



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  
WASHINGTON, D.C.

SUITE 1  
110 NORTH GUADALUPE  
SANTA FE, NEW MEXICO 87501-6525  
MAILING ADDRESS  
P.O. BOX 2208  
SANTA FE, NEW MEXICO 87504-2208

TELEPHONE (505) 988-4421  
FACSIMILE (505) 983-6043  
www.hollandhart.com

December 5, 2001

**HAND-DELIVERED**

Lori Wrotenbery, Director  
Oil Conservation Division  
New Mexico Energy, Minerals and  
Natural Resources Department  
1220 S. Saint Francis Drive  
Santa Fe, New Mexico 87505

Re: **Application of Raptor Resources, Inc for Administrative Approval of an unorthodox gas well location for its State "A" A/C-2 Well No. 54(API No. 30-025-08841) at a point 660 feet from the South line and 1980 feet from the East line of Section 8, Township 22 South, Range 36 East, NMPM, and simultaneous dedication of this well and other existing wells to a standard spacing unit in the Jalmat gas Gas Pool, Lea County, New Mexico.**

Dear Ms. Wrotenbery:

Pursuant to the provisions of the Special Rules and Regulations for the Jalmat Gas Pool as promulgated by Division Order No. R-8170, as amended, and the Amended Stipulated Declaratory Judgment issued by the First Judicial District Court of Santa Fe County, New Mexico on July 11, 2001, in Hartman v. Oil Conservation Commission (Cause No. D-0101-CV-9902927), Raptor Resources, Inc. hereby files its application for approval of an unorthodox gas well location for its State "A" A/C-2 Well No. 54 (API No. 30-025-088410) at location 660 feet from the South line and 1980 feet from the East line (Unit O) of Section 8, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico and the simultaneous of this well and all existing producing Jalmat gas wells on a standard 640-acre spacing unit comprised of said Section 8. The approval of this application and the re-completion of this well in the Jalmat Gas Pool will result

in spacing of less than 160 acres per well. The State "A" A/C-2 Well No. 54 was drilled at a standard oil well location to test the Langlie Mattix Pool (Seven Rivers-Queen- Grayburg). Raptor seeks authority to plug back and recomplete this well up-hole in the Jalmat Gas Pool (Tansill-Yates-Seven Rivers).

Raptor Resources, Inc. hereby seeks administrative approval of an unorthodox gas well location for its and the simultaneous of this well and all existing producing Jalmat gas wells on a standard 640-acre spacing unit comprised of said Section 8. The State "A" A/C-2 Well No. 54 was drilled at a standard oil well location to test the Langlie Mattix Pool (Seven Rivers-Queen-Grayburg). Raptor seeks authority to produce this well up-hole in the Jalmat Gas Pool (Tansill-Yates-Seven Rivers).

By Order No. R-9073, issued in Case No. 9775, dated December 14, 1989 (Paragraph No. 3 of Exhibit "A") the Division approved the simultaneous dedication of the following three wells IN section 8 to this standard gas spacing unit:

- (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);
- (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); and:
- (3) State "A" A/C-2 Well No. 59 (API No. 30-025-08843), located at a standard gas well location 11980 feet from the South and East lines (Unit J).

By Division Administrative Order NSL-2816(SD), dated June 28, 1990, the following three wells located at unorthodox gas well locations in Section 8 were approved for this gas spacing unit:

- (1) State "A" A/C-2 Well No. 24 (API No. 30-025-08833), located at an unorthodox gas well location 1980 feet from the South line and 660 feet from the East line (Unit I);
- (2) State "A" A/C-2 Well No. 26 (API No. 30-025-08835) located at an unorthodox gas well location 660 feet from the North line and 1980 feet from the East line (Unit B); and
- (3) State "A" A/C-2 Well No. 53 (API No. 30-025-08843) located 660 feet from the South line and 1980 feet from the West line (Unit N).

Authority was also given in said administrative order to simultaneously dedicated Jalmat gas production form the State "A" A/C-2 Well Nos. 24, 26, 43, 49, 53 and 59.

By Division Administrative Order NSL-2816-A(SD), dated September 25,1990, the following two wells located at unorthodox gas well locations in Section 8 were approved for this gas spacing unit:

- (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); 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).

Authority was also given in said administrative order to simultaneously dedicated Jalmat gas production form the State "A" A/C-2 Well Nos. 24, 26, 43, 49, 53, 55, 58 and 59

By Division Administrative Order NSL-2816-B(SD) dated April 21, 1992, another well for this spacing unit, 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 No. SD-99-7 dated June 30, 1999, an additional well for this spacing unit, 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. On March 21, 2000 a request to cancel this order was sent to the Division.

