



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 Wrotenberg
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: NMOCD 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



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)

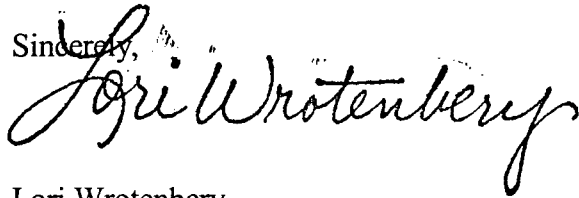
Raptor Resources, Inc.

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 black ink and is positioned to the right of 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

October 19, 2004

Mark E. Fesmire, P.E.
Director

Oil Conservation Division

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:

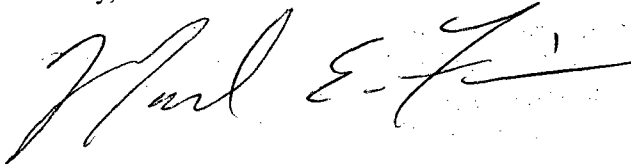
LEA COUNTY, NEW MEXICO
TOWNSHIP 22 SOUTH, RANGE 36 EAST, NMPM
Section 8: NE/4, NE/4 NW/4, S/2 NW/4, and S/2.

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.

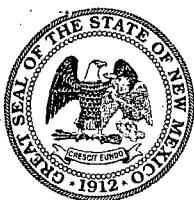
Sincerely,



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



NSL-2816-A(SA)

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

May 30, 2006

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Petrohawk Operating Companyc/o **Holland & Hart LLP****Attention: Ms. Ocean Munds-Dry** (omundsdry@hollandhart.com)**P. O. Box 2208****Santa Fe, New Mexico 87504-2208****Administrative Order SD-06-13**

Dear Ms. Munds-Dry:

Reference is made to the following: (i) your application on behalf of the operator, Petrohawk Operating Company ("Petrohawk"), submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on May 3, 2006 (**administrative application reference No. pTDS0-612360632**); and (ii) the records of the Division in Santa Fe, including the files on Division Administrative Orders NSP-1878 (SD), 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 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 Petrohawk's plans for the continued development of the Jalmat Gas Pool (**79240**) within the existing non-standard 600-acre gas spacing unit comprising the NE/4, NE/4 NW/4, S/2 NW/4, and S/2 of Section 8, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico.

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

Division Administrative Order NSP-1878 (SD), dated October 19, 2004, established the subject 600-acre unit for the following eight wells:

- (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. 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;

Petrohawk Operating Company
Division Administrative Order SD-06-13

May 30, 2006

Page 2

- (3) 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);
- (4) 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);
- (5) 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;
- (6) 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);
- (7) 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
- (8) 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 Petrohawk now intends to drill the following two wells as infill gas wells within this 600-acre unit:

- (a) State "A" A/C-2 Well No. 94, which is to be drilled at a standard gas well location 1930 feet from the South line and 660 feet from the West line (Unit L) of Section 8; and
- (b) State "A" A/C-2 Well No. 95, which is to be drilled at a standard gas well location 1980 feet from the North line and 1780 feet from the West line (Unit F) of Section 8.

By the authority granted me under the provisions of Rules 4 (B) and (D) of the special rules governing the Jalmat Gas Pool, Petrohawk is hereby authorized to simultaneously dedicate Jalmat gas production to the above-described 600-acre non-standard gas spacing unit from the ten above-described State "A" A/C-2 Wells No. 3, 24, 25, 26, 43, 54, 70, 76, 94, and 95.

Petrohawk Operating Company
Division Administrative Order SD-06-13

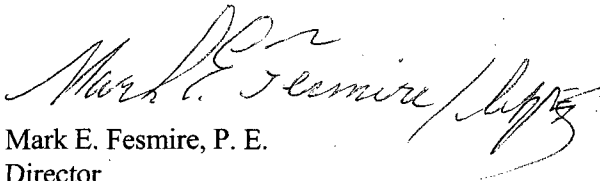
May 30, 2006

Page 3

All provisions applicable to the existing 600-acre non-standard gas spacing unit in Division Administrative Orders NSP-1878 (SD) and NSL-2816-B (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.

