

October 8, 1999

Raptor Resources, Inc.
P. O. Box 160430
Austin, Texas 78716-0430

Attention: Bill R. Keathly

Administrative Order NSL-2723-E (SD)

Dear Mr. Keathly:

Reference is made to the following: (i) your application submitted to the New Mexico Oil Conservation Division ("Division") on September 27, 1999; and (ii) the Division's records in Santa Fe: all concerning Raptor Resources, Inc.'s ("Raptor") request for an unorthodox Jalmat infill gas well location in an existing non-standard 480-acre gas spacing and proration unit ("GPU") for the Jalmat Gas Pool comprising the N/2 and SW/4 of Section 11, Township 23 South, Range 36 East, NMPM, Lea County, New Mexico. This GPU was established by Division Order No. R-9073, dated December 14, 1989 [Paragraph No. (10) of Exhibit "A"] and had dedicated thereon the following three wells:

- (1) State "A" A/C-1 Well No. 16 (**API No. 30-025-09309**), located at an unorthodox gas well location 660 feet from the North and East lines (Unit A) of Section 11;
- (2) State "A" A/C-1 Well No. 29 (**API No. 30-025-09310**), located at a standard gas well location 990 feet from the North line and 1650 feet from the West line (Unit C) of Section 11; and
- (3) State "A" A/C-1 Well No. 34 (**API No. 30-025-09311**), located at a standard gas well location 1650 feet from the South and West lines (Unit K) of Section 11.

By Division Administrative Order NSL-2723, dated December 6, 1989, the following two described wells located at unorthodox gas well locations were approved for this GPU:

- (1) State "A" A/C-1 Well No. 67 (**API No. 30-025-09313**), located 1980 feet from the North line and 660 feet from the East line (Unit H) of Section 11; and
- (2) State "A" A/C-1 Well No. 99 (**API No. 30-025-09372**), located 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 11.

By Division Administrative Order NSL-2723-A, dated January 29, 1990, another well for this GPU, the State "A" A/C-1 Well No. 62 (**API No. 30-025-09312**), located at an unorthodox gas well location 660 feet from the North line and 1980 feet from the East line (Unit B) of Section 11 was also approved.

By Division Administrative Order NSL-2723-B, dated September 25, 1990, another well for this GPU, the State "A" A/C-1 Well No. 85 (**API No. 30-025-09316**), located at an unorthodox gas well location 2310 feet from the North and West lines (Unit F) of Section 11 was also approved.

By Division Administrative Order NSL-2723-C, dated January 18, 1991, another well for this GPU, the State "A" A/C-1 Well No. 103 (**API No. 30-025-20493**), located at an unorthodox gas well location 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 11 was also approved.

By Division Administrative Order NSL-2723-D, dated September 16, 1999, another well for this GPU, the State "A" A/C-1 Well No. 58 (**API No. 30-025-10107**), located at an unorthodox gas well location 1980 feet from the North and East lines (Unit G) of Section 11 was also approved.

It is our understanding that the subject well to be considered at this time is currently completed in the Langlie-Mattix-Seven Rivers-Queen-Grayburg Pool, however it is 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 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 Rule 104.F (2) the following well located at an unorthodox Jalmat gas well location in Section 11 is hereby approved:

**State "A" A/C-1 Well No. 92
660' FN & WL (Unit D)
(API No. 30-025-09137).**

Also, Raptor is hereby authorized to simultaneously dedicate Jalmat gas production from the State "A" A/C-1 Well No. 92 with the State "A" A/C-1 Wells No. 16, 29, 34, 58, 62, 67, 85, 99, and 103. Furthermore, Raptor is hereby permitted to produce the allowable assigned the subject 480-acre GPU from all ten of these wells in any proportion

All provisions applicable to the subject GPU in Division Order No. R-9073 and Division Administrative Orders NSL-2723, NSL-2723-A, NSL-2723-B, NSL-2723-C, and NSL-2723-D (SD) 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-2723
NSL-2723-A
NSL-2723-B
NSL-2723-C
NSL-2723-D (SD)