By Division Administrative Order NSL-2816-C(SD), dated October 13, 1999, the following two wells located at unorthodox gas well locations IN section 8 were approved for this gas spacing unit:

- (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 East line (Unit I); 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).

On this date, Raptor has also filed administrative applications seeking approval of unorthodox gas well locations and authorization for simultaneous dedication of the following three wells located in Section 8:

- (1) 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;
- (2) State "A" A/C-2 Well No. 7 (API No. 30-025-08830) located at an unorthodox 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. 30-025-34692) located 1980 feet from the North line and 660 feet from the West line (Unit D), of Section 8,

Raptor Resources, Inc.  
Application for Administrative Approval of  
Unorthodox Well Location and Simultaneous Dedication  
December 5, 2001  
Page 5

---

The Jalmat Gas Pool is governed by Special Pool Rules and Regulations, promulgated by Division order No. R-8170. Rule 2(b)1. of these rules provides for wells located on 640-acre spacing units to be located no closer than 1650 feet from the outer boundary of the spacing unit.

Attached hereto as Exhibits A is a plat which shows the subject 640-acre spacing unit comprised of Section 8 and the operators of offsetting tracts. Exhibit B is a copy of Oil Conservation Division Form C-102 which shows the location of the proposed unorthodox well location and all other wells currently dedicated to this non-standard spacing unit. Exhibit C is a list of these wells.

Exhibit D lists the parties affected by this application. A copy of this application, including a copy of the plat described above has been sent to these affected parties by certified mail-return receipt requested in accordance with Rule 1207 (A)(2) advising them that if they have an objection to this application it must be filed in writing with the Division's Santa Fe office within twenty days from the date this notice was sent.

A draft order for your consideration approving this application has been E-mailed to the Division and is enclosed on hard copy and computer disk.

Your attention to this application is appreciated.

Very truly yours,

William F. Carr  
Attorney for Raptor Resources, Inc.

Enclosures

cc: Bill Keathly  
Regulatory Agent for Raptor Resources, Inc.

Oil Conservation Division-Hobbs

EXHIBIT A	Operator Name
OFFSET OPERATORS	
SECTION 8, T 22S R 36E	
	Operator Name
	Chevron USA Inc
	Ralph C Burton
	Southwest Royalties Inc
	Mirage Energy
	Arco Permian
	Conoco Inc
	Finley Resources Inc
	Marathon Oil Co
	Doyle Hartman
	OXY USA WTP Limited Partnership
	Melrose Operating Co
	McCasland Disposal Systems
	Raptor Resources Inc

