

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

IN THE MATTER OF THE HEARING CALLED BY )  
THE OIL CONSERVATION DIVISION FOR THE )  
PURPOSE OF CONSIDERING: )

CASE NO. 12,561

APPLICATION OF RAPTOR RESOURCES, INC., )  
TO AMEND DIVISION ORDER NO. R-9073 AND )  
FOR APPROVAL OF A NONSTANDARD 400-ACRE )  
GAS PRORATION UNIT AND AN UNORTHODOX )  
INFILL GAS WELL LOCATION, LEA COUNTY, )  
NEW MEXICO )

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: MICHAEL E. STOGNER, Hearing Examiner

March 8th, 2001

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, MICHAEL E. STOGNER, Hearing Examiner, on Thursday, March 8th, 2001, at the New Mexico Energy, Minerals and Natural Resources Department, 1220 South Saint Francis Drive, Room 102, Santa Fe, New Mexico, Steven T. Brenner, Certified Court Reporter No. 7 for the State of New Mexico.

\* \* \*

STEVEN T. BRENNER, CCR  
(505) 989-9317

01 MAR 22 AM 8:04

OIL CONSERVATION DIV.

## I N D E X

March 8th, 2001  
Examiner Hearing  
CASE NO. 12,561

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## E X H I B I T

Applicant's	Identified	Admitted
Exhibit 1	6	6

\* \* \*

## A P P E A R A N C E S

## FOR THE DIVISION:

HARRY NUTTER  
Attorney at Law  
Legal Counsel to the Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

## FOR THE APPLICANT:

HOLLAND & HART, L.L.P., and CAMPBELL & CARR  
110 N. Guadalupe, Suite 1  
P.O. Box 2208  
Santa Fe, New Mexico 87504-2208  
By: WILLIAM F. CARR

\* \* \*

1           WHEREUPON, the following proceedings were had at  
2   9:00 a.m.:

3           EXAMINER STOGNER: Moving on down page 4, at this  
4   time I'm going to call Case Number 12,561, which is the  
5   Application of Raptor Resources, Inc., to amend Division  
6   Order Number R-9073, or a portion of it, and for approval  
7   of a nonstandard 400-acre gas proration unit and an  
8   unorthodox infill gas well location in Lea County, New  
9   Mexico.

10           At this time I'll call for appearances.

11           MR. CARR: May it please the Examiner, my name is  
12   William F. Carr with the Santa Fe office of the law firm  
13   Holland and Hart, L.L.P.

14           We represent Raptor Resources, Inc., in this  
15   matter, and I have a statement.

16           EXAMINER STOGNER: Are there any other  
17   appearances in this matter?

18           Please note that this case was advertised in the  
19   absence that this Application will be taken under  
20   advisement.

21           Sufficient information has been provided by the  
22   Applicant to submit an order in this instance, however it  
23   could not be done administratively.

24           So at this time, Mr. Carr, what do you have?

25           MR. CARR: Mr. Stogner, as you're aware, Raptor

1 Resources, Inc., in this matter is seeking amendment of  
2 Division Order Number R-9073. With this Application we're  
3 seeking the creation of a 400-acre nonstandard gas  
4 proration unit in the Jalmat Gas Pool and approval of an  
5 unorthodox infill gas well location.

6 This order, Division Order R-9073, was entered in  
7 December of 1989, and it approved a 440-acre nonstandard  
8 spacing and proration unit in the Jalmat Gas Pool.

9 This unit was comprised of the southeast quarter  
10 of Section 17, the northeast quarter of Section 20, the  
11 north half, northwest quarter, and the southwest-northwest  
12 quarter of Section 21, Township 23 South, Range 36 East.  
13 Raptor acquired this property in 1999.

14 The prior order approved a number of wells on  
15 this unit, but now only one well is capable of producing,  
16 and it is temporarily -- it is shut in -- and that is the  
17 State "A" A/C-1 Well Number 39. It is located at an  
18 unorthodox well location 1980 feet from the south and east  
19 lines of Section 17.

