



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

March 1, 2006

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

El Paso Energy Raton, L.L.C.
P. O. Box 190
Raton, New Mexico 87740

Attention: **Donald R. Lankford**
Operations Manager
don.lankford@elpaso.com

Administrative Order NSL-4251-F

Dear Mr. Lankford:

Reference is made to the following: (i) your application (*administrative application reference No. pMES0-606046386*) submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on February 15, 2006; and (ii) the Division's records in Santa Fe, including the file in Division Administrative Order NSL-4251: all concerning El Paso Energy Raton, L.L.C.'s ("El Paso") request for an exception to the special provisions of Division Administrative Order NSL-4251, dated April 5, 1999, limiting the distance of wells to the outer boundary of the Vermejo Park Ranch lease in Colfax County, New Mexico [see Ordering Paragraph No. (2) on page 3 of said Administrative Order], for its proposed Vermejo Park Ranch "B" Well No. 217 (API No. 30-007-20716) to be drilled at a location 799 feet from the North line and 1218 feet from the West line (Unit D) of Section 23, Township 30 North, Range 17 East, as projected into the (publicly unsurveyed) Maxwell Land Grant by private survey conducted by PennzEnergy Company, Colfax County, New Mexico.

This well location, chosen for topographic reasons, is only 339 feet from the southwestern (metes and bounds) boundary of the Vermejo Park Ranch lease; however, is considered "standard" under the provisions of Division Rule 104.C (3).

The NW/4 of Section 23, being a standard 160-acre gas spacing unit within the Vermejo formation, and is subject to a compensatory royalty agreement, is to be dedicated to this well.

The location of El Paso's above-described Vermejo Park Ranch "B" Well No. 217 is hereby approved. Further, the aforementioned well and spacing unit will be subject to all existing rules, regulations, policies, and procedures applicable to this formation/pool.

Sincerely,

Michael E. Stogner,
Engineering Assistant to the Division Director

MES/ms

cc: Roy Johnson, Supervisor District IV- New Mexico Oil Conservation Division - Santa Fe
U. S. Bureau of Land Management, Farmington Field Office - Farmington
U. S. Bureau of Land Management, New Mexico State Office - Santa Fe
File: NSL-4251