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July 10, 2008

Hand Delivered

Florene Davidson
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Dear Florene:

Enclosed for filing, on behalf of El Paso E&P Company, L.P., are an original and one copy of two applications for pool expansion and special pool rules, together with proposed advertisements for each case. The advertisements have also been e-mailed to the Division. Please set these matters for the July 10, 2008 Examiner hearing. Thank you.

Very truly yours,


James Bruce

Attorney for El Paso E&P Company, L.P.

RECEIVED
2008 JUN 11 PM 2 02

Case 14149

PERSONS BEING NOTIFIED

Colfax County
P.O. Box 1498
Raton, New Mexico 87740

Attention: Robin Blair

Bureau of Land Management
P.O. Box 27115
Santa Fe, New Mexico 87502

RECEIVED

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

11 JUN 11 PM 2 02

**APPLICATION OF EL PASO E&P COMPANY,
L.P. TO ABOLISH THE VAN BREMMER CANYON-
VERMEJO GAS POOL, EXPAND THE CASTLE ROCK
PARK- VERMEJO GAS POOL, AND ESTABLISH
SPECIAL RULES AND REGULATIONS FOR THE
CASTLE ROCK PARK-VERMEJO GAS POOL,
COLFAX COUNTY, NEW MEXICO.**

Case No. 14149

APPLICATION

El Paso E&P Company, L.P., for its application, states:

1. Applicant is the sole operator in the Castle Rock Park-Vermejo Gas Pool and the Van Bremmer Canyon-Vermejo Gas Pool.
2. The Castle Rock Park-Vermejo Gas Pool was created by Division Order No. R-11561, dated May 1, 2001, and currently encompasses the following lands in Colfax County, New Mexico:

Township 30 North, Range 17 East, N.M.P.M.

Section 1: E½
Section 12: E½

Township 30 North, Range 18 East, N.M.P.M.

Sections 3-10: All
Sections 15-18: All

Township 31 North, Range 18 East, N.M.P.M.

Section 29: S½
Section 30: S½
Section 31: All
Section 32: All
Section 33: W½

3. The Van Bremmer Canyon-Vermejo Gas Pool was also created by Division Order No. R-11561, and currently encompasses the following lands in Colfax County, New Mexico:

Township 29 North, Range 18 East, N.M.P.M.

Section 1: All
Section 2: All

Township 29 North, Range 19 East, N.M.P.M.

Section 6: All

Township 30 North, Range 18 East, N.M.P.M.

Section 25: All
Section 26: All
Section 27: E½
Section 34: E½
Section 35: All
Section 36: All

Township 30 North, Range 19 East, N.M.P.M.

Sections 30-32: All

4. Additional wells have been drilled in and near the two pools since they were created, and the two pools now abut each other. As a result applicant requests that the Van Bremmer Canyon-Vermejo Gas Pool be abolished, and that its acreage be included within the Castle Rock Park-Vermejo Gas Pool.

5. Division nomenclature orders have not expanded the boundaries of the two pools as development continued. Therefore, applicant requests that the Castle Rock Park-Vermejo Gas Pool be expanded so that it will now cover the following acreage:

Township 29 North, Range 18 East, N.M.P.M.

Sections 1-3: All
Section 4: NE¼
Section 10: E½
Sections 11-14: All
Sections 23-25: All

Township 29 North, Range 19 East, N.M.P.M.

Section 3: W½
Sections 4-9: All
Section 10: SW¼
Section 16: W½
Sections 17-20: All
Section 21: W½

Section 30: NW $\frac{1}{4}$ —

Township 30 North, Range 17 East, N.M.P.M.

Sections 1-3: All
Section 9: SE $\frac{1}{4}$
Sections 10-16: All
Section 17: NE $\frac{1}{4}$
Section 21: N $\frac{1}{2}$
Section 22: N $\frac{1}{2}$
Section 23: N $\frac{1}{2}$
Section 24: All

Township 30 North, Range 18 East, N.M.P.M.