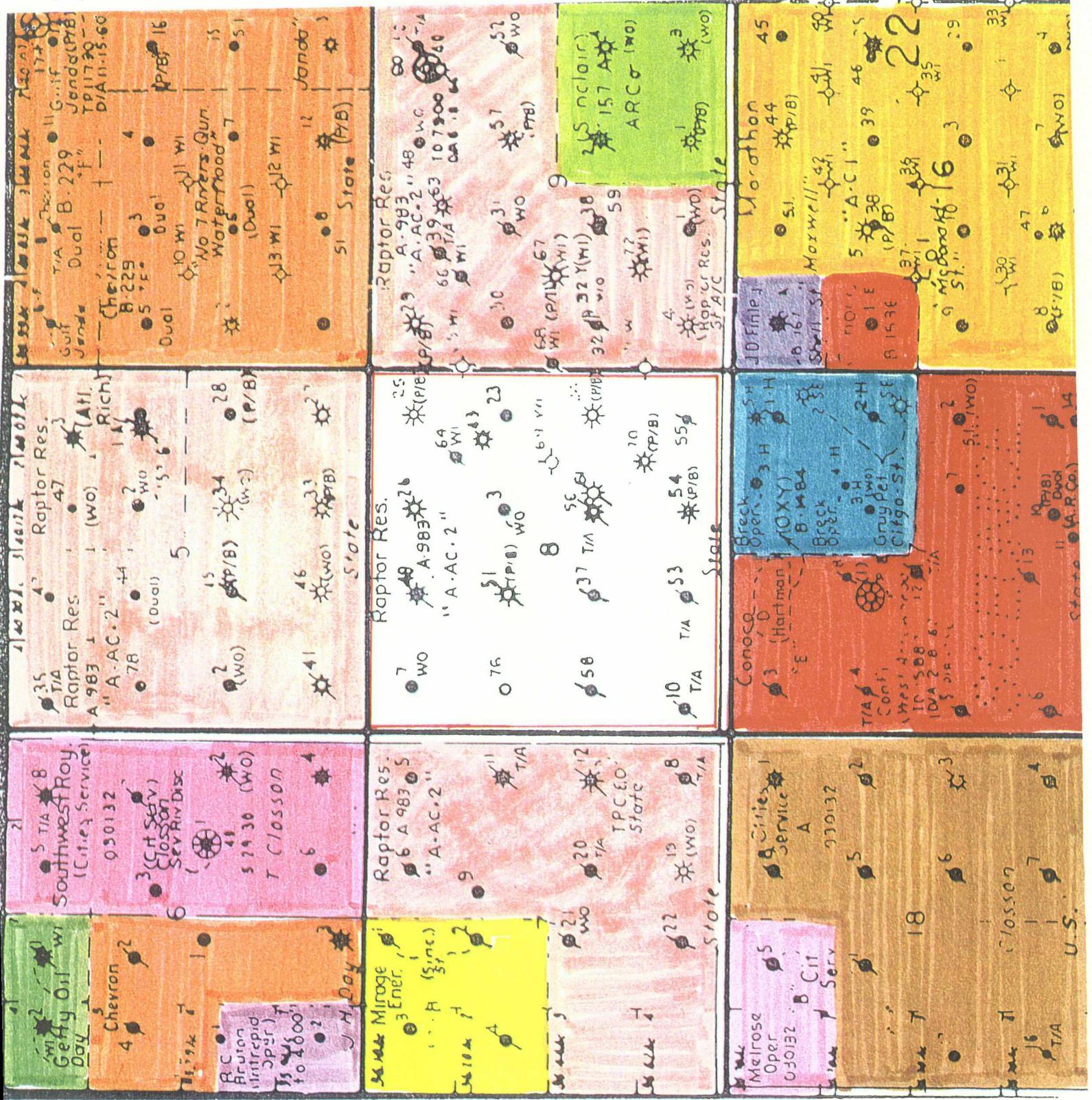


EXHIBIT A



**EXHIBIT C**

**State "A" A/C-2 Well No. 3  
640 acre Non-Standard Jalmat Gas Pool Spacing and Proration Unit  
Township 22 South, Range 36 E, N.M.P.M.  
Section 8, 1980' FN&EL (Unit G)**

<b>Well Name</b>	<b>Well No.</b>	<b>Status</b>	<b>API No.</b>	<b>Sec/Twp/Rg/UL</b>	<b>Footage from Lease</b>
State "A" A/C 2	26	P	30-025-08835	8 22S 36E B	660' FNL & 1980' FEL
State "A" A/C 2	43	P	30-025-08837	8 22S 36E H	1650' FNL & 990' FEL
State "A" A/C 2	24	P	30-025-08833	8 22S 36E I	1980' FSL & 660' FEL
State "A" A/C 2	54	P	30-025-08841	8 22S 36E O	660' FSL & 1980' FEL
State "A" A/C 2	70	SI	30-025-28279	8 22S 36E P	1295' FSL & 1295' FEL
State "A" A/C 2	25	P	30-025-08834	8 22S 36E A	660' FNL & 660' FEL
State "A" A/C 2	49	P&A	30-025-08838	8 22S 36E C	660' FSL & 1980' FWL
State "A" A/C 2	53	P&A	30-025-08840	8 22S 36E N	660' FSL & 1980' FWL
State "A" A/C 2	55	P&A	30-025-08842	8 22S 36E P	660' FSL & 660' FEL
State "A" A/C 2	56	P&A	30-025-08843	8 22S 36E J	1980' FSL & 1980' FEL
State "A" A/C 2	58	P&A	30-025-20978	8 22S 36E L	2030' FSL & 660' FWL
State "A" A/C 2	10	P&A	30-025-08831	8 22S 36E M	660' FSL & 330' FWL
State "A" A/C 2	76	P	30-025-34692	8 22S 36E E	1980' FSL & 660' FWL
State "A" A/C 2	7	SI	30-025-08830	8 22S 36E D	660' FNL & 660' FWL
State "A" A/C 2	3	P	30-025-08829	8 22S 36E G	1980' FNL & 1980' FEL

