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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -

ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

Application Acronyms:

[NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
[DD-Directional Drilling] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Directional Drilling
☐ NSL ☒ NSP ☐ DD ☐ SD

Check One Only for [B] and [C]

[B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or ☐ Does Not Apply

[A] ☒ Working, Royalty or Overriding Royalty Interest Owners

[B] ☐ Offset Operators, Leaseholders or Surface Owner

[C] ☐ Application is One Which Requires Published Legal Notice

[D] ☐ Notification and/or Concurrent Approval by BLM or SLO

U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

[E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,

[F] ☐ Waivers are Attached

[3] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with supervisory capacity.

William F. Carr
Print or Type Name

William F. Carr
Signature

Attorney
Title

1/4/01
Date

HOLLAND & HART ^{LLP}
and
CAMPBELL & CARR
ATTORNEYS AT LAW

DENVER • ASPEN
BOULDER • COLORADO SPRINGS
DENVER TECH CENTER
BILLINGS • BOISE
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January 4, 2001

HAND-DELIVERED

Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Re: Application of Raptor Resources, Inc. for Amendment of Division Order No. R-9073, as amended, and administrative approval of a 360-acre non-standard gas spacing unit comprised of N/2 SE/4, SE/4 SE/4 of Section 17, S/2 NE/4, NE/4 NE/4 of Section 20 and the N/2 NW/4, SW/4 NW/4 of Section 21, Township 23 South, Range 36 East, N.M.P.M., Lea County, New Mexico.

Dear Ms. Wrotenbery:

Raptor Resources, Inc. pursuant to the provisions of Division Rule 104 D (2)(b) and (c) adopted on January 18, 1996, hereby seeks administrative approval of a non-standard gas spacing and proration unit in the Tansil, Yates and Seven Rivers, formations, Jalmat Gas Pool, comprised of 360 acres located in the N/2 SE/4, SE/4 SE/4 of Section 17, S/2 NE/4, NE/4 NE/4 of Section 20 and the N/2 NW/4, SW/4 NW/4 of Section 21, all in Township 23 South, Range 36 East, N.M.P.M., Lea County, New Mexico. Said non-standard unit is to be dedicated to Raptor Resources, Inc.'s State "A" A/C-1 Well No. 39 (API No. 30-025-09358) located at an unorthodox gas well location 1980 feet from the South and East lines (Unit J) of Section 17.

By Division Order No. R-9073 entered in Case No. 9775 on December 14, 1989, the Division granted the application of Hal J. Rasmussen and, among other matters, approved

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a 480-acre unit comprised of the SE/4 of Section 17, NE/4 of Section 20 and the N/2 NW/4 and SW/4 NW/4 of Section 21, all in Township 23 South, Range 36 East, NMPM, Lea County, New Mexico (Paragraph No. 13 of Exhibit A). This order superceded numerous orders establishing and re-aligning non-standard and standard Jalmat Gas Pool gas proration and spacing units as well as those orders simultaneously dedicating a variety of wells at orthodox and unorthodox locations thereto. This order also approved the simultaneous dedication of the following wells, and the locations of the following wells, to this 440-acre Jalmat Gas Pool spacing and proration unit:

State "A" A/C-1 Well No. 3 (API No. 30-025-09367) at unorthodox gas well Location 1650 feet from the North line and 330 feet from the West line (Unit E) of Section 21 which is plugged and abandoned.

State "A" A/C-1 Well No. 4 (API No. 30-025-09366) at an unorthodox gas well location 330 feet from the North line and 1660 feet from the West line (Unit O) of Section 21 which is plugged and abandoned.

State "A" A/C-1 Well No. 5 (No API Number) located at an unorthodox gas well location 1320 feet from the North line and 660 feet from the East line (Units A/H) of Section 20 which is plugged and abandoned; and

State "A" A/C-1 Well No. 39 (API No. 30-025-09358) located at an unorthodox gas well location 1980 feet from the South and East lines (Unit J) of Section 17 which is temporarily abandoned.

