



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

BETTY RIVERA

Cabinet Secretary

May 29, 2002

Lori Wrotenbery

Director

Oil Conservation Division

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

Telefax No. (505) 983-6043

Administrative Order NSP-1636-B (L) (SD)

Dear Mr. Carr:

Reference is made to the following: (i) your application (*pKRV0-213539914*) on behalf of the operator, Raptor Resources, Inc.'s ("Raptor"), dated April 30, 2002; and (ii) the New Mexico Oil Conservation Division's ("Division") records in Santa Fe, including the files on Division Order No. R-9073, as amended, and R-11643 and Division Administrative Orders NSP-1636 (SD) (L), NSP-1636-A (L) (SD), and NSL-4615 (SD): all concerning Raptor's requests to decrease the acreage of the existing 440.50-acre non-standard gas spacing unit for the Jalmat Gas Pool (79240), comprising Lots 3 and 4, S/2 NW/4, SW/4, W/2 SE/4, and SE/4 SE/4 of Section 5, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico, which was established by Division Administrative Order NSP-1636-A (L) (SD), dated July 18, 2000, by deleting therefrom the 40-acre tract comprising the SW/4 NW/4 (Unit E) of Section 5.

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

It is our understanding from this application and the Division's records that the following nine described wells are shown to be currently dedicated to this 440.50-acre non-standard spacing unit:

- (1) State "A" A/C-2 Well No. 2 (API No. 30-025-08791), located 1980 feet from the South line and 660 feet from the West line (Unit L) of Section 5, which well was the subject of Division Administrative Order NSP-1636-A (L) (SD);
- (2) State "A" A/C-2 Well No. 27 (API No. 30-025-08789), located 660 feet from the South and East lines (Unit P) of Section 5, which well was also the subject of Division Administrative Order NSP-1636-A (L) (SD);
- (3) State "A" A/C-2 Well No. 33 (API No. 30-025-08793), located 660 feet from the South line and 1980 feet from the East line (Unit O) of Section 5, which well was the subject of Division Administrative Order NSP-1636 (SD) (L), dated September 19, 1991;

- (4) State "A" A/C-2 Well No. 34 (**API No. 30-025-08794**), located 1980 feet from the South and East lines (Unit J) of Section 5, which well was also the subject of Division Administrative Order NSP-1636-A (L) (SD);
- (5) State "A" A/C-2 Well No. 44 (**API No. 30-025-08797**), located 1980 feet from the North and West lines (Unit F) of Section 5, which well was also the subject of Division Administrative Order NSP-1636 (SD) (L);
- (6) State "A" A/C-2 Well No. 46 (**API No. 30-025-08800**), located 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 5, which well was also the subject of Division Administrative Order NSP-1636-A (L) (SD);
- (7) State "A" A/C-2 Well No. 47 (**API No. 30-025-08798**), located 660 feet from the North line and 1980 feet from the West line (Lot 3/Unit C) of Section 5, which well was also the subject of Division Administrative Order NSP-1636 (SD) (L);
- (8) State "A" A/C-2 Well No. 78 (**API No. 30-025-34910**), located 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 5, which well was the subject of Division Administrative Order NSL-4615 (SD), dated July 27, 2001; and
- (9) State "A" A/C-2 Well No. 81 (**API No. 30-025-35868**), located at an unorthodox gas well location (approved by Division Order No. R-11643, issued in Case No. 12679 on August 27, 2001) 2080 feet from the South line and 1980 feet from the West line (Unit K) of Section 5.

IT SHALL BE NOTED AT THIS TIME THAT the locations of the above described State "A" A/C-2 Wells No. 2, 27, 33, 34, 44, 46, 47, and 78 are now considered to be standard pursuant to Rule 3 (D) (2) of the special rules currently governing the Jalmat Gas Pool.

It our understanding that the above described State "A" A/C-2 Well No. 78 in Unit "E" of Section 5 was recently completed as a Jalmat "oil" well and its corresponding 40-acre standard oil spacing and proration unit comprising the SW/4 NW/4 of Section 5 is to be omitted from the 440.50-acre non-standard gas unit at this time.

By the authority granted me under the provisions of Rules 4 (B) and (D) of the special rules governing the Jalmat Gas Pool, the following described 400.50-acre non-standard gas spacing unit is hereby approved:

LEA COUNTY, NEW MEXICO
TOWNSHIP 22 SOUTH, RANGE 36 EAST, NMPM
Section 5: Lots 3 and 4, SE/4 NW/4, SW/4, W/2 SE/4, and SE/4 SE/4.

Administrative Order NSP-1636-B (L)(SD)

Raptor Resources, Inc.

May 29, 2002

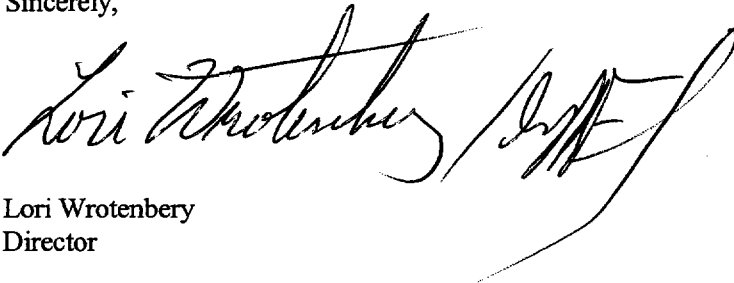
Page 3

Also, pursuant to Rule 6 (B) of the Jalmat special pool rules, Raptor is hereby authorized to simultaneously dedicate Jalmat gas production from the State "A" A/C-2 Wells No. 2, 27, 33, 34, 44, 46, 47, and 81.

All provisions applicable to the subject GPU in Division Order No. R-11643 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,

A handwritten signature in cursive script, appearing to read "Lori Wrotenbery". The signature is written in dark ink and is positioned above the printed name and title.

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe
File: Case No. 12679
NSL-4615 (SD)
NSP-1636 (SD) (L)
NSP-1636-A (L) (SD)