**EXHIBIT D**

**State "A" A/C-2 Well No. 3  
640 acre Non-Standard Jalmat Gas Pool Spacing and Proration Unit  
Township 22 South, Range 36 E, N.M.P.M.  
Section 8, 1980' FN&EL (Unit G)**

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

Chevron USA Inc.  
Attn: WOJV - Business Unit  
P. O. Box 1635  
Houston, TX 77251

Finley Resources  
1308 Lake Street, Suite 200  
Ft. Worth, TX 76102

Doyle Hartman  
P. O. Box 10426  
Midland, TX 79702

Southwest Royalties Inc.  
P. O. Box 11390  
Midland, TX 79702

Marathon Oil Co.  
Mid-Continent Production Office  
P. O. Box 522  
Midland, TX 79702

Ralph C. Burton  
3500 Acoma  
Hobbs, NM 88240

Mirage Energy Inc.  
7915 N. Llewelyn  
Hobbs, NM 88240

Arco Permian  
P. O. Box 1610  
Midland, TX 79701

Melrose Operating Co.  
P. O. Box 5081  
Midland, TX 79704

OXY USA WTP Ltd Partnership  
P. O. Box 4294  
Houston, TX 77210-4294

**EXHIBIT D**

McCasland Disposal System  
P. O. Box 98  
Eunice, NM 88231

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  
WASHINGTON, D.C.

SUITE 1  
110 NORTH GUADALUPE  
SANTA FE, NEW MEXICO 87501-6525  
MAILING ADDRESS  
P.O. BOX 2208  
SANTA FE, NEW MEXICO 87504-2208

TELEPHONE (505) 988-4421  
FACSIMILE (505) 983-6043  
www.hollandhart.com

December 5, 2001

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

TO ALL AFFECTED PARTIES

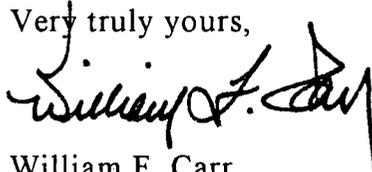
Re: **Application of Raptor Resources, Inc., for administrative approval of an unorthodox well location for its State "A" A/C-2 Well No. 54; 1980 feet from the South and East lines of Section 8, Township 22 South, Range 36 East, N.M.P.M., Lea County, New Mexico.**

Gentlemen:

Enclosed is a copy of the above-referenced application which was filed with the Oil Conservation Division on this date by Raptor Resources, Inc. for administrative approval of an unorthodox well location for its State "A" A/C-2 Well No. 54 (API No. **30-025-08841**), located 660 feet from the South line and 1980 feet from the East Line of Section 8, Township 22 South, Range 36 East, N.M.P.M., Lea County, New Mexico.

As the owner of an interest which will be affected by the proposed well, you may object to this application. Objections must be filed in writing at the Division's Santa Fe office within twenty days from the date this notice was sent to you. If no objection is received within twenty days after the Division Director receives this application, the unorthodox location may be approved.

Very truly yours,



William F. Carr  
Attorney for Raptor Resources, Inc.

Enclosure

cc: Mr. Russell Douglass  
Mr. John Lawrence

December \_\_, 2001

Raptor Resources, Inc.  
c/o Holland & Hart, LLP  
Post Office Box 2208  
Santa Fe, New Mexico 87504-2208

Attention: William F. Carr

Administrative Order NSL-\_\_\_\_\_ (SD)

Dear Mr. Carr:

Reference is made to your application dated November 30, 2001 for an unorthodox gas well location in an existing standard 640-acre gas spacing and proration unit for the Jalmat Gas Pool comprising all of Section 8, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico. By Order No. R-9073, issued in Case No. 9775, dated December 14, 1989 (Paragraph No. 3 of Exhibit "A") the Division approved the simultaneous dedication of the following three wells in Section 8 to this standard gas spacing unit:

- (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);
- (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); and
- (3) State "A" A/C-2 Well No. 59 (API No. 30-025-08843), located at a standard gas well location 11980 feet from the South and East lines (Unit J).

By Division Administrative Order NSL-2816 (SD), dated June 28, 1990, the following three wells located at unorthodox gas well locations in Section 8 were approved for this gas spacing unit:

- (1) State "A" A/C-2 Well No. 24 (API No. 30-025-08833), located at an unorthodox gas well location 1980 feet from the South line and 660 feet from the East line (Unit I);
- (2) State "A" A/C-2 Well No. 26 (API No. 30-025-08835) located at an unorthodox gas well location 660 feet from the North line and 1980 feet from the East line (Unit B); and

- (3) State "A" A/C-2 Well No. 53 (API No. 30-025-08843) located 660 feet from the South line and 1980 feet from the West line (Unit N).

