



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Betty Rivera
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

12/23/02

Oil Conservation Division
1220 S. Francis Drive
Santa Fe, NM 87505

RE: Proposed:

MC _____
DHC _____
NSL _____
NSP X _____ SD
SWD _____
WFX _____
PMX _____

Gentlemen:

I have examined the application for the:

Raptor Resources Inc
Operator

Lease & Well No. Unit S-T-R

and my recommendations are as follows:

OK

Yours very truly,

Chris Williams
Chris Williams
Supervisor, District 1

State "A" A/C-1 Well No. 37 (API No. 30-025-09290), located at a standard gas well location 1650 feet from the North and West lines (Unit F) of Section 10;

State "A" A/C-1 Well No. 38 (API No. 30-025-09291), located at a standard gas well location 990 feet from the South and West lines (Unit M) of Section 10;

State "A" A/C-1 Well No. 49 (API No. 30-025-09292), located at an unorthodox gas well location 660 feet from the North and West lines (Unit D) of Section 10;

State "A" A/C-1 Well No. 55 (API No. 30-025-09293), located at an unorthodox gas well location 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 10;

State "A" A/C-1 Well No. 81 (API No. 30-025-09295), located at an unorthodox gas well location 660 feet from the North line and 1980 feet from the West line (Unit C) of Section 10;

State "A" A/C-1 Well No. 88 (API No. 30-025-09297), located at an unorthodox gas well location 1980 feet from the South and West lines (Unit K) of Section 10, which is currently temporarily abandoned;

State "A" A/C-1 Well No. 89 (API No. 30-025-09298), located at an unorthodox gas well location 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 10;

State "A" A/C-1 Well No. 131 (API No. 30-025-35556) located at an unorthodox infill gas well location 1980 feet from the South line and 660 feet from the East line (Unit J) of Section 9.

DATE IN	SUSPENSE	ENGINEER	LOGGED IN	TYPE	APP NO.
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [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 - Simultaneous Dedication
☐ NSL ☒ NSP ☐ SD

Check One Only for [B] or [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

[D] Other: Specify _____

[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] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

William F. Carr
 Print or Type Name

William F. Carr
 Signature

Manager
 Title

12-19-02
 Date

wcarr@hollandhart.com
 e-mail Address

HOLLAND & HART ^{LLP}
ATTORNEYS AT LAW

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BOULDER • COLORADO SPRINGS
DENVER TECH CENTER
BILLINGS • BOISE
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TELEPHONE (505) 988-4421
FACSIMILE (505) 983-6043

William F. Carr

wcarr@hollandhart.com

December 19, 2002

HAND DELIVERED

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

Re: Application of Raptor Resources, Inc. for administrative approval of a non-standard gas spacing unit by the amendment of Division Order No. R-9073-B, to reduce a 520-acre non-standard gas unit by the deletion of a 40-acre oil spacing unit, Jalmat Gas Pool, Lea County, New Mexico.

Dear Ms. Wrotenbery:

Pursuant to the provisions of Rule 4 (C) of the Special Pool Rules for the Jalmat Gas Pool, as promulgated by Division Order No. R-8170-P dated December 14, 2001, Raptor Resources, Inc. hereby files its application for an administrative exception to the requirements of Rule 2(A) for the reduction of the existing 520-acre non-standard gas spacing unit comprised of S/2 NE/4, N/2 SE/4 and the SE/4 SE/4 of Section 9 and the W/2 of Section 10, both in Township 23 South, Range 36 East, NMPM, Lea County, New Mexico, to a 480-acre unit by deleting the SE/4 SE/4 (Unit P) of Section 9. This 480-acre non-standard gas spacing unit was authorized by Division Order R-9073-B [Paragraph 8 of Exhibit A], dated December 14, 1989.

