jalmat Gas production from the State "A" A/C-2 Well Nos. 24, 26, 43, 49, 53 and 56 to the subject GPU.

By Division Administrative Order NSL-2816(SD)-A, dated September 25, 1990, two additional wells, the State "A" A/C-2 Well Nos. 55 and 58, located at unorthodox gas well locations in Units P and L, respectively, were approved for the subject GPU. Authorization was also given in said NSL-2816(SD)-A to simultaneously dedicate Jalmat Gas production from the State "A" A/C-2 Well Nos. 24, 26, 43, 49, 53, 55, 56 and 58 to the subject GPU.

It is our understanding that the subject well in this application has recently been plugged back and recompleted from the South Eunice Seven Rivers Queen Pool to the Jalmat Gas Pool.

Clayton W. Williams, Jr., Inc.

Page 2

Administrative Order NSL-2816(SD-)B

April 21, 1992

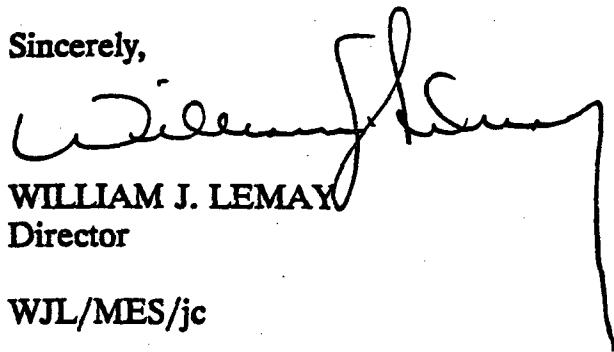
By authority granted me under the provisions of General Rule 2(c) of the Special Rules and Regulations for the Jalmat Gas Pool, as promulgated by Division Order No. R-8170, as amended, the following described well located at an unorthodox gas well location is hereby approved:

State "A" A/C-2 Well No. 70
1295' FS & EL (Unit P)

Also, you are hereby authorized to simultaneously dedicate Jalmat Gas production from the State "A" A/C-2 Well Nos. 24, 26, 43, 49, 53, 55, 56, 58 and 70 to said GPU. Furthermore, you are hereby permitted to produce the allowable assigned to the proration unit from all wells in any proportion.

All of Division Administrative Orders NSL-2816(SD), dated June 28, 1990 and NSL-2816(SD)-A, dated September 25, 1990, and those provisions applicable to the subject GPU in Division Order No. R-9073 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 No. 9775
NSL-2816(SD)



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

June 30, 1999

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

Administrative Order SD-99-7

Dear Mr. Keathly:

Reference is made to the following: (i) your application submitted to the New Mexico Oil Conservation Division ("Division") on June 14, 1999; and (ii) the Division's records in Santa Fe: all concerning Raptor Resources, Inc.'s ("Raptor") request for authorization to simultaneously dedicate gas production from the Jalmat Gas Pool within an existing standard 640-acre gas spacing and proration unit ("GPU") comprising all of Section 8, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico. This 640-acre GPU was the subject of Division Order No. R-9073, issued in Case No. 9775 dated December 14, 1989 [Paragraph No. (3) of Exhibit "A"], which order authorized Hal J. Rasmussen Operating, Inc. to simultaneously dedicate thereon the following three wells:

- (1) State "A" A/C-2 Well No. 43 (API No. 30-025-08837), located at an unorthodox gas well location 1650 feet from the North line and 990 feet from the East line (Unit H) of Section 8;
- (2) State "A" A/C-2 Well No. 49 (API No. 30-025-08838), located at an unorthodox gas well location 660 feet from the North line and 1980 feet from the West line (Unit C) of Section 8; and
- (3) State "A" A/C-2 Well No. 56 (API No. 30-025-08843), located at a standard gas well location 1980 feet from the South and East lines (Unit J) of Section 8.

By Division Administrative Order NSL-2816 (SD), dated June 28, 1990, the following three wells, all located at unorthodox gas well locations in Section 8, were also approved for the subject GPU:

- (1) State "A" A/C-2 Well No. 24
(API No. 30-025-08833)
1980' FSL & 660' FEL (Unit I);

- (2) State "A" A/C-2 Well No. 26
(API No. 30-025-08835)
660' FNL & 1980' FEL (Unit B); and
- (3) State "A" A/C-2 Well No. 53
(API No. 30-025-08840)
660' FSL & 1980' FWL (Unit N).

