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May 21, 2003

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HAND-DELIVERED

Ms. Lori Wrotenbery, Director
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: Application of El Paso Energy Raton, L.L.C.
for Approvals of Non-Standard/Irregular
Spacing Units and Certain Non-Standard
Setbacks for Unorthodox Well Locations
for Coalbed Methane Gas Wells and any
Other Approvals Required for such Units,
Setbacks and Wells in Colfax County, New Mexico.

Dear Ms. Wrotenbery:

On behalf of El Paso Energy Raton, L.L.C., please find enclosed for filing:

1. The original Application, along with two (2) copies, which we request be set for hearing on the next available Examiner's docket now scheduled for June 19, 2003;
2. Applicant's Proposed Advertisement (along with two (2) copies) of this case for the NMOCDD docket;
3. Certificate of Mailing and Compliance with Division Rule 1207 (Order R-8054) and Notice of Hearing (along with two (2) copies).

We also enclose an extra copy of each of the above, which we ask be conformed with

Case 13097

RECEIVED

MAY 21 2003

Oil Conservation Division

RODEY, DICKASON, SLOAN, AKIN & ROBB, P. A.

Ms. Lori Wrotenbery, Director

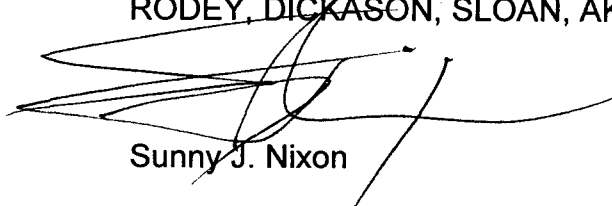
May 21, 2003

Page 2.

the NMOCD date and time stamp and returned to our courier. Thank you.

Very truly yours,

RODEY, DICKASON, SLOAN, AKIN & ROBB, P.A.

A handwritten signature in black ink, appearing to be "Sunny J. Nixon", written over the printed name. The signature is stylized with a large, sweeping loop and a long horizontal stroke extending to the right.

Sunny J. Nixon

SJN/tc

Enclosures

cc: G. Kevin Cunningham (w/encls.)

Paul H. Dowden (w/encls)

**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. 13097

**APPLICATION OF EL PASO ENERGY RATON, L.L.C.
FOR APPROVALS OF NON-STANDARD/IRREGULAR
SPACING UNITS AND CERTAIN NON-STANDARD
SETBACKS FOR UNORTHODOX WELL LOCATIONS
FOR COALBED METHANE GAS WELLS AND ANY
OTHER APPROVALS REQUIRED FOR SUCH UNITS,
SETBACKS AND WELLS IN COLFAX COUNTY, NEW MEXICO.**

APPLICATION

Comes now EL PASO ENERGY RATON, L.L.C. ("El Paso") and applies to the New Mexico Oil Conservation Division ("Division") for approval of twenty (20) non-standard/irregular coalbed methane ("CBM") gas spacing units and certain non-standard setbacks for unorthodox well locations to be configured from portions of:

Projected Sections 3, 4, and 10, T29N, R18E, NMPM;
Projected Sections 21, 22, 23 and 24, T30N, R17E, NMPM; and
Projected Sections 29, 30, 32 and 33, T30N, R18E, NMPM;
All within the Maxwell Land and Beaubien and Miranda Grants in Colfax County,
New Mexico.

These non-standard/irregular spacing units are necessary because of the irregular boundary line between El Paso's mineral interest and the mineral interest of the United States administered by the United States Forest Service ("USFS") and the United States Bureau of Land Management ("BLM") in the Carson National Forest. **See Exhibits 1A and 1B (together sometimes referred to collectively as Exhibit 1).** Exhibits 1A and 1B are plats showing El Paso's proposed 20 non-standard/irregular spacing units, the proposed non-standard setbacks for the unorthodox locations of wells in each of these spacing units and the irregular boundary between El Paso's mineral interest and the mineral interest of the United States. El Paso's proposed

spacing units and setbacks for well locations will not result in more than one (1) well for each projected 160 acres (or four (4) wells for every projected 640 acres), *albeit* the irregular boundary has necessitated the non-standard/irregular spacing units. El Paso has requested, but the United States, through the USFS and the BLM, has failed to issue oil and gas leases of its mineral interest for CBM production on its side of the irregular boundary line.