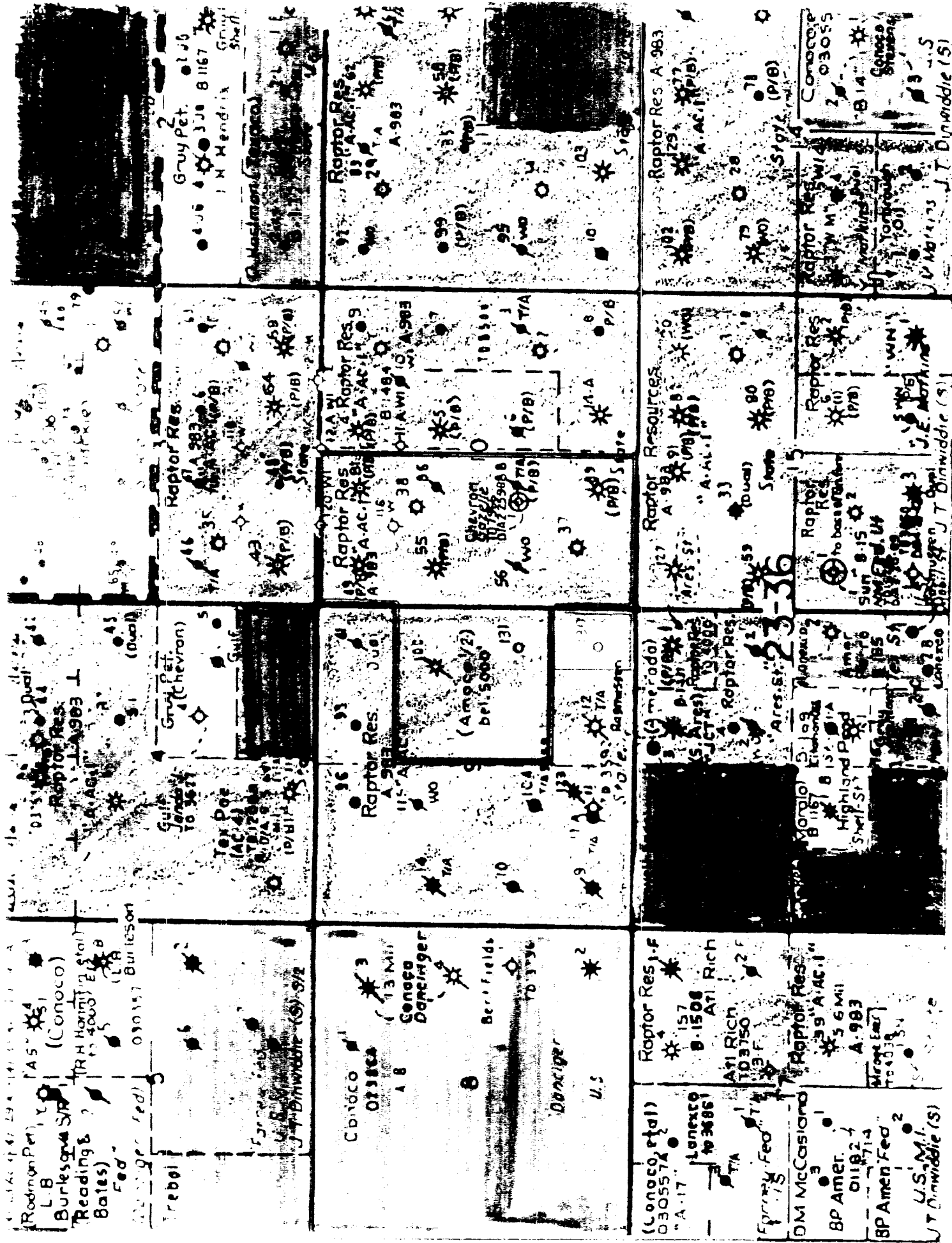
The reduction of this non-standard Jalmat gas spacing unit is necessary because the gas-liquid test conducted on the State "A" A/C-1 Well No. 130 (API No. 30-025-35552) located in the SE/4 SE/4 of Section 9, showed that it produced at a gas-liquid ratio of less than 100,000 cubic feet of gas per barrel of oil [See, Rule 1] and therefore is an oil well in the Jalmat formation, Jalmat Tansil Yates 7 Rivers (Oil Pool)[Rule 4(C)(2)(a)]. Simultaneous dedication of the 40-acre oil spacing unit dedicated to the State "A" AC/-1 Well No. 130 and the remainder 480-acres of this non-standard gas spacing and proration unit would violate Rule 2(C) of the Special Pool Rules for the Jalmat Gas Pool.