By Division Administrative Order NSL-2816-A(SD), dated September 25, 1990, two additional wells, both of which were located at unorthodox gas well locations in Section 8, were also approved for the subject GPU:

- (1) State "A" A/C-2 Well No. 55
(API No. 30-025-08842)
660' FS & EL (Unit P); and
- (2) State "A" A/C-2 Well No. 58
(API No. 30-025-20978)
2030' FSL & 660' FWL (Unit L).

By Division Administrative Order NSL-2816-B(SD), dated April 21, 1992, an additional well for this GPU, the State "A" A/C-2 Well No. 70 (API No. 30-025-28279), located at an unorthodox gas well location 1295 feet from the South and East lines (Unit P) of Section 8 was approved.

The Division's records indicate that the aforementioned State "A" A/C-2 Wells No. 49, 53, 55, 56, and 58 were subsequently plugged and abandoned in 1993 and 1994. The State "A" A/C-2 Well No. 24 was never recompleted from the South Eunice-Seven Rivers-Queen Pool into the Jalmat Gas Pool, as was indicated on the Division's Sundry Notice (Form C-103) on this well dated July 23, 1990, which form serves to permit the authorization of such recompletions, expired on January 23, 1991. Therefore these six wells can now be omitted from this GPU.

It is our understanding that the subject well to be considered at this time, Raptor's State "A" A/C-2 Well No. 3 (API No. 30-025-08829), located 1980 feet from the North and East lines (Unit G) of Section 8, which is considered to be a standard gas well location for this GPU, is currently completed in the South Eunice-Seven Rivers-Queen Pool, however it is to be plugged back and recompleted up-hole into the Jalmat Gas Pool upon issuance of this order.

Raptor is hereby authorized to simultaneously dedicate Jalmat gas production from the State "A" A/C-2 Well No. 3 with the State "A" A/C-2 Wells No. 26, 43, and 70. Furthermore,

Administrative Order SD-99-7
Raptor Resources, Inc.
June 30, 1999
Page 3

Raptor is hereby permitted to produce the allowable assigned the subject 640-acre GPU from these four wells in any proportion

All provisions that are applicable to the subject GPU in Division Order No. R-9073 and Division Administrative Orders NSL-2816(SD), NSL-28162-A (SD), and NSL-2816-B (SD) and not in conflict thereto 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-2816 (SD)
NSL-2816-A (SD)
NSL-2816-B (SD)



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

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

October 13, 1999

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

Administrative Order NSL-2816-C (SD)

Dear Mr. Keathly:

Reference is made to the following: (i) your applications submitted to the New Mexico Oil Conservation Division ("Division") on September 23, 1999; and (ii) the Division's records in Santa Fe, including the files on Division Case No. 9775 and Administrative Orders NSL-2816 (SD), NSL-2816-A (SD), NSL-2816-B (SD), and SD-99-7: all concerning Raptor Resources, Inc.'s ("Raptor") request for two unorthodox Jalmat infill gas well locations within an existing standard 640-acre gas spacing and proration unit ("GPU") for the Jalmat Gas Pool comprising all of Section 8, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico. This 640-acre GPU was the subject of Division Order No. R-9073, issued in Case No. 9775 dated December 14, 1989 [Paragraph No. (3) of Exhibit "A"]. The following four described wells are currently dedicated to this unit:

- (1) State "A" A/C-2 Well No. 3 (API No. 30-025-08829), located at a standard gas well location 1980 feet from the North and East lines (Unit G) of Section 8 (see Division Administrative Order SD-99-7 dated June 30, 1999);
- (2) State "A" A/C-2 Well No. 26 (API No. 30-025-08835), located at an unorthodox gas well location [approved by Division Administrative Order NSL-2816 (SD), dated June 28, 1990] 660 feet from the North line and 1980 feet from the East line (Unit B) of Section 8;
- (3) State "A" A/C-2 Well No. 43 (API No. 30-025-08837), located at an unorthodox gas well location (approved by Division Order No. R-9073) 1650 feet from the North line and 990 feet from the East line (Unit H) of Section 8; and
- (4) State "A" A/C-2 Well No. 70 (API No. 30-025-28279), located at an unorthodox gas well location [approved by Division Administrative Order NSL-2816-B (SD), dated April 21, 1992] 1295 feet from the South and East lines (Unit P) of Section 8.