Authority was also given in said administrative order to simultaneously dedicated Jalmat gas production form the State "A" A/C-2 Well Nos. 24, 26, 43, 49, 53 and 59.

By Division Administrative Order NSL-2816-A (SD), dated September 25,1990, the following two wells located at unorthodox gas well locations in Section 8 were approved for this gas spacing unit:

- (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); 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).

Authority was also given in said administrative order to simultaneously dedicated Jalmat gas production form the State "A" A/C-2 Well Nos. 24, 26, 43, 49, 53, 55, 58 and 59

By Division Administrative Order NSL-2816-B (SD) dated April 21, 1992, another well for this spacing unit, 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) was approved. Authority was also given in said administrative order to simultaneously dedicated Jalmat gas production form the State "A" A/C-2 Well Nos. 24, 26, 43, 49, 53, 55, 58, 59 and 70.

By Division Administrative Order No. SD-99-7 dated June 30, 1999, an additional well for this spacing unit, 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. On March 21, 2000 Raptor wrote the Division and requested the cancellation of this order and advised that a new application would be submitted at a later date when a decision to recomplete

the well was made. Contemporaneously with the filing of this administrative application, Raptor is filing an application seeking approval to recomplete the State "A" A/C-2 Well No. 3 and simultaneously dedicate this well and the other producing Jalmat wells on this standard Jalmat gas spacing unit.

By Division Administrative Order NSL-2816-C (SD), dated October 13, 1999, the following two wells located at unorthodox gas well locations were approved for this gas spacing unit:

- (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 East line (Unit I) of Section 8; 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.

Authority was also given in said administrative order to simultaneously dedicated Jalmat gas production form the State "A" A/C-2 Well Nos. 24, 25, 26, 43, 49, 53, 55, 58, 59 and 70.

On this date, Raptor has also filed administrative applications seeking approval of unorthodox gas well locations and authorization for simultaneous dedication of the following three wells:

- (1) 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;
- (2) State "A" A/C-2 Well No. 7 (API No. 30-025-08830), located at an unorthodox 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. 30-025-34692), located 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 8.

By the authority granted me under the provisions of the Amended Stipulated Declaratory Judgment issued by the First Judicial District Court of Santa Fe County, New Mexico on July 11, 2001, in Hartman v. Oil Conservation Commission (Cause No. D-0101-CV-9902927), and Rule 2(c) of the Special Rules and Regulations for the Jalmat Gas Pool, as promulgated by Division Order No. 8170, as amended, the following described well location at an unorthodox gas well location is hereby approved:

**State "A" A/C-2 Well No. 54  
(API No. 30-025-08841)  
660' FSL & 1980' FEL (Unit O)  
Section 8, Township 22 South, Range 36 East, NMPM**

Also, you are hereby authorized to simultaneously dedicate Jalmat gas production from the State "A" A/C-2 Well Nos. 3, 7, 24, 25, 26, 43, 49, 53, 54, 55, 58, 59, 70 and 76; furthermore you are hereby permitted to produce the allowable assigned the spacing unit from all of said wells in any proportion.

All provisions applicable to the subject spacing unit in Division Order Nos. R-9073 and Division administrative Order NSL-2816(SD), Order NSL-2816-A(SD), Order NSL-2816-B(SD), Order NSL- 2816-C(SD), and Order NSL-2723-D(SD) shall remain in full force and effect until further notice.

Sincerely,

Lori Wrotenbery  
Director

SEAL

cc: Oil Conservation Divison - Hobbs  
NM State Land Office - Santa Fe



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**GARY E. JOHNSON**  
Governor  
**Jennifer A. Salisbury**  
Cabinet Secretary

**Lori Wrotenbery**  
Director  
Oil Conservation Division

12/11/01

OIL CONSERVATION DIVISION  
P. O. BOX 2088  
SANTA FE, NEW MEXICO 87501

RE: Proposed:  
MC \_\_\_\_\_  
DHC \_\_\_\_\_  
NSL X \_\_\_\_\_ SD  
NSP \_\_\_\_\_  
SWD \_\_\_\_\_  
WFX \_\_\_\_\_  
PMX \_\_\_\_\_

Gentlemen:

I have examined the application for the:

Raptor Resources Inc State A A/C-2 #54-D-8-225-36e  
Operator Lease & Well No. Unit S-T-R API# 30-025-08841

and my recommendations are as follows:

No comment order has not  
been issued for Jalmat

Yours very truly,

Chris Williams (Signature)  
Chris Williams  
Supervisor, District 1



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON  
Governor  
Jennifer A. Salisbury  
Cabinet Secretary

Lori Wrotenbery  
Director  
Oil Conservation Division

December 28, 2001

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

**Re:** Application of Raptor Resources, Inc. of December 5, 2001 (*application reference No. pKRV0-134435968*) for administrative approval of an unorthodox infill gas well location for its State "A" A/C-2 Well No. 54 (API No. 30-025-08841) located 660 feet from the South line and 1980 feet from the East line (Unit O) of Section 8, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico, and the simultaneous dedication of this well with other wells within a standard 640-acre gas spacing and proration unit comprising all of Section 8.

Dear Mr. Carr:

Undoubtedly you are in receipt of an objection by Doyle Hartman, Oil Operator to this application (see copy attached). Please provide me a copy of Raptor Resources, Inc.'s response to Mr. Hartman by Monday, January 7, 2002.

The Division cannot proceed with your application until the required information is submitted. Upon receipt, the Division will continue to process your application. If the necessary information is not submitted, your application will be withdrawn and returned to you.

Sincerely,

Michael E. Stogner  
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division - Hobbs

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  
WASHINGTON, D.C.

SUITE 1  
110 NORTH GUADALUPE  
SANTA FE, NEW MEXICO 87501-6525  
MAILING ADDRESS  
P.O. BOX 2208  
SANTA FE, NEW MEXICO 87504-2208

TELEPHONE (505) 988-4421  
FACSIMILE (505) 983-6043  
www.hollandhart.com

January 4, 2002

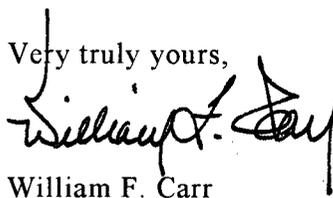
**HAND DELIVERED**

Michael E. Stogner  
Chief Hearing Officer/Engineer  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

Dear Mr. Stogner:

Enclosed is a copy of a letter from Raptor Resources, Inc., to Doyle Hartman, Oil Operator, which accepts the conditions of his letter dated December 18, 2002, on the condition that the Hartman wells be at standard Jalmat well locations.

We hope this resolves any potential issues between Mr. Hartman and Raptor concerning the State "A" A/C-2 Well No. 54.

Very truly yours,  
  
William F. Carr

cc: J. E. Gallegos. Esq.  
John Lawrence  
Russell Douglass

02 JAN -4 AM 11:31

OIL CONSERVATION DIV

# RAPTOR RESOURCES, INC.

901 Rio Grande

Austin, Texas 78701

(512) 478-4427

January 3, 2002

Doyle Hartman  
Oil Operator  
500 North Main  
P.O. Box 10426  
Midland, TX 79702

Re: State A A/C 2 #54  
660' FSL and 1980' FEL  
Section 8, Township 22 South, Range 36 East  
Lea County, New Mexico

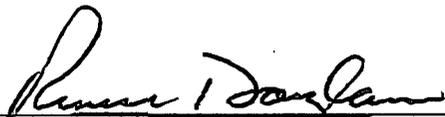
Dear Mr. Hartman,

This is in response to your letter of December 18, 2001 in which you waived objection to the above-referenced Jalmat completion proposed by Raptor Resources, Inc. Provided that Raptor has no objection to (1) the possible recompletion of your State "H" No. 1 Well (A-17-22S-36E), and (2) the drilling of your State "H" No. 6 Well (B-17-22S-36-E), as Jalmat producers. No proposed location for the State "H" No. 6 Well was set forth in your December 18, 2001 letter.

Accordingly, Raptor Resources, Inc. hereby waives objection to the possible recompletion of your State "H" No. 1 Well (A-17-22S-36E), as a Jalmat well, and to the drilling of your State "H" No. 6 Well (B-17-22S-36-E), as a Jalmat well, provided that these wells are located at standard well locations.

As you may recall, the Raptor State A A/C 2 Well No. 54 is one of the wells covered by our March 23, 2000 letter agreement in *Doyle Hartman, Oil Operator vs. New Mexico Oil Conservation Division et al.* In that letter you agreed to withdraw your objection to this well.

Very truly yours,



Russell Douglass, President

Cc: Michael E. Strogner  
New Mexico Oil Conservation Division

William F. Carr  
Holland and Hart, LLP