El Paso also seeks the Division's approval for certain non-standard setbacks for the unorthodox location of wells. **See Exhibit 1.** El Paso proposes to locate and drill no more than one well in each of the non-standard/irregular spacing units. In locating its wells, El Paso will maintain in its proposed spacing units the Division's standard 660 feet setback along the outer irregular boundary with the United States. On the remaining outer boundaries of the spacing units (at which El Paso is the sole adjoining gas interest owner), El Paso proposes 200 feet non-standard setbacks from these boundaries in locating its wells. These wells are proposed to be completed from the top of the Raton coal seam to the base of the Vermejo coal seam situated in the Raton Basin. This area is approximately 36 miles southwest of Raton, New Mexico.

In support of its Application, El Paso states:

(1) El Paso is the operator of these proposed non-standard spacing units which contain certain irregular subdivisions of projected sections. **See Exhibit 1 (plats) attached.**

(2) Because of the irregular boundary line between El Paso's mineral interest and the mineral interest of the United States, there are certain subdivisions of projected sections which are irregular in shape and size. **See Exhibit 1 attached.** El Paso's proposed spacing units and the irregular boundary line lie within portions of the original Maxwell and Beaubien and Miranda Grants in which the same legal sections and subdivisions of the United States Public Land have been projected. The Division's standard spacing unit consists of 160 surface contiguous acres, more or less, substantially in the form of a square, which constitutes a quarter section and legal subdivision of the United States Public Land Surveys. Because of the irregular boundary line between El Paso and the United States, El Paso's proposed non-standard/irregular spacing units are required to locate its proposed wells and to prevent waste. These spacing units will prevent waste and protect correlative rights.

(3) El Paso has requested, but the United States, through the USFS and BLM, has failed to issue oil and gas leases of its mineral interest for CBM production on its side of the irregular boundary line.

(4) El Paso's proposed non-standard/irregular spacing units are listed on the attached list. **See Exhibit 2 (list) attached.**

(5) El Paso proposes to drill twenty (20) wells. These wells will be located on the non-standard/irregular gas spacing units and within the designated setbacks. **See Exhibit 1 attached.** El Paso will locate one well in each proposed spacing unit no closer than 660 feet from the irregular outer boundary line between El Paso's and the United States' mineral interests and thereby will comply with the Division's standard setback requirement for well locations. El Paso proposes to locate one well in each spacing unit no closer than 200 feet from the remaining outer boundaries (on which El Paso is the sole adjoining mineral interest owner of gas). El Paso's proposed 200 feet setbacks will deviate from the Division's standard 660 feet setback rule and thereby may result in unorthodox well locations.

(6) El Paso proposes 200 feet non-standard setbacks for the unorthodox well locations because the rough terrain and the surface owner's decisions necessitate flexibility in locating and drilling wells. At the outset, the Division's approval of these setbacks for El Paso's unorthodox location of wells, as dictated by the terrain, topography and surface owner's decisions at or near the time the wells are drilled, will provide the necessary flexibility to enable El Paso to drill one well within each spacing unit. **See Exhibit 1 with proposed setbacks shown for each proposed non-standard/irregular spacing unit.**

(7) The wells to be drilled within setbacks shown on Exhibit 1 are the first wells within the proposed non-standard/irregular spacing units.

(8) These proposed non-standard/irregular spacing units with certain non-standard setbacks and unorthodox well locations have not been previously approved by the Division.

(9) Approval of this Application will afford El Paso the opportunity to produce its just and equitable share of the gas in the proposed spacing units, promote the orderly development of this area, prevent reduced recovery from drilling of too few wells and otherwise prevent waste and protect corrective rights.

(10) Notice of this Application has been sent to the United States through the United States Department of Agriculture - United States Forest Service and the United States Department of the Interior - United States Bureau of Land Management as all of the interest owners and the only persons that may be affected by this Application pursuant to OCD Rule 1207, more particularly set forth in Exhibit 3 hereto. **See Exhibit 3 Notice List.**

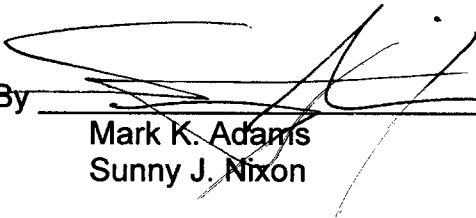
WHEREFORE El Paso requests that this matter be set for hearing on June 19, 2003, before the duly appointed Examiner of the Oil Conservation Division and that after notice and hearing as required by law, the Division enter its order granting this Application.