It is our understanding that the two subject wells to be considered at this time are currently completed in the South Eunice-Seven Rivers-Queen Pool at standard oil well locations; however, both are 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 two described wells located at unorthodox Jalmat gas well locations, both in Section 8, are hereby approved:

**State "A" A/C-2 Well No. 24
1980' FSL & 660' FEL (Unit I)
(API No. 30-025-08833)**

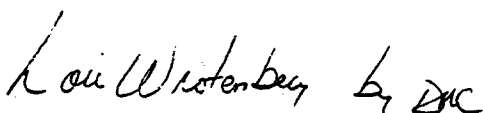
**State "A" A/C-2 Well No. 25
660' FN & EL (Unit A)
(API No. 30-025-08834)**

Also, Raptor is hereby authorized to simultaneously dedicate Jalmat gas production from the State "A" A/C-2 Wells No. 24 and 25 with the State "A" A/C-2 Wells No. 3, 26, 43, and 70. Furthermore, Raptor is hereby permitted to produce the allowable assigned the subject 640-acre GPU from all six of the above-described wells in any proportion

All provisions that are applicable to the subject GPU in Division Order No. R-9073 and Division Administrative Orders NSL-2816 (SD), NSL-28162-A (SD), NSL-2816-B (SD), and SD-99-7 and not in conflict thereto shall remain in full force and affect until further notice.

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

Sincerely,



Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe
File: NSL-2816 (SD)
NSL-2816-A (SD)
NSL-2816-B (SD)
SD-99-7 /



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

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

March 30, 2000

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

RE: NMOC **Correspondence Reference No. SD-99-07 (1): Jalmat Gas Pool**
*development within an existing standard 640-acre gas spacing and
proration unit ("GPU") comprising all of Section 8, Township 22 South,
Range 36 East, NMPM, Lea County, New Mexico, which was the subject of
Division Order No. R-9073, issued in Case No. 9775 dated December 14,
1989 [Paragraph No. (3) of Exhibit "A"].*

Dear Mr. Keathly:

Reference is made to your letter dated March 21, 2000 notifying the New Mexico Oil Conservation Division ("Division") of Raptor Resources, Inc.'s subsequent plans for development of the Jalmat Gas Pool within the existing standard 640-acre gas spacing and proration unit ("GPU") comprising all of Section 8, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico, which was the subject of Division Order No. R-9073, issued in Case No. 9775 dated December 14, 1989 [Paragraph No. (3) of Exhibit "A"].

It is our understanding that Raptor's plans to recomplete its State "A" A/C-2 Well No. 3 (API No. 30-025-08829), located 1980 feet from the North and East lines (Unit G) of Section 8 (being a standard gas well location for this GPU), from the South Eunice-Seven Rivers-Queen Pool to the Jalmat Gas Pool have been cancelled. Therefore, pursuant to our records, which include Division Administrative Orders NSL-2816 (SD), dated June 28, 1990, NSL-28162-A (SD), dated September 25, 1990, and NSL-2816-B (SD), dated April 21, 1992, and previous correspondence from Raptor dated June 14, 1999 and a letter from the Division, referenced as Division Administrative Order SD-99-7 and dated June 30, 1999, that this 640-acre GPU is currently dedicated to the following three wells:

- (1) the State "A" A/C-2 Well No. 26 (API No. 30-025-08835), located at an unorthodox gas well location [approved by Division Administrative Order NSL-2816 (SD)] 660 feet from the North line and 1980 feet from the East line (Unit B) of Section 8;
- (2) the State "A" A/C-2 Well No. 43 (API No. 30-025-08837), located at an unorthodox gas well location (approved by

Division Order No. R-9073) 1650 feet from the North line and 990 feet from the East line (Unit H) of Section 8; and

- (3) the State "A" A/C-2 Well No. 70 (API No. 30-025-28279), located at an unorthodox gas well location [approved by Division Administrative Order NSL-2816-B (SD)] 1295 feet from the South and East lines (Unit P) of Section 8.

