

**STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION**

**APPLICATION OF RAPTOR RESOURCES, INC.
FOR TWO UNORTHODOX INFILL GAS WELL
LOCATIONS AND SIMULTANEOUS DEDICATION,
LEA COUNTY, NEW MEXICO.**

CASE NO. 12679

OIL CONSERVATION DIVISION
NEW MEXICO

APPLICATION

RAPTOR RESOURCES, INC. (“Raptor”), through its undersigned attorneys, (i) seeks an exception to the well location requirements of the “Special Pool Rules and Regulations for the Jalmat Gas Pool,” as promulgated by Division Order No. R-8170, as amended for two unorthodox infill Jalmat gas well locations, and (ii) pursuant to the Stipulated Declaratory Judgment issued by the First Judicial District Court in Santa Fe County, New Mexico on December 15, 2000, makes application for an order approving the simultaneous dedication of all Jalmat Gas Pool production to an existing 440.50-acre non-standard gas spacing and proration unit (authorized by Division Order NSP-1636-A (L) (SD), dated July 18, 2000) comprising Lots 3 and 4, S/2 NW/4, SW/4, W/2 SE/4 and the SE/4 SE/4 of Section 5, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico, and in support of its application Raptor states:

1. Raptor is the operator of the non-standard gas spacing and proration unit in the Jalmat Gas Pool comprised of Lots 3 and 4, S/2 NW/4, SW/4, W/2

SE/4 and the SE/4 SE/4 of Section 5, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico, to which are currently dedicated the following wells:

- (A) State "A" A/C-2 Well No. 2 (**API No. 30-025-08791**), located at an unorthodox gas well location 1980 feet from the South line and 660 feet from the West Line (Unit L) of Section 5;
- (B) State "A" A/C-2 Well No. 27 (**API No. 30-025-08789**), located at an unorthodox gas well location 660 feet from the South and East lines (Unit P) of Section 5;
- (C) State "A" A/C-2 Well No. 33 (**API No. 30-025-08793**), located at an unorthodox gas well location 660 feet from the South line and 1980 feet from the East line (Unit O) of Section 5;
- (D) State "A" A/C-2 Well No. 34 (**API No. 30-025-08794**), located at an unorthodox gas well location 1980 feet from the South and East lines (Unit J) of Section 5;
- (E) State "A" A/C-2 Well No. 44 (**API No. 30-025-08797**), located at an unorthodox gas well location 1980 feet from the North and West lines (Unit F) of Section 5;
- (F) State "A" A/C-2 Well No. 46 (**API No. 30-025-08800**), located at an unorthodox gas well location 660 feet from South

line and 1980 feet from the West line (Unit N) of Section 5;
and

(G) State “A” A/C-2 Well No. 47 (**API No. 30-025-08798**),
located at an unorthodox gas well location 660 feet from the
North line and 1980 feet from the West Line (Unit C) of
Section 5.

2. Raptor proposes to add two Jalmat gas wells to this spacing and
proration unit:

(A) The State “A” A/C-2 Well No. 78 (**API No. 30-025-34910**)
located an unorthodox gas well location 1980 feet from the
North line and 660 feet from the West line (Unit E) of Section
5 which Raptor plans to re-enter and re-complete from the
Seven Rivers formation, South Eunice (Seven Rivers-Queen)
Pool, to the Jalmat Gas Pool; and

(B) The State “A” A/C-2 Well No. 81 which Raptor proposes to
drill at an unorthodox gas well location 2080 feet from the
South line and 1980 feet from the West line (Unit K) of
Section 5.

3. The proposed locations for the State "A" A/C-2 Well Nos. 78 and 81 are unorthodox for the "Special Rules and Regulations for the Jalmat Gas Pool," promulgated by Division Order No. R-8170, as amended, provide for wells located on 440.50-acre spacing units to be located no closer than 990 feet from the outer boundary of the unit.