By Order No. R-11591, dated May 31, 2002, the Division authorized the simultaneous dedication of the following wells to this non-standard spacing and proration unit:

- A. State "A" A/C-1 Well No. 37 (**API No. 30-025-09290**), located at a standard gas well location 1650 feet from the North and West lines (Unit F) of Section 10;
- B. State "A" A/C-1 Well No. 38 (**API No. 30-025-09291**), located at a standard gas well location 990 feet from the South and West lines (Unit M) of Section 10;
- C. State "A" A/C-1 Well No. 49 (**API No. 30-025-09292**), located at an unorthodox gas well location 660 feet from the North and West lines (Unit D) of Section 10;
- D. State "A" A/C-1 Well No. 55 (**API No. 30-025-09293**), located at an unorthodox gas well location 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 10;
- E. State "A" A/C-1 Well No. 81 (**API No. 30-025-09295**), located at an unorthodox gas well location 660 feet from the North line and 1980 feet from the West line (Unit C) of Section 10;
- F. State "A" A/C-1 Well No. 88 (**API No. 30-025-09297**), located at an unorthodox gas well location 1980 feet from the South and West lines (Unit K) of Section 10, which is currently temporarily abandoned;
- G. State "A" A/C-1 Well No. 89 (**API No. 30-025-09298**), located at an unorthodox gas well location 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 10;
- H. State "A" A/C-1 Well No. 130 (**API No. 30-025-5552**) located at an unorthodox infill gas well location 660 feet from the South and East lines (Unit P) of Section 9, and
- I. State "A" A/C-1 Well No. 131 (**API No. 30-025-35556**) located at an unorthodox infill gas well location 1980 feet from the South line and 660 feet from the East line (Unit I) of Section 9.

Subsequent to the entry of Order No. R-11591, Raptor drilled and completed the State "A" A/C-1 Well No. 130 in the SE/4 SE/4 of Section 9 at a point 660 feet from the South and East lines of the section. The State "A" A/C-1 Well No. 130 produces with a gas-liquid ratio of less than 100,000 cubic feet of gas per barrel of oil and therefore, pursuant to Rule 1 of the Special Pool Rules and Regulations for the Jalmat Gas Pool, is classified as an oil well in the Jalmat formation, Jalmat Tansil Yates Seven Rivers Oil Pool.

The proposed 480-acre non-standard Jalmat gas spacing unit consists of quarter-quarter sections or lots that share a common bordering side. Attached hereto as **Exhibit A** is a land plat which shows (1) the subject 480-acre spacing non-standard gas spacing unit comprised of S/2 NE/4 and N/2 SE/4 of Section 9 and the W/2 of Section 10 both in Township 23 South,



Raptor Resources, Inc.
Application for Administrative Approval of the
Reduction of a 520-acre Non-Standard Gas Spacing Unit
Jalmat Gas Pool, Lea County, New Mexico
December 19, 2002
Page 3

Range 36 East [Rule 4(C)(2)(b)]; (2) all Jalmat gas wells contained within the acreage [Rule 4(C)(2)(b)], and (3) the acreage of Raptor that will be excluded from the unit [Rule 4(C)(2)(e)] and the operators of offsetting tracts which are not operated by Raptor Resources.