It Is Hereby Ordered, pursuant to Ordering Paragraph No. (7) of Division Order No. R-9073, that all provisions applicable to this GPU contained in Division Order No. R-9073 and Division Administrative Orders NSL-2816 (SD), NSL-28162-A (SD), and NSL-2816-B (SD), not in conflict thereto, shall remain in full force and affect until further notice. **Furthermore**, jurisdiction of this matter is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,



Michael E. Stogner
Chief Hearing Officer/Engineer

LW/mes

cc: New Mexico Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe
Mr. William F. Carr, Legal Counsel for Raptor Resources, Inc. - Santa Fe
File: NSL-2816 (SD)
NSL-2816-A (SD)
NSL-2816-B (SD)
SD-99-7

**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. 12304
ORDER NO. R-11352**

**APPLICATION OF RAPTOR RESOURCES, INC. FOR THREE UNORTHODOX
INFILL GAS WELL LOCATIONS, LEA COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on March 29, 2000, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 5th day of April, 2000, the Division Director, having considered the record and the recommendations of the Examiner,

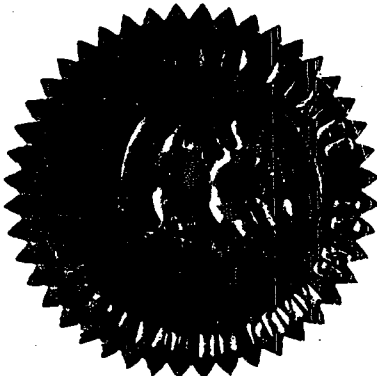
FINDS THAT:

The applicant's request for dismissal should be granted.

IT IS THEREFORE ORDERED THAT:

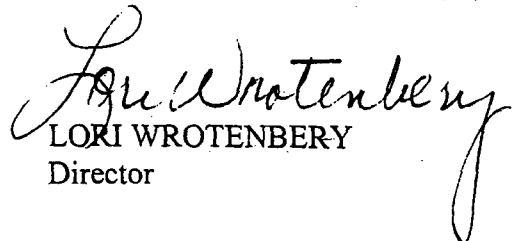
Case No. 12304 is hereby dismissed.

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

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

December 27, 2001

Lori Wrotenbery
Director
Oil Conservation Division

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

Telefax No. (505) 983-6043

Administrative Order NSL-2816-D (SD)

Dear Mr. Carr:

Reference is made to the following: (i) your three applications on behalf of the operator, Raptor Resources, Inc. ("Raptor") dated December 5, 2001 (*application reference No. pKRV0-134435858*); and (ii) the New Mexico Oil Conservation Division's ("Division") records in Santa Fe, including the files on Division Administrative Orders NSL-2816 (SD), NSL-2816-A (SD), NSL-2816-B (SD), NSL-2816-C (SD), SD-99-07 and SD-99-07 (1) and the records of Division Cases No. 9775 (which resulted in the issuance of Division Order No. R-9073) and 12304: all concerning Raptor's requests for three additional infill Jalmat gas wells, two of which are at unorthodox gas well locations, to be included within a standard 640-acre gas spacing and proration unit ("GPU") for the Jalmat Gas Pool (79240) comprising all of Section 8, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico.

The rules and procedures governing the Jalmat Gas Pool at the time this application was submitted 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").

This GPU was initially established by Division Order No. R-9073, issued in Case No. 9775

and dated December 14, 1989 [Paragraph No. (3) of Exhibit "A"] and had dedicated thereon the following three wells:

- (1) State "A" A/C-2 Well No. 43 (API No. 30-025-08837), located at an unorthodox gas well location 1650 feet from the North line and 990 feet from the West line (Unit H) of Section 8;
- (2) State "A" A/C-2 Well No. 49 (API No. 30-025-08838), located at an unorthodox gas well location 660 feet from the North line and 1980 feet from the West line (Unit C) of Section 8; and
- (3) State "A" A/C-2 Well No. 56 (API No. 30-025-08843), located at a standard gas well location 1980 feet from the South and East lines (Unit J) of Section 8.

