



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

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

October 5, 1999

Raptor Resources, Inc.
P. O. Box 160430
Austin, Texas 78716-0430
Attention: Bill R. Keathly

Administrative Order NSP-1808(L)(SD)

Dear Mr. Keathly:

Reference is made to the following: (i) your initial applications submitted to the New Mexico Oil Conservation Division ("Division") on August 9, 1999; (ii) the Division's response by letter from Mr. Michael E. Stogner, Engineer in Santa Fe, dated August 24, 1999 withdrawing both applications; (iii) your re-submittal of these applications to the Division on September 15, 1999; and (iv) the Division's records in Santa Fe: all concerning Raptor Resources, Inc.'s ("Raptor") requests to increase the acreage of an existing 393.06-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, N/2 SE/4, and the SE/4 SE/4 of Section 7, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico, which was established by Division Order No. R-9073, dated December 14, 1989 [Paragraph No. (2) of Exhibit "A"], by including the 40 acres comprising the SW/4 SE/4 (Unit O) of Section 7 to the GPU and for two additional infill Jalmat gas wells within this expanded GPU located at unorthodox gas well locations thereon.

The current 393.06-acre GPU was established by Division Order No. R-9073, dated December 14, 1989 [Paragraph No. (2) of Exhibit "A"] and had dedicated thereon the following three wells:

- (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;
- (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; and
- (3) State "A" A/C-2 Well No. 12 (API No. 30-025-08824), located at an unorthodox gas well location 1980 feet from the South line and 660 feet from the East line (Unit I) of Section 7.

At about the same time that Division Order No. R-9073 was issued, an additional well was completed in this GPU, the State "A" A/C-2 Well No. 20 (API No. 30-025-08826), located 1980 feet from the South and East lines (Unit J) of Section 7.

The Division's records indicate that the aforementioned State "A" A/C-2 Well No. 12 was plugged and abandoned in 1994; therefore, this well can be omitted from the provisions of Division Order No. R-9073.

It is our understanding that Raptor's existing State "A" A/C-2 Well No. 19 (API No. 30-025-08825), located 660 feet from the South line and 1980 feet from the East line (Unit O) of Section 7 is a shut-in Jalmat oil well and the existing State "A" A/C-2 Well No. 21 (API No. 30-025-08827), located 1980 feet from the South line and 2316 feet from the West line (Unit K) of Section 7 is currently completed in the South Eunice-Seven Rivers-Queen Pool; however, both wells are 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 433.06-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, N/2 NE/4, SE/4 NE/4, E/2 SW/4, and SE/4.

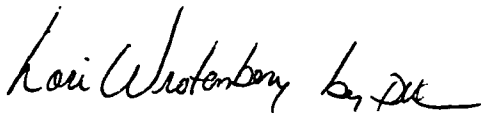
Further, by authority granted me under the provisions of Rule 2(d) of the "*Special Rules and Regulations for the Jalmat Gas Pool*", as promulgated by Division Order No. R-8170, as amended, and Division Rules 104.D and 104.F(2) the above-described State "A" A/C-2 Wells No. 19 and 21, located at unorthodox Jalmat gas well locations within this GPU, are hereby approved:

Also, 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 19. Furthermore, Raptor is hereby permitted to produce the allowable assigned the subject 433.06-acre GPU from all five of these wells in any proportion.

All provisions applicable to the subject GPU in Division Order No. R-9073 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