



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

August 20, 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-2872-D (SD)

Dear Mr. Carr:

Reference is made to the following: (i) two applications that were submitted to the New Mexico Oil Conservation Division ("Division") on October 6 and 7, 1999 by Mr. Bill Keathly; (ii) the Division's records in Santa Fe, including the files on Division Order No. 9073, as amended, Administrative Orders NSL-2872, NSL-2872-A, NSL-2872-B (SD), and NSL-2872-C (SD), Division Cases No. 12303 and 12678; and (iii) your telephone conversation with Mr. Michael E. Stogner, Engineer in Santa Fe on August 20, 2001: all concerning Raptor Resources, Inc.'s ("Raptor") requests for two unorthodox Jalmat infill gas well locations within an existing non-standard 480-acre gas spacing and proration unit ("GPU") for the Jalmat Gas Pool comprising the N/2 and SW/4 of Section 9, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico. This GPU was established by Division Order No. R-9073, dated December 14, 1989 [Paragraph No. (4) of Exhibit "A"]. The following nine described wells were dedicated to this unit at the time these applications were filed with the Division:

- (1) State "A" A/C-2 Well No. 1 (**API No. 30-025-08849**), located at an unorthodox gas well location 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 9 [approved by Division Administrative Order NSL-2872-B (SD), dated November 4, 1992];
- (2) State "A" A/C-2 Well No. 4 (**API No. 30-025-08853**), located at an unorthodox gas well location 660 feet from the South and West lines (Unit M) of Section 9 [approved by Division Administrative Order NSL-2872-C (SD), dated July 6, 1999];
- (3) State "A" A/C-2 Well No. 29 (**API No. 30-025-08854**), located at an unorthodox gas well location 660 feet from the North and West lines (Unit D) of Section 9 [approved by Division Administrative Order NSL-2872-A, dated January

14, 1991];

- (4) State "A" A/C-2 Well No. 38 (**API No. 30-025-08847**), located at an unorthodox gas well location 1980 feet from the South and West lines (Unit K) of Section 9, which was approved by Division Order No. R-9073;
- (5) State "A" A/C-2 Well No. 40 (**API No. 30-025-08848**), located at a standard gas well location 990 feet from the North and East lines (Unit A) of Section 9, which was the subject of Division Order No. R-9073;
- (6) State "A" A/C-2 Well No. 57 (**API No. 30-025-20297**), located at an unorthodox gas well location 1980 feet from the North and East lines (Unit G) of Section 9 [approved by Division Administrative Order NSL-2872, dated September 25, 1990];
- (7) State "A" A/C-2 Well No. 63 (**API No. 30-025-25543**), located at a standard gas well location 990 feet from the North line and 2310 feet from the West line (Unit C) of Section 9, which was also the subject of Division Order No. R-9073;
- (8) State "A" A/C-2 Well No. 67 (**API No. 30-025-28276**), located at an unorthodox gas well location 2615 feet from the South line and 1345 feet from the West line (Unit K) of Section 9 [also approved by Division Administrative Order NSL-2872-A]; and
- (9) State "A" A/C-2 Well No. 72 (**API No. 30-025-28281**), located at an unorthodox gas well location 1410 feet from the South line and 1440 feet from the West line (Unit K) of Section 9 [also approved by Division Administrative Order NSL-2872-A].

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.

Administrative Order NSL-2872-D(SD)

Raptor Resources Inc.

August 20, 2001

Page 3

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 infill gas well locations, both in Section 9, are hereby approved:

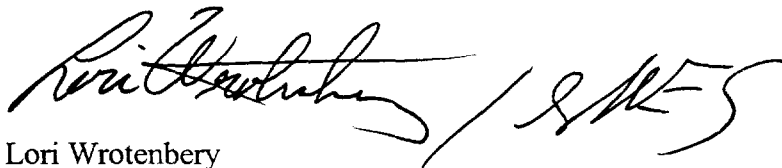
State "A" A/C-2 Well No. 30
1980' FNL & 660' FWL (Unit E)
(API No. 30-025-08855)

State "A" A/C-2 Well No. 48
660' FNL & 1980' FEL (Unit B)
(API No. 30-025-08845).

Also, Raptor is hereby authorized to simultaneously dedicate Jalmat gas production from the State "A" A/C-2 Wells No. 30 and 48 with the State "A" A/C-2 Wells No. 1, 4, 29, 38, 40, 57, 63, 67, and 72. Furthermore, Raptor is hereby permitted to produce the allowable assigned the subject 480-acre GPU from all eleven of these wells in any proportion

All provisions applicable to the subject GPU in Division Order No. R-9073 and Division Administrative Orders NSL-2872, NSL-2872-A, NSL-2872-B (SD), and NSL-2872-C (SD) 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-2872
NSL-2872-A
NSL-2872-B (SD)
NSL-2872-C (SD)
Case No. 12303
Case No. 12678 ✓