By Division Administrative Order NSL-2816 (SD), dated June 28, 1990, the following three described wells located at unorthodox gas well locations were approved for this GPU:

- (1) State "A" A/C-2 Well No. 24 (API No. 30-025-08833), located 1980 feet from the South line and 660 feet from the East line (Unit I) of Section 8;
- (2) State "A" A/C-2 Well No. 26 (API No. 30-025-08835), located 660 feet from the North line and 1980 feet from the East line (Unit B) of Section 8; and
- (3) State "A" A/C-2 Well No. 53 (API No. 30-025-08840), located 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 8.

By Division Administrative Order NSL-2816-A (SD), dated September 25, 1990, the following two described wells located at unorthodox gas well locations were approved for this GPU:

- (1) State "A" A/C-2 Well No. 55 (API No. 30-025-08842), located 660 feet from the South and East lines (Unit P) of Section 8; and
- (2) State "A" A/C-2 Well No. 58 (API No. 30-025-20978),

located 2030 feet from the South line and 660 feet from the West line (Unit L) of Section 8.

By Division Administrative Order NSL-2816-B (SD), dated April 21, 1992, another well for this GPU, the State "A" A/C-2 Well No. 70 (API No. 30-025-28279), located at an unorthodox gas well location 1295 feet from the South and East lines (Unit P) of Section 8 was approved.

By Division Administrative Order SD-99-7, dated June 30, 1999, the State "A" A/C-2 Well No. 3 (API No. 30-025-08829), located at a standard gas well location 1980 feet from the North and East lines (Unit G) of Section 8 was approved for this GPU. Furthermore, Division Administrative Order SD-99-7 omitted the above-described State "A" A/C-2 Wells No. 24, 49, 53, 55, 56, and 58 from this GPU for various reasons.

Division Administrative Order NSL-2816-C (SD), dated October 13, 1999, authorized the following two described wells located at unorthodox gas well locations to be included to this GPU:

- (1) State "A" A/C-2 Well No. 24 (API No. 30-025-08833), located 1980 feet from the South line and 660 feet from the East line (Unit I) of Section 8, which well was also the subject of Division Administrative Orders NSL-2816 (SD) (approval) and SD-99-7 (omission); and
- (2) State "A" A/C-2 Well No. 25 (API No. 30-025-08834), located 660 feet from the North and East lines (Unit A) of Section 8.

The most recent action by the Division concerning this GPU occurred on March 30, 2000, in which the Division, at the request of Raptor, cancelled authorization to include the State "A" A/C-2 Well No. 3 from this 640-acre GPU and Division Administrative Order SD-99-7 was negated.

It is our understanding that the three subject wells to be considered at this time are in some manner completed in the South Eunice-Seven Rivers Queen Pool and that each well will be properly plugged back and recompleted up-hole into the Jalmat Gas Pool upon issuance of this order. By the authority granted me under the provisions of the rules, regulations, and directives governing the Jalmat Gas Pool, the following wells to be included within this 640-acre GPU are hereby approved:

- (1) the State "A" A/C-2 Well No. 3 (API No. 30-025-08829), located at a standard gas well location 1980 feet from the

North and East lines (Unit G) of Section 8, which well was the subject of Administrative Order SD-99-7;

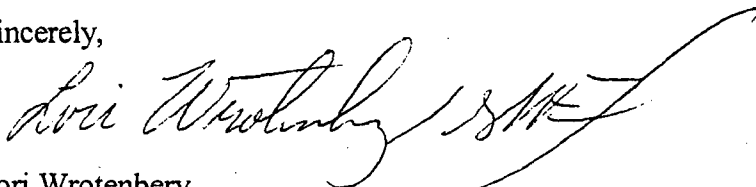
- (2) State "A" A/C-2 Well No. 7 (API No. 30-025-08830), located at an unorthodox infill gas well location 660 feet from the North and West lines (Unit D) of Section 8; and
- (3) State "A" A/C-2 Well No. 76 (API No. 30-025-34672), located at an unorthodox infill gas well location 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 8.