20 Raptor initially sought to expand the unit to  
21 include an additional 40-acre tract, the southeast quarter  
22 of the northwest quarter of Section 21. The reason for  
23 this is, they were trying to add to this unit a 40-acre  
24 tract on which was located its State "A" A/C-1 Well Number  
25 6.

1           This well is located at an unorthodox gas well  
2           location 2310 feet from the north line and 1650 feet from  
3           the west line of Section 21.

4           This well was an oil well that had been  
5           reclassified as a gas well, and they were attempting to add  
6           it to this unit. This well is capable of only marginal gas  
7           production.

8           And so the result of the Application of Raptor  
9           would be to have two marginal gas wells on a 400-acre  
10          spacing unit, and the location is unorthodox because under  
11          the Jalmat rules, a well 330 feet from the south line would  
12          be an unorthodox location.

13          As the Division is aware, in December of 2000 the  
14          District Court in Santa Fe County entered an order which  
15          imposed special requirements for additional development in  
16          the Jalmat Gas Pool. There are additional notice  
17          requirements, and there are also requirements for technical  
18          presentations when you're going to a density of greater  
19          than one well per 160 acres. However, that court order  
20          does not apply to this situation because here we have two  
21          wells on 400 acres, and the spacing unit and the well  
22          density is, in fact, larger than that that falls under that  
23          court order.

24          Instead of going to a larger spacing unit,  
25          however, the unit before you is comprised of only 400

1    acres. This is because when the Division reviewed this  
2    Application initially, in late 2000, it was discovered that  
3    there were two old 40-acre oil wells within the previously  
4    approved spacing and proration unit.

5            One is the Mirage Energy State SN Well Number 1.  
6    It's located in the southwest of the southeast of Section  
7    17.

8            The other is the Primal Energy State 20 Well  
9    Number 1, in the northwest of the northeast of Section 20.

10           These cannot be included, obviously, in the  
11    Jalmat Gas spacing unit, and so this Application also seeks  
12    the exclusion or the contraction of the unit to exclude  
13    those two 40-acre tracts.

14           Pursuant to the directives of the Division, all  
15    operators affected in the subject sections and in the  
16    offsetting sections have been provided with notice of this  
17    Application in accordance with Division rules. I have an  
18    affidavit confirming that, which we have marked as Exhibit  
19    1.

20           And in the absence of objection -- and I believe  
21    there is none -- we therefore would request that the  
22    Application be approved, and I move the admission of Raptor  
23    Exhibit Number 1, the notice affidavit.

24           EXAMINER STOGNER: Exhibit Number 1 will be  
25    admitted into evidence.

1 If nobody has anything further in Case Number  
2 12,561, then this matter will be taken under advisement.

3 Thank you, Mr. Carr.

4 MR. CARR: Thank you, Mr. Stogner

5 (Thereupon, these proceedings were concluded at  
6 9:03 a.m.)

7 \* \* \*

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9  
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11  
12  
13  
14 I do hereby certify that the foregoing is  
15 a complete and true copy of the proceedings in  
16 the Examiner's hearing of Case No. 12561  
17 heard by me on 18 March 2000  
18 Michael E. Stogner, Examiner  
19 Of Conservation Division  
20  
21  
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23  
24  
25

## CERTIFICATE OF REPORTER

STATE OF NEW MEXICO    )  
                              )    ss.  
COUNTY OF SANTA FE    )

I, Steven T. Brenner, Certified Court Reporter  
and Notary Public, HEREBY CERTIFY that the foregoing  
transcript of proceedings before the Oil Conservation  
Division was reported by me; that I transcribed my notes;  
and that the foregoing is a true and accurate record of the  
proceedings.

I FURTHER CERTIFY that I am not a relative or  
employee of any of the parties or attorneys involved in  
this matter and that I have no personal interest in the  
final disposition of this matter.

WITNESS MY HAND AND SEAL March 12th, 2001.



STEVEN T. BRENNER  
CCR No. 7

My commission expires: October 14, 2002