Exhibit B-1 is a copy of the Oil Conservation Division Form C-102 that shows the 40-acre location for the State "A" A/C-1 Well No. 130. **Exhibit B-2** is a copy of the Oil Conservation Division Form C-102 that shows the 480-acre unit that will remain after the elimination of the SE/4 SE/4 of Section 9 and shows the location of the Jalmat gas wells located thereon.

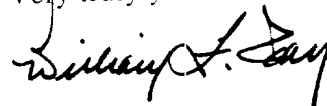
Exhibit C is a list of all wells which have produced from the Jalmat on the subject acreage that shows for each the APR Number, the well location and its current status.

Raptor requests that the subject 520-acre gas spacing and proration unit be contracted to exclude the SE/4 SE/4 of Section 9 thereby permitting Raptor to dedicate this 40-acre tract (a standard oil spacing and proration unit) to the State "A" A/C-1 Well No. 130 which is located at a standard oil well location. All other provisions of Division Order No. R-11591 should remain in force including the authorization to simultaneously dedicate the State "A" A/C-1 Wells 37, 38, 49, 55, 81, 88, 89, and 131 to the newly approved 480-acre spacing and proration unit.

The owners of the mineral estate in the acreage which is excluded from 640-acre standard gas spacing units in Sections 9 and 10 are identical to the mineral owners in the proposed 480-acre non-standard gas spacing unit that is the subject of this application. Raptor is the owner of all working interest and the State of New Mexico is the only royalty owner. Raptor has provided a copy of this application, including all attachments, to the New Mexico Commissioner of Public Lands by certified mail-return receipt requested in accordance with Rule 1207 (B) advising that if the State Land Office has an objection to this application it must be filed in writing with the Division's Santa Fe office within twenty days after filing of this application and proof of notice with the Division.

Your attention to this application is appreciated.

Very truly yours,



William F. Carr
Attorney for Raptor Resources, Inc.

Enclosures
cc: Oil Conservation Division-Hobbs

Mr. John Lawrence
Raptor Resources, Inc.

State of New Mexico

Department of Natural Resources and Environment

WILDLIFE CONSERVATION DIVISION

100 Park Avenue

Santa Fe, New Mexico 87505

WILDLIFE AND ANCESTRAL DEEDS ACT

Section 1

Page 1

Section 1. The purpose of this act is to provide for the conservation and management of the State's wildlife resources and to provide for the protection of the State's ancestral lands.

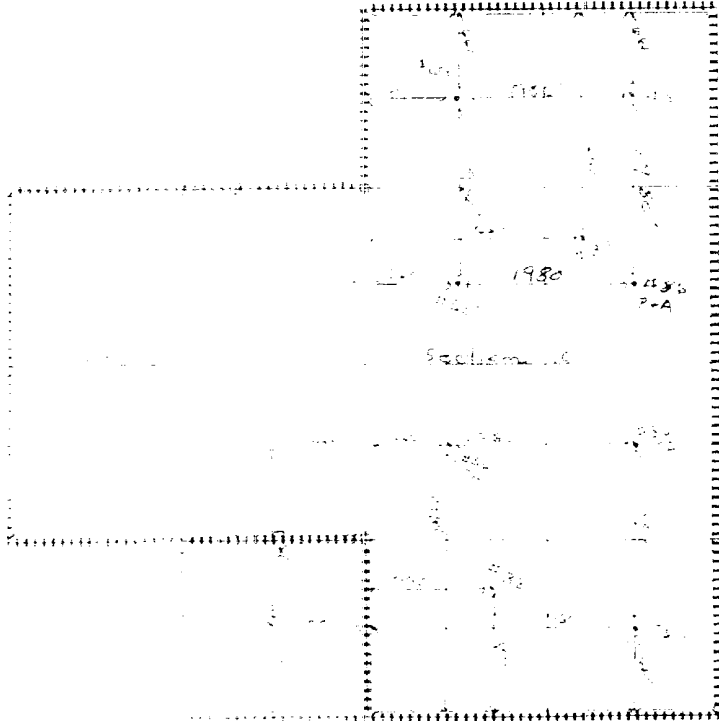
Section 2

Section 3

Section 4

Section 5

Section 6. The purpose of this act is to provide for the conservation and management of the State's wildlife resources and to provide for the protection of the State's ancestral lands.



