



United States Department of the Interior

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Oil Conservation Division

In Reply Refer To:
3160 (93000)

June 6, 2003

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

Case 13097

WVJ
6/9/03

Dear Ms. Wrotenbery:

We have received notice of an upcoming hearing in which El Paso Energy Raton, LLC (El Paso), has requested approval of non-standard/irregular spacing units and non-standard setbacks for coalbed methane wells in Colfax County. The hearing is scheduled for June 19, 2003.

The Federal government owns the mineral rights in proximity to the area of El Paso's request. In fact, the Federal minerals are located within the standard, 160-acre spacing units (governmental quarter-sections) established for the Raton and Vermejo coals. We believe we will be adversely affected if El Paso's request is approved.

In its application, El Paso provides its rationale for establishment of the irregular spacing units and setbacks. El Paso states that correlative rights will be protected if the OCD approves the irregular spacing units and a 660 foot setback from the Federal minerals.

We disagree. What El Paso proposes is to eliminate the Federal minerals from the spacing units, merely because they are currently unleased. El Paso has nominated for leasing the Federal minerals located within the *Valle Vidal* Unit of the Carson National Forest. We cannot lease those lands until a planning document is completed; this is a several-year process because it requires public participation.

The Federal government has several methods of resolving situations in which it owns unleased minerals within producing spacing units. We believe that one of these methods would resolve the issue and enable El Paso to drill its wells in standard locations. In an attempt to resolve this issue in advance of the hearing, we plan to present those methods to El Paso. If we are not successful, we will oppose El Paso's application at the hearing.

If you have any questions or need further clarification, please contact Jay Spielman at 438-7503.

Sincerely,



Carsten F. Goff
Deputy State Director
Resource, Planning, Use and Protection

cc:

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