Respectfully submitted,

G. Kevin Cunningham
Senior Counsel
El Paso Production Company
9 Greenway Plaza – Suite 1886
Houston, Texas 77046

and

RODEY, DICKASON, SLOAN, AKIN & ROBB, P.A.

By 
Mark K. Adams
Sunny J. Nixon

P O Box 1357
315 Paseo de Peralta
Santa Fe, New Mexico 87504-1357
(505) 954-3917– Telephone

Attorneys for Applicant
El Paso Energy Raton, L.L.C.

NOTICE LIST

United States Department of Agriculture
United States Forest Service
333 Broadway SE
Albuquerque, NM 87102
Attn: H. Wayne Thornton
Director Land & Minerals

United States Forest Service
Carson National Forest
208 Cruz Alta Rd.
Taos, NM 87571
Attn: Martin Chavez, Jr.
Forest Supervisor

United States Department of the Interior
Bureau of Land Management
New Mexico State Office
P. O. Box 27115, 1474 Rodeo Road
Santa Fe, New Mexico 87502-0115
Attn: Linda Rundell, State Director

United States Department of the Interior
Bureau of Land Management - Field Office
435 Montano Rd NE
Albuquerque, NM 87107-4935
Attn: Edwin Singleton, Field Office Manager



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:

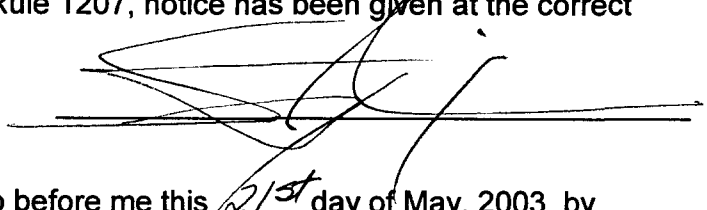
CASE NO. 13097

APPLICATION OF EL PASO ENERGY RATON, L.L.C.
FOR APPROVALS OF NON-STANDARD/IRREGULAR
SPACING UNITS AND CERTAIN NON-STANDARD
SETBACKS FOR UNORTHODOX WELL LOCATIONS
FOR COALBED METHANE GAS WELLS AND ANY
OTHER APPROVALS REQUIRED FOR SUCH UNITS,
SETBACKS AND WELLS IN COLFAX COUNTY, NEW MEXICO.

CERTIFICATE OF MAILING
AND
COMPLIANCE WITH DIVISION RULE 1207 (ORDER R-8054)

STATE OF NEW MEXICO)
 : SS
COUNTY OF SANTA FE)

Sunny J. Nixon, being first duly sworn, hereby certifies that the undersigned is an attorney for the Applicant and responsible for notification in this matter and that the notice provisions of Division Rule 1207 (Order R-8054) have been complied with, that Applicant has caused to be conducted a good faith diligent effort to find the correct addresses of all interested parties entitled to receive notice, that on May 21, 2003, the undersigned caused to be mailed by certified mail return receipt requested the attached notice of this hearing and a copy of the Application for the above referenced case, at least twenty days prior to the hearing of this case scheduled for June 19, 2003 to the persons shown in said Application and as evidenced by the attached copies of return receipt cards and/or evidence of certified mailing, and that pursuant to Division Rule 1207, notice has been given at the correct addresses provided by such rule.



SUBSCRIBED AND SWORN to before me this 21st day of May, 2003, by
SUNNY J. NIXON


Notary Public



ROBERT M. ST. JOHN
JOSEPH J. MULLINS
MARK K. ADAMS
BRUCE HALL
JOHN P. SALAZAR
JOHN P. BURTON
REX D. THROCKMORTON
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WILLIAM A. SLOAN (1910-1993)

OFFICES IN
ALBUQUERQUE AND WASHINGTON, DC

WRITERS DIRECT NUMBER
(505) 954-3917

SJNIXON@RODEY.COM

May 21, 2003

TO: PERSONS ON NOTICE LIST ATTACHED AS EXHIBIT A

**NOTICE OF HEARING OF THE FOLLOWING NEW MEXICO
OIL CONSERVATION DIVISION CASE:**

**Re: APPLICATION OF EL PASO ENERGY RATON, L.L.C.
FOR APPROVALS OF NON-STANDARD/IRREGULAR
SPACING UNITS AND CERTAIN NON-STANDARD
SETBACKS FOR UNORTHODOX WELL LOCATIONS
FOR COALBED METHANE GAS WELLS AND ANY
OTHER APPROVALS REQUIRED FOR SUCH UNITS,
SETBACKS AND WELLS IN COLFAX COUNTY, NEW MEXICO.**

