



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

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

November 15, 1999

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

Administrative Order NSL-2874-D (SD)

Dear Mr. Keathly:

Reference is made to the following: (i) your initial application submitted to the New Mexico Oil Conservation Division ("Division") on September 23, 1999; (ii) the Division's response by letter from Mr. Michael E. Stogner, Engineer in Santa Fe, dated October 13, 1999 withdrawing this application; (iii) your re-submittal of the application to the Division on October 25, 1999; and (iv) the Division's records in Santa Fe: all concerning Raptor Resources, Inc.'s ("Raptor") request for an unorthodox Jalmat gas well location within an existing non-standard 640-acre gas spacing and proration unit ("GPU") for the Jalmat Gas Pool comprising the N/2 and SW/4 of Section 13 and the NE/4 of Section 14, Township 23 South, Range 36 East, NMPM, Lea County, New Mexico. This GPU was initially established by Division Order No. R-9073, issued in Case No. 9775 dated December 14, 1989 [Paragraph No. (11) of Exhibit "A"] and had dedicated thereon the following five wells:

- (1) State "A" A/C-1 Well No. 13 (**API No. 30-025-09355**), located at an unorthodox gas well location 1980 feet from the North line and 660 feet from the East line (Unit H) of Section 14;
- (2) State "A" A/C-1 Well No. 20 (**API No. 30-025-09341**), located at an unorthodox gas well location 660 feet from the North line and 1980 feet from the West line (Unit C) of Section 13;
- (3) State "A" A/C-1 Well No. 21 (**API No. 30-025-09342**), located at an unorthodox gas well location 1980 feet from the North line and 660 feet from the East line (Unit H) of Section 13;
- (4) State "A" A/C-1 Well No. 22 (**API No. 30-025-09343**), located at an unorthodox gas well location 660 feet from the

South line and 1980 feet from the West line (Unit N) of Section 13; and

- (5) State "A" A/C-1 Well No. 77 (**API No. 30-025-10714**), located at an unorthodox gas well location 660 feet from the North line and 1980 feet from the East line (Unit B) of Section 14.

By Division Order No. R-9073-A, issued in Case No. 9874 dated February 28, 1990, the following three described wells located at unorthodox gas well locations were approved for this GPU:

- (1) State "A" A/C-1 Well No. 66 (**API No. 30-025-09346**), located at an unorthodox gas well location 660 feet from the North and West lines (Unit D) of Section 13;
- (2) State "A" A/C-1 Well No. 71 (**API No. 30-025-09347**), located at an unorthodox gas well location 660 feet from the South and West lines (Unit M) of Section 13; and
- (3) State "A" A/C-1 Well No. 75 (**API No. 30-025-09349**), located at an unorthodox gas well location 1980 feet from the North and West lines (Unit F) of Section 13.

By Division Administrative Order NSL-2874, dated September 25, 1990, another well for this GPU, the State "A" A/C-1 Well No. 106 (**API No. 30-025-20974**), located at an unorthodox gas well location 660 feet from the North and East lines (Unit A) of Section 13 was approved.

By Division Administrative Order NSL-2874-A, dated January 18, 1991, the following two described wells located at unorthodox gas well locations were approved for this GPU:

- (1) State "A" A/C-1 Well No. 57 (**API No. 30-025-09344**), located 660 feet from the North line and 1980 feet from the East line (Unit B) of Section 13; and
- (2) State "A" A/C-1 Well No. 122 (**API No. 30-025-30654**), located 2100 feet from the South line and 660 feet from the West line (Unit L) of Section 13.

Division Administrative Order NSL-2874-B (SD), dated November 4, 1992, authorized two additional wells for this GPU at the following described unorthodox gas well locations:

- (1) State "A" A/C-1 Well No. 60 (**API No. 30-025-09343**), located 1980 feet from the North and East lines (Unit G) of Section 13; and
- (2) State "A" A/C-1 Well No. 78 (**API No. 30-025-10715**), located 1980 feet from the North and East lines (Unit G) of Section 14.

The most recent order issued in this matter, Division Administrative Order NSL-2874-C (SD), dated September 16, 1993, authorized a fourteenth well for this GPU, the State "A" A/C-1 Well No. 76 (**API No. 30-025-10716**), located at an unorthodox gas well location 660 feet from the North and East lines (Unit A) of Section 14.

The Division's records indicate that the aforementioned State "A" A/C-1 Wells No. 21 and 60 were plugged and abandoned in 1992 and 1994, respectively, therefore both wells can now be omitted from this GPU.

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

By authority granted me under the provisions of Rule 2(d) of the "*Special Rules and Regulations for the Jalmat Gas Pool*", as promulgated by Division Order No. R-8170, as amended, and Division Rule 104.F (2) the following well located at an unorthodox Jalmat gas well location in Section 13 is hereby approved:

**State "A" A/C-1 Well No. 74
1980' FNL & 660' FWL (Unit E)
(API No. 30-025-09348).**

Also, Raptor is hereby authorized to simultaneously dedicate Jalmat gas production from the State "A" A/C-1 Well No. 74 with the State "A" A/C-1 Wells No. 13, 20, 22, 57, 66, 71, 75, 76, 77, 78, 106, and 122. Furthermore, Raptor is hereby permitted to produce the allowable assigned the subject 640-acre GPU from all 13 of these wells in any proportion.

All provisions applicable to the subject non-standard 640-acre GPU in Division Order No. R-9073, as amended by Order No. R-9073-A, and Division Administrative Orders NSL-2874, NSL-2874-A, NSL-2874-B (SD), and NSL-2874-C (SD) shall remain in full force and affect until further notice.

Administrative Order NSL-2874-D(SD)


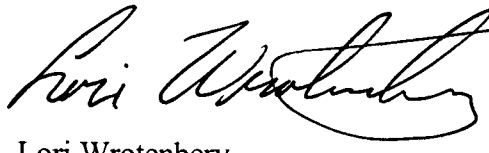
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Jurisdiction of this matter shall be further retained for the entry of any such subsequent orders, as the Division may deem necessary.

Sincerely,



Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe
William F. Carr, Legal Counsel for Raptor Resources, Inc. - Santa Fe
File: NSL-2874
NSL-2874-A
NSL-2874-B (SD)
NSL-2874-C (SD)