Sections 3-29: All
Section 30: N $\frac{1}{2}$ and SE $\frac{1}{4}$
Section 32: N $\frac{1}{2}$ and SE $\frac{1}{4}$
Sections 33-36: All

Township 30 North, Range 19 East, N.M.P.M.

Section 7: All
Section 17: NW $\frac{1}{4}$
Section 18: All
Section 19: All
Section 20: All
Section 21: SW $\frac{1}{4}$
Section 28: W $\frac{1}{2}$ and SE $\frac{1}{4}$
Sections 29-32: All
Section 33: W $\frac{1}{2}$ and SE $\frac{1}{4}$

Township 31 North, Range 17 East, N.M.P.M.

Section 13: S $\frac{1}{2}$
Section 14: All
Sections 23-26: All
Section 27: NE $\frac{1}{4}$ and S $\frac{1}{2}$
Section 28: SE $\frac{1}{4}$
Section 33: E $\frac{1}{2}$
Sections 34-36: All

Township 31 North, Range 18 East, N.M.P.M.

Section 29: All
Section 30: W $\frac{1}{2}$ and SE $\frac{1}{4}$
Section 31: All
Section 32: All
Section 33: W $\frac{1}{2}$

6. The Castle Rock Park-Vermejo Gas Pool is subject to the Division's statewide spacing rules, which provide for:

- (a) 160 acre well units, comprised of a single governmental quarter section;
- (b) Wells to be located no closer than 660 feet to a quarter section line nor closer than 10 feet to an interior quarter-quarter section line; and
- (c) One well per well unit.

7. Engineering and geologic data from wells in the Castle Rock Park-Vermejo Gas Pool shows that wells are not capable of draining 160 acres, and more than one well should be drilled on each well unit to produce all reserves.

8. Attached as Exhibit A is a plat highlighting (in yellow) the lands, inside and outside the Castle Rock Park-Vermejo Gas Pool (as expanded), under which mineral ownership is common. Due to common mineral ownership in the lands within the Castle Rock Park-Vermejo Gas Pool (as expanded), well location requirements in the Castle Rock Park-Vermejo Gas Pool can be relaxed without impairing the correlative rights of mineral owners in the pool.

9. Due to topographic conditions in the lands within the Castle Rock Park-Vermejo Gas Pool (as expanded), well sites at orthodox locations are difficult to obtain. Therefore, relaxing well location requirements will help minimize surface disturbance in the area covered by the Castle Rock Park-Vermejo Gas Pool.

10. As a result of the foregoing, applicant requests that special rules and regulations for the Castle Rock Park-Vermejo Gas Pool (as expanded) be established, providing for:

- (a) 160 acre well units, comprised of a single governmental quarter section;
- (b) Two wells on each well unit, whether they are vertical or horizontal wells, which may be located on any quarter-quarter section in the well unit;

(c) Wells to be located no closer than 10 feet to a quarter section line or an interior quarter-quarter section line, subject to the directional drilling provisions of Division Rule 111 (NMAC 19.15.3.111);

(d) A buffer zone on the exterior of the lands highlighted on Exhibit A, where wells must be located in accordance with statewide rules; and

(e) An administrative procedure for an exception to the well density provisions of the special pool rules.

11. Attached as Exhibit B is a list of well units on the southwest border of the Castle Rock Park-Vermejo Gas Pool (as expanded), in which the federal government owns an interest. Applicant requests that the special rules and regulations requested above not apply to these well units.

12. The granting of this application is in the interests of conservation, the prevention of waste, and the protection of correlative rights.