On behalf of El Paso Energy Raton, L.L.C. (Applicant), please find enclosed our Application (Exhibit B) with attached plats, which has been set for hearing on the New Mexico Oil Conservation Division examiner's docket now scheduled for June 19, 2003, commencing at 8:15 a.m. The hearing will be held at the Division hearing room located at 1220 South St. Francis Drive, Santa Fe, New Mexico.

As an interest owner who may be affected by this Application, we are notifying you of your right to appear at the hearing and participate in this case, including the right to present evidence either in support of or in opposition to the Application. Failure to appear at the hearing may preclude you from any involvement in this case at a later date.

Pursuant to the Division's Memorandum 2-90 and Rule 1208, you are further notified that if you desire to appear in this case, then you are required to file a Pre-Hearing Statement with the Division not later than 4:00 P.M. on Friday, June 13, 2003, with a copy delivered to the undersigned, and you must file an Entry of Appearance to receive other parties' pre-hearing statements. Please direct any questions to Paul H. Dowden at (832) 676-3489 or Sunny J. Nixon at (505) 954-3917.

Very truly yours,

RODEY, DICKASON, SLOAN, AKIN & ROBB, P.A.


Sunny J. Nixon

SJN/tc
Enclosure

cc: Persons on Notice List Attached (w/Encl.)
G. Kevin Cunningham (w/Encl.)
Paul H. Dowden (w/Encl.)

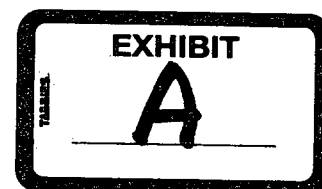
NOTICE LIST

United States Department of Agriculture
United States Forest Service
333 Broadway SE
Albuquerque, NM 87102
Attn: H. Wayne Thornton
Director Land & Minerals

United States Forest Service
Carson National Forest
208 Cruz Alta Rd.
Taos, NM 87571
Attn: Martin Chavez, Jr.
Forest Supervisor

United States Department of the Interior
Bureau of Land Management
New Mexico State Office
P. O. Box 27115, 1474 Rodeo Road
Santa Fe, New Mexico 87502-0115
Attn: Linda Rundell, State Director

United States Department of the Interior
Bureau of Land Management - Field Office
435 Montano Rd NE
Albuquerque, NM 87107-4935
Attn: Edwin Singleton, Field Office Manager