Also, Raptor is hereby authorized to simultaneously dedicate Jalmat gas production from the State "A" A/C-2 Wells No. 3, 7, and 76 with the existing State "A" A/C-2 Wells No. 24, 25, 26, 43, and 70. Furthermore, Raptor is permitted to produce the allowable assigned the subject 640-acre GPU from all eight wells in any proportion

It is further ordered that all provisions applicable to the subject GPU in Division Order No. R-9073 and Division Administrative Orders NSL-2816 (SD), NSL-2816-A (SD), NSL-2816-B (SD), and NSL-2816-C (SD), not in conflict with this order, shall remain in full force and affect until further notice.

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

Sincerely,



Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe
File: NSL-2816 (SD)
NSL-2816-A (SD)
NSL-2816-B (SD)
NSL-2816-C (SD)
SD-99-7



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

January 24, 2002

Lori Wrotenbery
Director
Oil Conservation Division

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

Telefax No. (505) 983-6043

Administrative Order NSL-2816-E (SD)

Dear Mr. Carr:

Reference is made to the following: (i) your application on behalf of the operator, Raptor Resources, Inc. ("Raptor") dated December 5, 2001 (*application reference No. pKRV0-134435968*); (ii) a letter of objection dated December 18, 2001 from Doyle Hartman, Oil Operator; (iii) the Division's letter from Mr. Michael E. Stogner, Engineer/Chief Hearing Officer in Santa Fe dated December 28, 2001; (iv) your response by letter dated January 4, 2002 with a copy of Raptor's agreement with Mr. Hartman dated January 3, 2002; and (v) the New Mexico Oil Conservation Division's ("Division") records in Santa Fe, including the files on Division Administrative Orders NSL-2816 (SD), NSL-2816-A (SD), NSL-2816-B (SD), NSL-2816-C (SD), NSL-2816-D (SD), SD-99-07 and SD-99-07 (1) and the records of Division Cases No. 9775 (which resulted in the issuance of Division Order No. R-9073) and 12304: all concerning Raptor's requests for an unorthodox Jalmat infill gas well locations within a standard 640-acre gas spacing and proration unit ("GPU") for the Jalmat Gas Pool (79240) comprising all of Section 8, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico.

The rules and procedures governing the Jalmat Gas Pool at the time this application was submitted 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").

This GPU was initially established by Division Order No. R-9073, issued in Case No. 9775 and dated December 14, 1989 [Paragraph No. (3) of Exhibit "A"]. The following eight described wells are shown to be currently dedicated to this unit:

- (1) State "A" A/C-2 Well No. 3 (API No. 30-025-08829), located at a standard gas well location 1980 feet from the North and East lines (Unit G) of Section 8, which well was the subject of Administrative Orders SD-99-7, dated June 30, 1999, SD-99-7 (1), dated March 30, 2000, and NSL-2816-D (SD), dated December 27, 2001;
- (2) State "A" A/C-2 Well No. 7 (API No. 30-025-08830), located at an unorthodox infill gas well location [approved by Division Administrative Order NSL-2816-D (SD)] 660 feet from the North and West lines (Unit D) of Section 8;
- (3) State "A" A/C-2 Well No. 24 (API No. 30-025-08833), 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 8, which well was also the subject of Division Administrative Orders NSL-2816 (SD), dated June 28, 1990 (approval), SD-99-7 (omission), and NSL-2816-C (SD), dated October 13, 1999 (approval);
- (4) State "A" A/C-2 Well No. 25 (API No. 30-025-08834), located at an unorthodox infill gas well location [approved by Division Administrative Order NSL-2816-C (SD)] 660 feet from the North and East lines (Unit A) of Section 8;
- (5) State "A" A/C-2 Well No. 26 (API No. 30-025-08835), located at an unorthodox infill gas well location [approved by Division Administrative Order NSL-2816 (SD)] 660 feet from the North line and 1980 feet from the East line (Unit B) of Section 8;
- (6) State "A" A/C-2 Well No. 43 (API No. 30-025-08837), located at an unorthodox gas well location (approved by Division Order No. R-9073) 1650 feet from the North line and 990 feet from

the West line (Unit H) of Section 8;

(7) State "A" A/C-2 Well No. 70 (API No. 30-025-28279), located at an unorthodox gas well location [approved by Division Administrative Order NSL-2816-B (SD), dated April 21, 1992] 1295 feet from the South and East lines (Unit P) of Section 8; and

(8) State "A" A/C-2 Well No. 76 (API No. 30-025-34672), located at an unorthodox infill gas well location [approved by Division Administrative Order NSL-2816-D (SD)] 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 8.