4. Raptor seeks to simultaneously dedicated the Jalmat production from each of its proposed new infill gas wells and the existing Jalmat gas wells to this non-standard 440.50 Jalmat Gas spacing and proration unit.

5. Raptor's proposed infill wells are necessary to efficiently and economically drain the subject 440.50-acre spacing and proration unit.

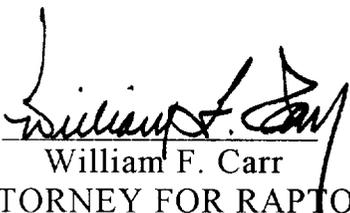
6. Attached hereto as Exhibit A is a list of the names and addresses of the persons to whom notice of this application has been sent.

7. Approval of this application will be in the best interests of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, Raptor Resources, Inc. requests that this application be set for hearing before an examiner of the Oil Conservation Division on June 14, 2001, and that, after as required by law and hearing as required by the rules of the Division, this application be granted.

Respectfully submitted,

HOLLAND & HART
AND
CAMPBELL & CARR

By: 
William F. Carr
ATTORNEY FOR RAPTOR
RESOURCES, INC.

Application of Raptor Resources, Inc. for two unorthodox infill gas well locations and simultaneous dedication, Lea County, New Mexico. Applicant seeks an exception to the well location requirements provided within the "Special Pool Rules and Regulations for the Jalmat Gas Pool," as promulgated by Division Order No. R-8170, as amended, for the following two unorthodox gas well locations within an existing standard 440.50-acre spacing and proration unit comprised of Lots 3 and 4, S/2 NW/4, SW/4, W/2 SE/4 and the SE/4 SE/4 of Section 5, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico:

- (A) The State "A" A/C-2 Well No. 78 (**API No. 30-025-34910**) to be re-entered and re-completed at an unorthodox infill gas well location 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 5, and
- (B) The State "A" A/C-2 Well No. 81 to be drilled at an unorthodox infill gas well location 2080 feet from the south line and 1980 feet from the West line (Unit K) of Section 5.

This unit is currently dedicated to Raptor Resources, Inc.'s:

- (A) State "A" A/C-2 Well No. 2 (**API No. 30-025-08791**), located at an unorthodox gas well location 1980 feet from the South line and 660 feet from the West Line (Unit L) of Section 5,
- (B) State "A" A/C-2 Well No. 27 (**API No. 30-025-08789**), located at an unorthodox gas well location 660 feet from the South and East lines (Unit P) of Section 5,
- (C) State "A" A/C-2 Well No. 33 (**API No. 30-025-08793**), located at an unorthodox gas well location 660 feet from the South line and 1980 feet from the East line (Unit O) of Section 5,

- (D) State "A" A/C-2 Well No. 34 (**API No. 30-025-08794**), located at an unorthodox gas well location 1980 feet from the South and East lines (Unit J) of Section 5,
- (E) State "A" A/C-2 Well No. 44 (**API No. 30-025-08797**), located at an unorthodox gas well location 1980 feet from the North and West lines (Unit F) of Section 5,
- (F) State "A" A/C-2 Well No. 46 (**API No. 30-025-08800**), located at an unorthodox gas well location 660 feet from South line and 1980 feet from the West line (Unit N) of Section 5, and
- (G) State "A" A/C-2 Well No. 47 (**API No. 30-025-08798**), located at an unorthodox gas well location 660 feet from the North line and 1980 feet from the West Line (Unit C) of Section 5.

Further, the applicant, pursuant to the rules governing the Jalmat Gas Pool and the Stipulated Declaratory Judgment issued by the First Judicial District Court in Santa Fe County, New Mexico on December 15, 2000, seeks to simultaneously dedicated Jalmat production to this 440.50-acre unit from all nine of the above-described State "A" A/C-2 Well Nos. 2, 27, 33, 34, 44, 46, 47, 78 and 81.

This spacing unit is located approximately 5.5 miles southwest of Eunice, New Mexico.