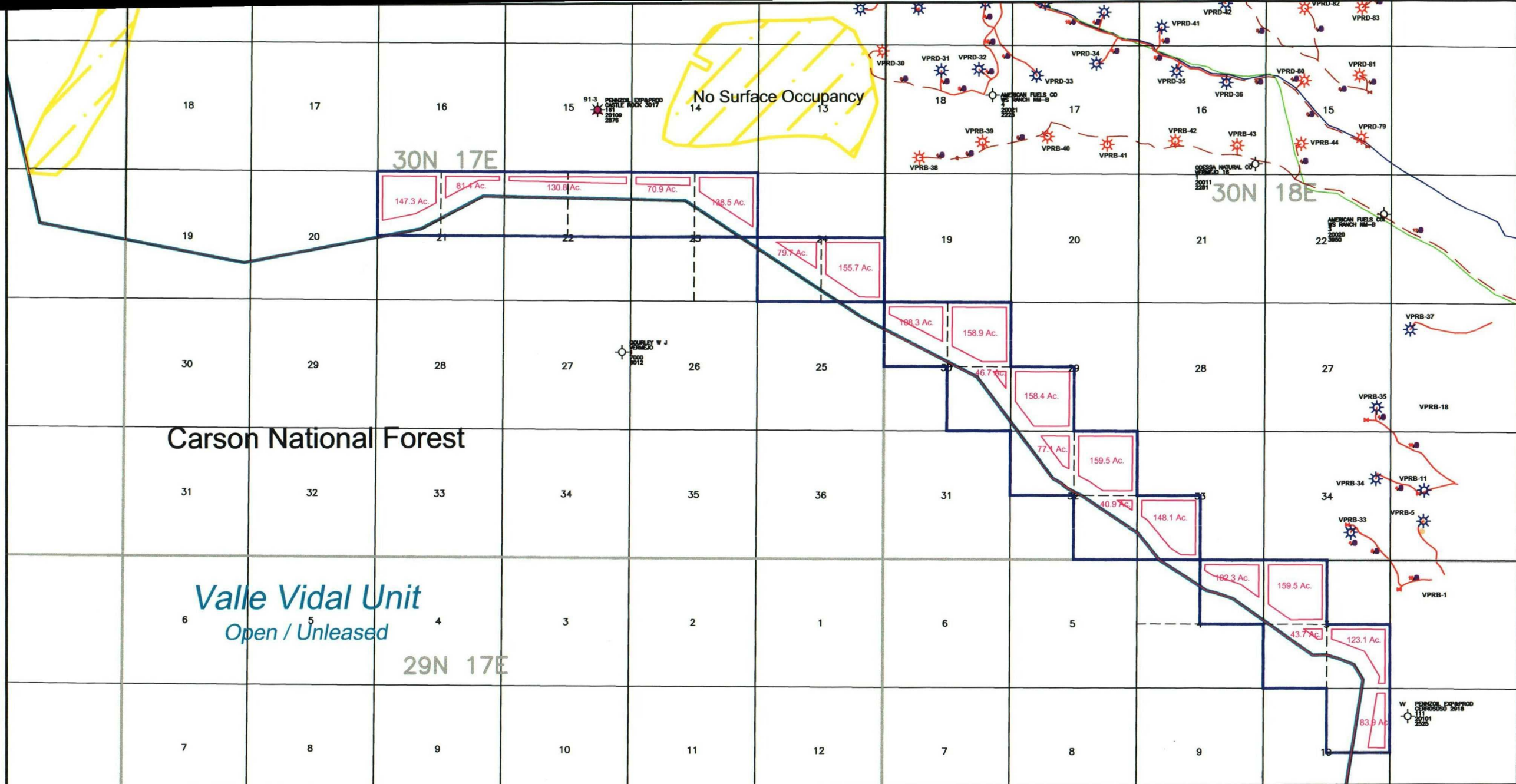
NON-STANDARD SPACING UNITS AND WELL LOCATIONS

Non-Standard Location #1	Section 21	NW/4	T-30-N, R-17-E	147.3	Colfax
Non-Standard Location #2	Section 21	NE/4	T-30-N, R-17-E	81.4	Colfax
Non-Standard Location #3	Section 22	N/2N/2	T-30-N, R-17-E	130.8	Colfax
Non-Standard Location #4	Section 23	NW/4	T-30-N, R-17-E	70.9	Colfax
Non-Standard Location #5	Section 23	NE/4	T-30-N, R-17-E	138.5	Colfax
Non-Standard Location #6	Section 24	SW/4	T-30-N, R-17-E	79.7	Colfax
Non-Standard Location #7	Section 24	SE/4	T-30-N, R-17-E	155.7	Colfax
Non-Standard Location #8	Section 30	NW/4	T-30-N, R-18-E	108.3	Colfax
Non-Standard Location #9	Section 30	NE/4	T-30-N, R-18-E	158.9	Colfax
Non-Standard Location #10	Section 30	SE/4	T-30-N, R-18-E	46.7	Colfax
Non-Standard Location #11	Section 29	SW/4	T-30-N, R-18-E	158.4	Colfax
Non-Standard Location #12	Section 32	NW/4	T-30-N, R-18-E	77.1	Colfax
Non-Standard Location #13	Section 32	NE/4	T-30-N, R-18-E	159.5	Colfax
Non-Standard Location #14	Section 32	SE/4	T-30-N, R-18-E	40.9	Colfax
Non-Standard Location #15	Section 33	SW/4	T-30-N, R-18-E	148.1	Colfax
Non-Standard Location #16	Section 4	NE/4	T-29-N, R-18-E	102.3	Colfax
Non-Standard Location #17	Section 3	NW/4	T-29-N, R-18-E	159.5	Colfax
Non-Standard Location #18	Section 3	SW/4	T-29-N, R-18-E	43.7	Colfax
Non-Standard Location #19	Section 3	SE/4	T-29-N, R-18-E	123.1	Colfax
Non-Standard Location #20	Section 10	NE/4	T-29-N, R-18-E	83.9	Colfax