Section 7

Section 8

Section 9

Section 10

Section 11

Section 12

Section 13

Section 14

Section 15

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EXHIBIT C					
State "A" A/C 1 Well No. 131					
520 acre Non-Standard Jalmat Gas Pool Spacing and Proration Unit					
Township 23 South, Range 36E, N.M.P.M.					
Section 9, 1980' FSL & 660' FEL (Unit I)					
WELL Name	Well No	Status	API No.	Sec/Twp/Rg/UL	Footage from Lease
State "A" A/C 1	100	P&A	30-025-	9 23S 36E H	1980' FNL & 990' FEL
State "A" A/C 1	81	P	30-025-09295	10 23S 36E C	660' FNL & 1980' FWL
State "A" A/C 1	49	P	30-025-09292	10 23S 36E D	660' FNL & 660' FWL
State "A" A/C 1	55	P	30-025-09293	10 23S 36E E	1980' FNL & 660' FWL
State "A" A/C 1	37	P	30-025-09290	10 23S 36E F	1650' FNL & 1650' FWL
State "A" A/C 1	88	TA	30-025-09297	10 23S 36E K	1980' FSL & 1980' FWL
State "A" A/C 1	38	P	30-025-09291	10 23S 36E M	990' FSL & 990' FWL
State "A" A/C 1	89	P	30-025-09291	10 23S 36E N	660' FSL & 1980' FWL
State "A" A/C 1	86	TA	30-025-09296	10 23S 36E F	1980' FNL & 1980' FWL
State "A" A/C 1	56	P&A	30-025-09294	10 23S 36E L	1980' FSL & 660' FWL
State "A" A/C 1	130	P	30-025-35525	9 23S 36E P	660' FSL & 660' FEL
State "A" A/C 1	131	SI	30-025-35556	9 23S 36E I	1980' FSL & 660' FEL

HOLLAND & HART^{LLP}
ATTORNEYS AT LAW

DENVER • ASPEN
BOULDER • COLORADO SPRINGS
DENVER TECH CENTER
BILLINGS • BO SE
CHEYENNE • JACKSON HOLE
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William F. Carr

wcarr@hollandhart.com

December 19, 2002

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Commissioner of Public Lands
State of New Mexico
State Land Office Building
Post Office Box 1148
Santa Fe, New Mexico 87504-1148

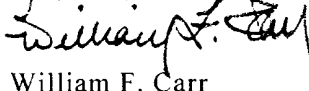
Re: Application of Raptor Resources, Inc. for administrative approval of a non-standard gas spacing unit by the amendment of Division Order No. R-9073-B, to reduce a previously approved 520-acre non-standard gas unit by the deletion of a 40-acre oil spacing unit, Jalmat Gas Pool, Lea County, New Mexico.

Ladies and Gentlemen:

Enclosed is a copy of the above-referenced application that was filed with the Oil Conservation Division on this date by Raptor Resources, Inc. for administrative approval of a 480-acre non-standard gas spacing and proration unit comprised of the all the S/2 NE/4 and the N/2 SE/4 of Section 9 and the W/2 of Section 10, Township 23 South, Range 36 East, N.M.P.M., Lea County, New Mexico.

As the owner of an interest that will be affected by the proposed non-standard unit, you may object to this application. Objections must be filed in writing at the Division's Santa Fe office located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505 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 non-standard spacing or proration unit may be approved.

Very truly yours,



William F. Carr
Attorney for Raptor Resources, Inc.

cc: Mr. John Lawrence