



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

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

March 3, 2000

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

Administrative Order NSP-1808-A (L) (SD)

Dear Mr. Keathly:

Reference is made to the following: (i) your initial application submitted to the New Mexico Oil Conservation Division ("Division") on October 7, 1999; (ii) the Division's response by letter from Mr. Michael E. Stogner, Engineer in Santa Fe, dated November 4, 1999 withdrawing this application; (iii) your re-submittal of this application to the Division on December 9, 1999; and (iv) the Division's records in Santa Fe, including the files on Division Order No. R-9073, as amended, and Division Administrative Order NSP-1808 (L) (SD), as corrected; (v) the two Division directives dated December 22, 1999 and January 5, 2000; (vi) the Division's "NOTICE" to all operators in the Jalmat Pool dated January 11, 2000; and (vii) the Division Director's "MEMORANDUM" to operators and interested parties in the Jalmat Pool dated February 18, 2000: all concerning Raptor Resources, Inc.'s ("Raptor") requests to increase the acreage of the existing 433.06-acre non-standard gas spacing and proration unit ("GPU") for the Jalmat Gas Pool comprising Lots 3 and 4, the N/2 NE/4, SE/4 NE/4, E/2 SW/4, and the SE/4 of Section 7, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico, which was established by Division Administrative Order NSP-1808 (L) (SD), dated October 5, 1999, as corrected by order issued on November 4, 1999, by including the 40 acres comprising the SW/4 NE/4 (Unit G) of Section 7 to the GPU and for an additional infill Jalmat gas well within this expanded GPU located at unorthodox gas well locations thereon.

The following five described wells are currently dedicated to this unit 433.06-acre GPU:

- (1) State "A" A/C-2 Well No. 5 (**API No. 30-025-08817**), located at an unorthodox gas well location 660 feet from the North and East lines (Unit A) of Section 7 {approved by Division Order No. R-9073, dated December 14, 1989 [Paragraph No. (2) of Exhibit "A"]};
- (2) State "A" A/C-2 Well No. 8 (**API No. 30-025-08821**), located at an unorthodox gas well location 660 feet from the South and East lines (Unit P) of Section 7 (also approved by Division Order No. R-9073);

- (3) State "A" A/C-2 Well No. 19 (**API No. 30-025-08825**), located at an unorthodox gas well location 660 feet from the South line and 1980 feet from the East line (Unit O) of Section 7 [approved by Division Administrative Order NSP-1808 (L) (SD), as corrected];
- (4) State "A" A/C-2 Well No. 20 (**API No. 30-025-08826**), located 1980 feet from the South and East lines (Unit K) of Section 7; and
- (5) State "A" A/C-2 Well No. 21 (**API No. 30-025-08827**), located at an unorthodox gas well location 1980 feet from the South line and 2316 feet from the West line (Unit K) of Section 7 [also approved by Division Administrative Order NSP-1808 (L) (SD), as corrected].

It is our understanding that Raptor's existing State "A" A/C-2 Well No. 9 (**API No. 30-025-08822**), located 1650 feet from the North line and 2310 feet from the East line (Unit G) of Section 7 is currently completed in the Jalmat Gas Pool as an "oil" well, in which the 40 acres comprising the SW/4 NE/4 (Unit G) of Section 7 is currently dedicated to form a standard 40-acre oil spacing and proration unit; however, this well 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 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.D, the following described 473.06-acre non-standard gas spacing and proration unit is hereby approved:

LEA COUNTY, NEW MEXICO
TOWNSHIP 22 SOUTH, RANGE 36 EAST, NMPM
Section 7: Lots 3 and 4, E/2, and E/2 SW/4.

Further, 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 above-described State "A" A/C-2 Well No. 9, located at unorthodox Jalmat infill gas well location within this GPU, is also approved:

Raptor is hereby authorized to simultaneously dedicate Jalmat gas production from the State "A" A/C-2 Wells No. 19 and 21 with the State "A" A/C-2 Wells No. 5, 8, and 20. Furthermore, Raptor is hereby permitted to produce the allowable assigned the subject 433.06-acre GPU from all

Administrative Order NSP-1808-A(L)(SD)

Raptor Resources Inc.

March 3, 2000

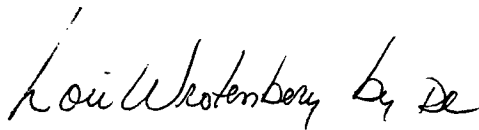
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five of these wells in any proportion

All provisions applicable to the subject GPU in Division Order No. R-9073 and Division Administrative Order NSP-1808 (L) (SD), as corrected, 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", followed by a small mark that looks like "LW".

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: NSP-1808 (L) (SD) /