EXHIBIT

2

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el paso Production

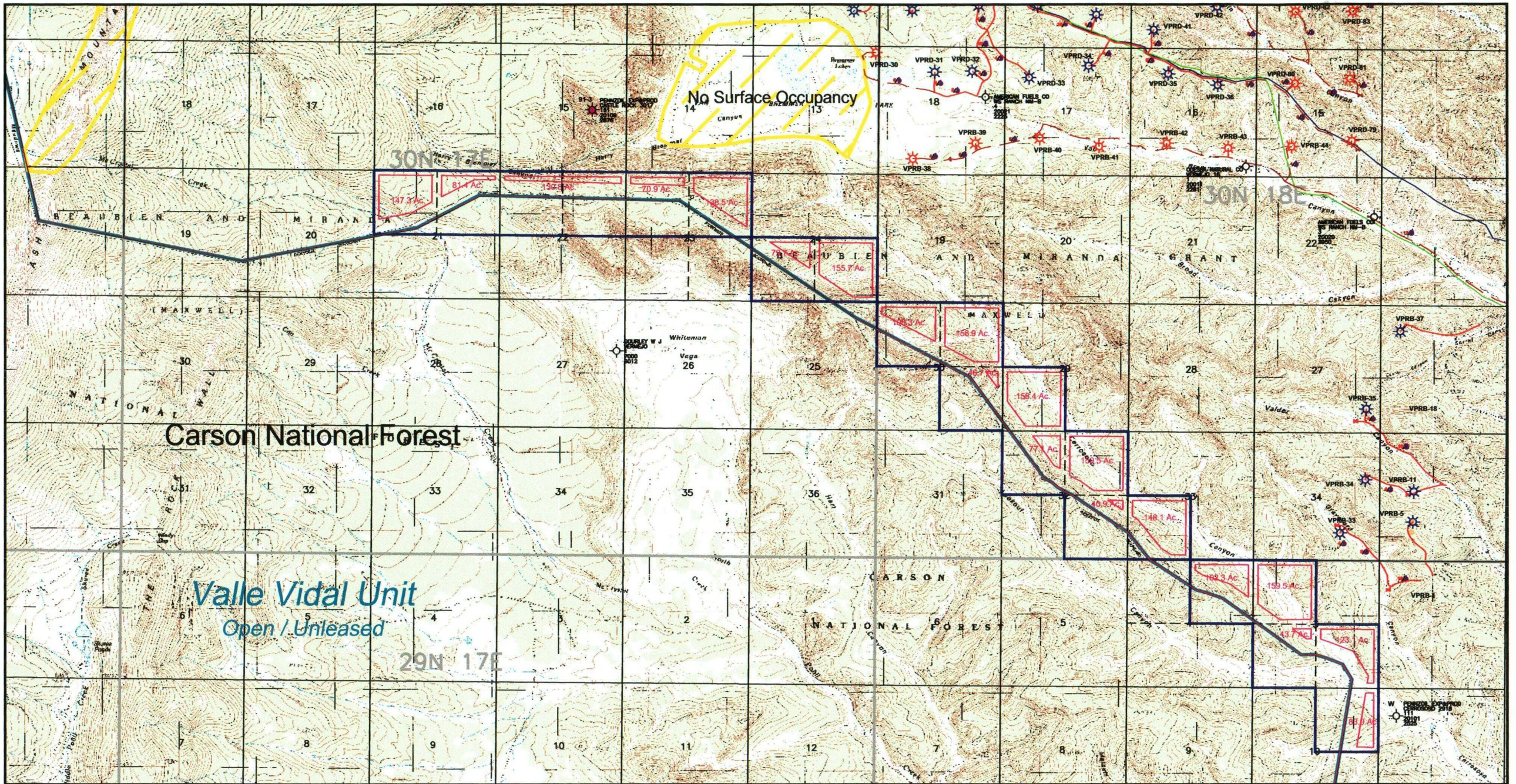
Vermejo Ranch-Valle Vidal Area

Colfax County, New Mexico

- Application area
- Property Line
- Irregular unit configurations (200' & 660' Offsets)

Exhibit : **1 A**

Approx. Scale 1"= 5000'



el paso Production

Vermejo Ranch-Valle Vidal Area

Colfax County, New Mexico

-  Application area
-  Property Line
-  Irregular unit configurations (200' & 660' Offsets)

Exhibit : **1 B**

Approx. Scale 1"= 5000'