



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

December 27, 2001

Lori Wrotenbery
Director
Oil Conservation Division

Raptor Resources, Inc.
c/o William F. Carr
Holland & Hart L.L.P. and Campbell & Carr
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Telefax No. (505) 983-6043

Administrative Order NSL-2816-D (SD)

Dear Mr. Carr:

Reference is made to the following: (i) your three applications on behalf of the operator, Raptor Resources, Inc. ("Raptor") dated December 5, 2001 (*application reference No. pKRV0-134435858*); and (ii) the New Mexico Oil Conservation Division's ("Division") records in Santa Fe, including the files on Division Administrative Orders NSL-2816 (SD), NSL-2816-A (SD), NSL-2816-B (SD), NSL-2816-C (SD), SD-99-07 and SD-99-07 (1) and the records of Division Cases No. 9775 (which resulted in the issuance of Division Order No. R-9073) and 12304: all concerning Raptor's requests for three additional infill Jalmat gas wells, two of which are at unorthodox gas well locations, to be included within a standard 640-acre gas spacing and proration unit ("GPU") for the Jalmat Gas Pool (79240) comprising all of Section 8, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico.

The rules and procedures governing the Jalmat Gas Pool at the time this application was submitted include but are not necessarily limited to:

- (i) the "*Special Rules and Regulations for the Jalmat Gas Pool*," as promulgated by Division Order No. R-8170, as amended;
- (ii) Division Rule 605.B;
- (iii) Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999;
- (iv) Rule 1207.A (2); and
- (v) the amended Stipulated Declaratory Judgement of the First Judicial District Court in Santa Fe County, New Mexico issued on July 11, 2001 in Hartman vs. Oil Conservation Division, Cause No. D-0101-CV-9902927 ("Stipulated Declaratory Judgement").

This GPU was initially established by Division Order No. R-9073, issued in Case No. 9775

and dated December 14, 1989 [Paragraph No. (3) of Exhibit "A"] and had dedicated thereon the following three wells:

- (1) State "A" A/C-2 Well No. 43 (**API No. 30-025-08837**), located at an unorthodox gas well location 1650 feet from the North line and 990 feet from the West line (Unit H) of Section 8;
- (2) State "A" A/C-2 Well No. 49 (**API No. 30-025-08838**), located at an unorthodox gas well location 660 feet from the North line and 1980 feet from the West line (Unit C) of Section 8; and
- (3) State "A" A/C-2 Well No. 56 (**API No. 30-025-08843**), located at a standard gas well location 1980 feet from the South and East lines (Unit J) of Section 8.

By Division Administrative Order NSL-2816 (SD), dated June 28, 1990, the following three described wells located at unorthodox gas well locations were approved for this GPU:

- (1) State "A" A/C-2 Well No. 24 (**API No. 30-025-08833**), located 1980 feet from the South line and 660 feet from the East line (Unit I) of Section 8;
- (2) State "A" A/C-2 Well No. 26 (**API No. 30-025-08835**), located 660 feet from the North line and 1980 feet from the East line (Unit B) of Section 8; and
- (3) State "A" A/C-2 Well No. 53 (**API No. 30-025-08840**), located 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 8.

By Division Administrative Order NSL-2816-A (SD), dated September 25, 1990, the following two described wells located at unorthodox gas well locations were approved for this GPU:

- (1) State "A" A/C-2 Well No. 55 (**API No. 30-025-08842**), located 660 feet from the South and East lines (Unit P) of Section 8; and
- (2) State "A" A/C-2 Well No. 58 (**API No. 30-025-20978**),

located 2030 feet from the South line and 660 feet from the West line (Unit L) of Section 8.

By Division Administrative Order NSL-2816-B (SD), dated April 21, 1992, another well for this GPU, the State "A" A/C-2 Well No. 70 (API No. 30-025-28279), located at an unorthodox gas well location 1295 feet from the South and East lines (Unit P) of Section 8 was approved.

By Division Administrative Order SD-99-7, dated June 30, 1999, the State "A" A/C-2 Well No. 3 (API No. 30-025-08829), located at a standard gas well location 1980 feet from the North and East lines (Unit G) of Section 8 was approved for this GPU. Furthermore, Division Administrative Order SD-99-7 omitted the above-described State "A" A/C-2 Wells No. 24, 49, 53, 55, 56, and 58 from this GPU for various reasons.

Division Administrative Order NSL-2816-C (SD), dated October 13, 1999, authorized the following two described wells located at unorthodox gas well locations to be included to this GPU:

- (1) State "A" A/C-2 Well No. 24 (API No. 30-025-08833), located 1980 feet from the South line and 660 feet from the East line (Unit I) of Section 8, which well was also the subject of Division Administrative Orders NSL-2816 (SD) (approval) and SD-99-7 (omission); and
- (2) State "A" A/C-2 Well No. 25 (API No. 30-025-08834), located 660 feet from the North and East lines (Unit A) of Section 8.

The most recent action by the Division concerning this GPU occurred on March 30, 2000, in which the Division, at the request of Raptor, cancelled authorization to include the State "A" A/C-2 Well No. 3 from this 640-acre GPU and Division Administrative Order SD-99-7 was negated.

It is our understanding that the three subject wells to be considered at this time are in some manner completed in the South Eunice-Seven Rivers Queen Pool and that each well will be properly plugged back and recompleted up-hole into the Jalmat Gas Pool upon issuance of this order. By the authority granted me under the provisions of the rules, regulations, and directives governing the Jalmat Gas Pool, the following wells to be included within this 640-acre GPU are hereby approved:

- (1) the State "A" A/C-2 Well No. 3 (API No. 30-025-08829), located at a standard gas well location 1980 feet from the

North and East lines (Unit G) of Section 8, which well was the subject of Administrative Order SD-99-7;

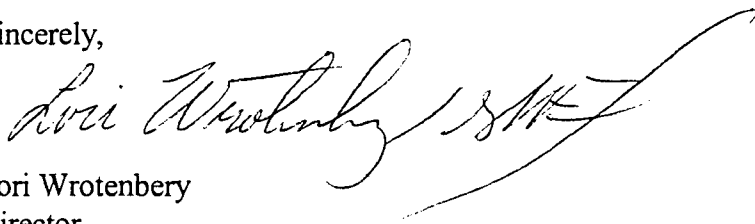
- (2) State "A" A/C-2 Well No. 7 (API No. 30-025-08830), located at an unorthodox infill gas well location 660 feet from the North and West lines (Unit D) of Section 8; and
- (3) State "A" A/C-2 Well No. 76 (API No. 30-025-34672), located at an unorthodox infill gas well location 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 8.

Also, Raptor is hereby authorized to simultaneously dedicate Jalmat gas production from the State "A" A/C-2 Wells No. 3, 7, and 76 with the existing State "A" A/C-2 Wells No. 24, 25, 26, 43, and 70. Furthermore, Raptor is permitted to produce the allowable assigned the subject 640-acre GPU from all eight wells in any proportion

It is further ordered that all provisions applicable to the subject GPU in Division Order No. R-9073 and Division Administrative Orders NSL-2816 (SD), NSL-2816-A (SD), NSL-2816-B (SD), and NSL-2816-C (SD), 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,



Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe
File: NSL-2816 (SD)
NSL-2816-A (SD)
NSL-2816-B (SD)
NSL-2816-C (SD)
SD-99-7