It is our understanding that the subject well to be considered at this time is currently completed in the South Eunice-Seven Rivers-Queen Pool at a standard oil well location; however, this well is to be plugged back and recompleted up-hole into the Jalmat Gas Pool upon issuance of this order.

By the authority granted me under the provisions of these rules, regulations, and directives, the following described well located at an unorthodox Jalmat infill gas well location in Section 8, is hereby approved:

**State "A" A/C-2 Well No. 54
660' FSL & 1980' FEL (Unit O)
(API No. 30-025-08841).**

Also, Raptor is hereby authorized to simultaneously dedicate Jalmat gas production from the State "A" A/C-2 Well No. 54 with the existing State "A" A/C-2 Wells No. 3, 7, 24, 25, 26, 43, 70, and 76. Furthermore, Raptor is permitted to produce the allowable assigned the subject 640-acre GPU from all nine wells in any proportion

It is further ordered that all provisions applicable to the subject GPU in Division Order No. R-9073 and Division Administrative Orders NSL-2816 (SD), NSL-2816-A (SD), NSL-2816-B (SD), NSL-2816-C (SD), and NSL-2816-D (SD) not in conflict with this order, shall remain in full force and affect until further notice.

Jurisdiction of this matter shall be further retained for the entry of any such subsequent

Administrative Order NSL-2816-E(SD)

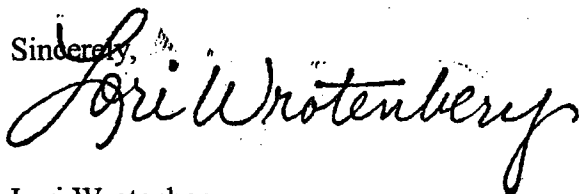
Raptor Resources, Inc.

January 24, 2002

Page 4

orders, as the Division may deem necessary.

Sincerely,

A handwritten signature in cursive script, reading "Lori Wrotenbery". The signature is written in dark ink and is positioned below the word "Sincerely,".

Lori Wrotenbery

Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs

New Mexico State Land Office - Santa Fe

File: NSL-2816 (SD)

NSL-2816-A (SD)

NSL-2816-B (SD)

NSL-2816-C (SD)

NSL-2816-D (SD)

SD-99-7

Case No. 12304



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

October 19, 2004

Mission Resources Corporation
c/o **Holland & Hart LLP**
P. O. Box 2208
Santa Fe, New Mexico 87504-2208

Attention: **William F. Carr**
wcarr@hollandhart.com

Administrative Order NSP-1878 (SD)

Dear Mr. Carr:

Reference is made to the following: (i) your application (*administrative application reference No. pSEM0-420941937*) on behalf of the operator, Mission Resources Corporation ("Mission"), dated July 22, 2004; and (ii) the New Mexico Oil Conservation Division's ("Division") records in Santa Fe, including the files on Division Administrative Orders NSL-2816 (SD), NSL-2816-A (SD), NSL-2816-B (SD), NSL-2816-C (SD), NSL-2816-D (SD), SD-99-07 and SD-99-07 (1) and the records of Division Cases No. 9775 (which resulted in the issuance of Division Order No. R-9073) and 12304 (which resulted in the issuance of a dismissal by Division Order No. 11352): all concerning Mission's request to decrease the acreage of an existing standard 640-acre gas spacing unit in the Jalmat Gas Pool (79240), comprising all of Section 8, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico, by deleting therefrom the 40-acre tract comprising the NW/4 NW/4 (Unit D) of Section 8.

This unit was initially established by Division Order No. R-9073, issued in Case No. 9775 and dated December 14, 1989 [Paragraph No. (3) of Exhibit "A"]. Under Division Administrative Order NSL-2816-E (SD), dated January 24, 2002, the nine following described wells are shown to be simultaneously dedicated to this 640-acre unit:

- (1) State "A" A/C-2 Well No. 3 (API No. 30-025-08829), located at a standard gas well location 1980 feet from the North and East lines (Unit G) of Section 8, which well was the subject of Administrative Orders SD-99-7, dated June 30, 1999, SD-99-7 (1), dated March 30, 2000, and NSL-2816-D (SD), dated December 27, 2001;
- (2) State "A" A/C-2 Well No. 7 (API No. 30-025-08830), located at a standard infill gas well location 660 feet from the North and West lines (Unit D) of Section 8, which well was also the subject of Division Administrative Order NSL-2816-D (SD);