Raptor Resources, Inc. became operator of this spacing and proration unit in 1999 and has discovered that the following two 40-acre spacing and proration units in the Jalmat Oil Pool are located within this 440-acre non-standard gas spacing and proration unit:

Primal Energy Corporation operates the State "20" Well No. 1 (API No. 30-025-28421) located 660 feet from the North line and 1980 feet from the East line (Unit B) of Section 20. This well was drilled by E O B Energy Corporation in November 1983 to which was dedicated a 40-acre oil spacing and proration unit in the Jalmat Oil Pool comprised of the NW/4 NE/4 of Section 20, Township 23 South, Range 36 East, NMPM, Lea County, New Mexico. This well is a producing Jalmat oil well.

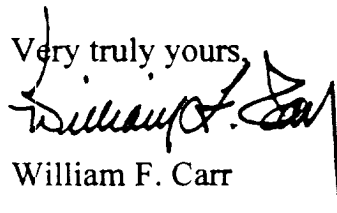
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Mirage Energy, Inc. operates the State "SN" Well No. 1 (API No. 30-025-28 784) located 660 feet from the South line and 1980 feet from the East line (Unit O) of Section 17. This well was drilled by Martindale Petroleum Corporation in June and July, 1984 to which was dedicated a 40-acre oil spacing and proration unit in the Jalmat Oil Pool comprised of the SW/4 SE/4 of Section 17, Township 23 South, Range 36 East, NMPM, Lea County, New Mexico. This well is a producing from the Jalmat Oil Pool.

Since the existence of these oil wells in a gas spacing unit violates Rule 2 (a) 3 of the Special Rules and Regulations for the Jalmat Gas Pool set forth in Division Order No. 8170, the 440-acre spacing unit must be contracted to exclude these 40-acre oil spacing units.

Raptor Resources, Inc. seeks amendment of Order No. R-9073 to contract the 440-acre gas spacing unit which currently includes the SE/4 of Section 17, the NE/4 of Section 20 and the N/2 NW/4 and the SW/4 NW/4 of Section 21, Township 23 South, Range 36 East, NMPM, by the exclusion therefrom of the SW/4, SE/4 of Section 17 and the NW/4 NE/4 of Section 20. Exhibit A to this application is a Plat showing the spacing unit and applicable standard spacing units for this pool and the wells located thereon. As you will note, the resulting non-standard spacing unit consists of quarter-quarter sections joined by a common side. Exhibit B is a list of affected parties as defined by Rule 1207.A(2).

On the date this application was submitted to the Division, Raptor notified to the affected persons, including a copy of this application and attached plat, be certified mail, return receipt requested, 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 20 days from the date the Division receives this application. They were also advised that the Division Director may approve this application if no objection is made within this 20-day period.

Very truly yours,

William F. Carr

cc: OCD - Hobbs, New Mexico
Mr. Russell Douglass
Mr. John Lawrence
Raptor Resources, Inc.

EXHIBIT B

State "A" A/C 1 #6
Section 21, T-23S, R-36E, F
API # 30-025-09369
Lea County, New Mexico

Offset Operators

Mirage Energy, Inc.
7915 North Llewelyn
Hobbs, New Mexico 88242

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

Hal J. Rasmussen Operating, Inc.
310 West Wall
Midland, Texas 79701

Chance Properties
c/o Oil Reports & Gas Services, Inc.
Post Office Box 755
Hobbs, New Mexico 88241

Lanexco, Inc.
Post Office Box 1206
Jal, New Mexico 88252

McCasland Management, Inc.
Post Office Box 206
Eunice, New Mexico 88231

Gruy Petroleum Management Co.
401 Cypress Street
Abilene, Texas 79601

MNA Enterprises Ltd. Co.
106 West Alabama
Hobbs, New Mexico 88242

Primal Energy Corporation
222 Pennbright
Suite 116
Houston, Texas 77090

BP Amoco
501 WestLake Park Boulevard
Houston, Texas 77079

Arch Petroleum, Inc.
Post Office Box 10340
Midland, Texas 79702

Louis Dreyfus Natural Gas Corp.
14000 Quail Springs Parkway
Oklahoma City, Oklahoma 73134

James N. Evans
Post Office Box 1076
Eunice, New Mexico 88231

Tenison Oil Company
Post Office Box 170907
Irving, Texas 75014