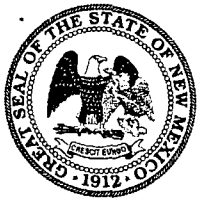
Sincerely,



Mark E. Fesmire, P. E.
Director

MEF/ms

cc: New Mexico Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe
File: NSP-1878 (SD)
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



NSL-2816-A(SD)

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

July 27, 2006

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Petrohawk Operating Company

c/o **Holland & Hart LLP**

Attention: Ms. Ocean Munds-Dry (omundsdry@hollandhart.com)

P. O. Box 2208

Santa Fe, New Mexico 87504-2208

ADDENDUM

Administrative Order SD-06-13

Dear Ms. Munds-Dry:

Reference is made to the following: (i) your application on behalf of the operator, Petrohawk Operating Company ("Petrohawk"), submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on June 21, 2006 (*administrative application reference No. pTDS0-617259331*); (ii) your e-mail to Mr. Michael E. Stogner, Staff Engineer with the Division in Santa Fe, on Wednesday afternoon, July 26, 2006 checking on the status of this application; and (iii) the records of the Division in Santa Fe, including the files on Division Administrative Orders NSP-1878 (SD), 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, SD-99-07 (1), and SD-06-13 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 Petrohawk's plans for the continued development of the Jalmat Gas Pool (79240) within the existing non-standard 600-acre gas spacing unit comprising the NE/4, NE/4 NW/4, S/2 NW/4, and S/2 of Section 8, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico.

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

Division Administrative Order NSP-1878 (SD), dated October 19, 2004, established the subject 600-acre unit for the following eight wells:

- (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. 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;

Petrohawk Operating Company
ADDENDUM to Division Administrative Order SD-06-13

July 27, 2006

Page 2

- (3) 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);
- (4) 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);
- (5) 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;
- (6) 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);
- (7) 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
- (8) 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).

By Division Administrative Order SD-06-13, dated May 30, 2006, the following two additional wells were approved for this 600-acre unit:

- (9) State "A" A/C-2 Well No. 94 (API No. 30-025-37909), to be drilled at a standard gas well location 1930 feet from the South line and 660 feet from the West line (Unit L) of Section 8; and
- (10) State "A" A/C-2 Well No. 95 (API No. 30-025-37910), to be drilled at a standard gas well location 1980 feet from the North line and 1780 feet from the West line (Unit F) of Section 8.

It is the Division's understanding that Petrohawk now intends to drill the following two wells as infill gas wells within this 600-acre unit:

Petrohawk Operating Company
ADDENDUM to Division Administrative Order SD-06-13

July 27, 2006

Page 3

(a) State "A" A/C-2 Well No. 91, which is to be drilled at a standard gas well location 660 feet from the South and West lines (Unit M) of Section 8; and

(b) State "A" A/C-2 Well No. 92, which also is to be drilled at a standard gas well location 660 feet from the South line and 2180 feet from the West line (Unit N) of Section 8.

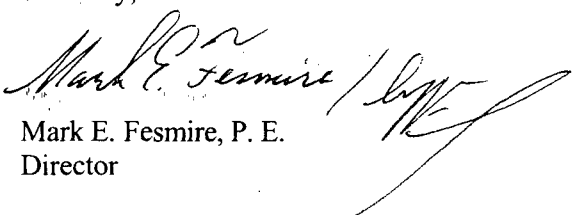
In addition to these two new wells Petrohawk also intends to re-enter the plugged and abandoned Clayton Williams Energy, Inc. State "A" A/C-2 Well No. 49 (API No. 30-025-08838), which is located at a standard infill gas well location 660 feet from the North line and 1980 feet from the West line (Unit C) of Section 8, and attempt a recompletion into the Jalmat interval as a gas well. This well was also the Subject of Division Order No. R-9073 and Division Administrative Orders NSL-2816 (SD), NSL-2816-A (SD), NSL-2816-B (SD), and SD-99-7.

By the authority granted me under the provisions of Rules 4 (B) and (D) of the special rules governing the Jalmat Gas Pool, Petrohawk is hereby authorized to simultaneously dedicate Jalmat gas production to the above-described 600-acre non-standard gas spacing unit from the thirteen above-described State "A" A/C-2 Wells No. 3, 24, 25, 26, 43, 49, 54, 70, 76, 91, 92, 94, and 95.

All provisions applicable to the existing 600-acre non-standard gas spacing unit in Division Administrative Orders NSP-1878 (SD), NSL-2816-B (SD), and SD-06-13 (dated May 30, 2006) 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,


Mark E. Fesmire, P. E.
Director

MEF/ms

cc: New Mexico Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe

File: NSP-1878 (SD)
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
SD-06-13 (administrative application reference No. pTDS0-612360632)
Case No. 9775
Case No. 12304

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

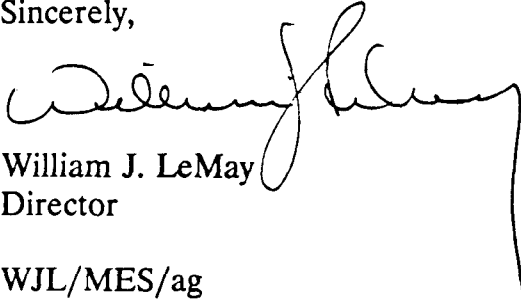
Administrative Order NSL-2816(SD)
Hal J. Rasmussen Operating, Inc.
June 28, 1990
Page 2

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