- (3) State "A" A/C-2 Well No. 24 (API No. 30-025-08833), located at a standard infill gas well location 1980 feet from the South line and 660 feet from the East line (Unit I) of Section 8, which well was also the subject of Division Administrative Orders NSL-2816 (SD), dated June 28, 1990, SD-99-7, and NSL-2816-C (SD), dated October 13, 1999;
- (4) State "A" A/C-2 Well No. 25 (API No. 30-025-08834), located at a standard infill gas well location 660 feet from the North and East lines (Unit A) of Section 8, which well was also the subject of Division Administrative Order NSL-2816-C (SD);
- (5) State "A" A/C-2 Well No. 26 (API No. 30-025-08835), located at a standard infill gas well location 660 feet from the North line and 1980 feet from the East line (Unit B) of Section 8, which well was also the subject of Division Administrative Order NSL-2816 (SD);
- (6) State "A" A/C-2 Well No. 43 (API No. 30-025-08837), located at a standard infill gas well location 1650 feet from the North line and 990 feet from the West line (Unit H) of Section 8, which well was the subject of Division Order No. R-9073;
- (7) State "A" A/C-2 Well No. 54 (API No. 30-025-08841), located at a standard infill gas well location 660 feet from the South line and 1980 feet from the East line (Unit O) of Section 8, which well was the subject of Division Administrative Order NSL-2816-E (SD);
- (8) State "A" A/C-2 Well No. 70 (API No. 30-025-28279), located at an unorthodox infill gas well location [approved by Division Administrative Order NSL-2816-B (SD), dated April 21, 1992] 1295 feet from the South and East lines (Unit P) of Section 8; and
- (9) State "A" A/C-2 Well No. 76 (API No. 30-025-34672), located at a standard infill gas well location 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 8, which well was also the subject of Division Administrative Order NSL-2816-D (SD).

It is the Division's understanding that the above described State "A" A/C-2 Well No. 7 in Unit "D" of Section 8 was recently reclassified a "Jalmat oil well" and its corresponding 40-acre standard oil spacing and proration unit comprising the NW/4 NW/4 (Unit D) of Section 8 is to be omitted from the aforementioned standard 640-acre gas spacing 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 600-acre non-standard gas spacing unit is hereby approved:


LEA COUNTY, NEW MEXICO
TOWNSHIP 22 SOUTH, RANGE 36 EAST, NMPM
Section 8: NE/4, NE/4 NW/4, S/2 NW/4, and S/2.

Also, pursuant to Rule 6 (B) of the Jalmat special pool rules, Mission is hereby authorized to simultaneously dedicate Jalmat gas production from the eight above-described State "A" A/C-2 Wells No. 3, 24, 25, 26, 43, 54, 70, and 76 to this newly formed 600-acre non-standard gas spacing unit.

All provisions applicable to this newly formed 600-acre non-standard gas spacing unit in Division Administrative Order NSL-2816-B (SD) not in conflict with this order shall remain in full force and affect until further notice. At this time Division Administrative Orders NSL-2816 (SD), NSL-2816-A (SD), NSL-2816-B (SD), NSL-2816-C (SD), NSL-2816-D (SD), NSL-2816-E (SD), SD-99-07, and SD-99-07 (1) and that portion of Division Order No. R-9073, issued in Case No. 9775 and dated October 28, 1988, which initiated this standard 640-acre Jalmat gas spacing unit comprising all of Section 8 [Paragraph No. (3) of Exhibit "A"] are all hereby placed in abeyance until further notice.

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

Sincerely,



Mark E. Fesmire, P. E.
Director

MEF/ms

cc: New Mexico Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe
Ms. Andrea Wheeler, Information & Records Clerk - NMOCD, Santa Fe
File: NSL-2816 (SD)
NSL-2816-A (SD)
NSL-2816-B (SD)
NSL-2816-C (SD)
NSL-2816-D (SD)
NSL-2816-E (SD)
SD-99-7
Case No. 9775
Case No. 12304