EXHIBIT A

**State "A" A/C-2 Well No. 78
1980' FNL & 660' FWL (Unit E)
Section 5, Township 22 South, Range 36 East, N.M.P.M.**

**State "A" A/C-2 Well No. 81
2080' FSL & 1980' FWL (Unit K)
Section 5, Township 22 South, Range 36 East, N.M.P.M.**

**440.5-acre Non-Standard Jalmat Gas Pool Spacing and Proration Unit
Approved by Division Order No. R-9073**

Conoco, Inc.
10 Desta Drive, Suite 100W
Midland, Texas 79705

Campbell & Hedrick
Post Office Box 401
Midland, Texas 79702

Chevron USA Inc.
Attn: WOJV-Business Unit
Post Office Box 1635
Houston, Texas 77251

OXY USA
Post Office Box 50250
Midland, Texas 79710

Permian Resources Inc.
Post Office Box 590
Midland, Texas 79702

Pecos River Operating Inc.
500 West Texas, Suite 720
Midland, Texas 79701

Southwest Royalties Inc.
Post Office Box 11390
Midland, Texas 79702

McCasland Disposal Systems
Post Office Box 98
Eunice, New Mexico 88231

Mirage Energy Inc.
7915 North Llewelyn
Hobbs, New Mexico 88242

Ralph C. Burton
3500 Acoma
Hobbs, New Mexico 88240

Arco Permian
Post Office Box 1610
Midland, Texas 79701

HOLLAND & HART LLP
AND
CAMPBELL & CARR
ATTORNEYS AT LAW

DENVER • ASPEN
BOULDER • COLORADO SPRINGS
DENVER TECH CENTER
BILLINGS • BOISE
CHEYENNE • JACKSON HOLE
SALT LAKE CITY • SANTA FE
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May 24, 2001

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Case 12679

TO: ALL AFFECTED INTEREST OWNERS:

Re: Application of Raptor Resources, Inc. for two unorthodox infill gas well locations and simultaneous dedication, Lea County New Mexico.

Ladies and Gentlemen:

This letter is to advise you that Raptor Resources, Inc. has filed the enclosed application with the New Mexico Oil Conservation Division seeking an exception to the well location requirements provided by the "Special Rules and Regulations for the Jalmat Gas Pool," as promulgated by Division Order No. R-8170, as amended, for its proposed State "A" A/C-2 Well No. 78 to be re-entered and re-completed in the Jalmat Gas Pool at an unorthodox infill gas well location 1980 feet from the North line and 660 feet from the West line (Unit E) and its proposed State "A" A/C-2 Well No. 81 to be drilled and completed in the Jalmat Gas Pool at an unorthodox infill gas well location 2080 feet from the South line and 1980 feet from the West line (Unit K) of Section 5, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico.

Raptor Resources, Inc., pursuant to the "Special Rules and Regulations for the Jalmat Gas Pool" and the Stipulated Declaratory Judgment issued by the First Judicial District Court in Santa Fe County, New Mexico, on December 15, 2000, in Cause No. D-0101-CV9902927, seeks authority to simultaneously dedicate the Jalmat production from these proposed new infill wells and the existing Jalmat gas wells identified in the enclosed application to a previously approved non-

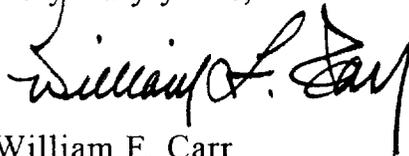
Notice Letter
May 24, 2001
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standard 440.5-acre non-standard gas spacing and proration unit in the Jalmat Gas Pool comprised of Lots 3 and 4, S/2 NW/4, SW/4, W/2 SE/4 and SE/4 SE/4 of Section 5, Township 22 South, Range 36 East, NMPM.

This application has been set for hearing before a Division Examiner on June 14, 2001. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 1208.B to file a Prehearing Statement three days in advance of a scheduled hearing. This statement must include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

Very truly yours,



William F. Carr

ATTORNEY FOR RAPTOR RESOURCES,

INC.

Enclosure

cc: John Lawrence,
Raptor Resources, Inc.