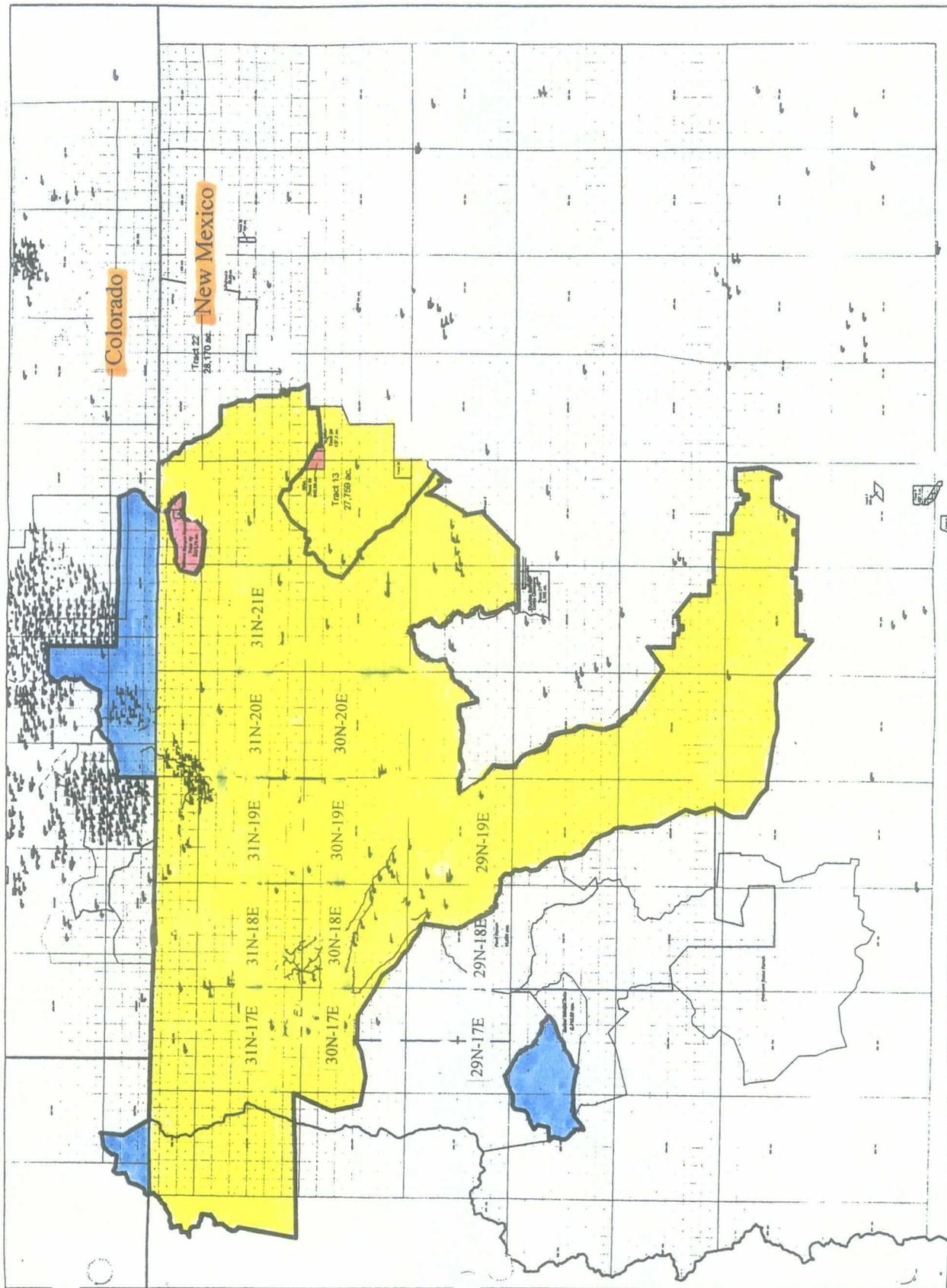
WHEREFORE, applicant requests that, after notice and hearing, the Division grant the relief requested above.

Respectfully submitted,



James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for El Paso E&P Company, L.P.



Township 29 North, Range 18 East, N.M.P.M.

Section 3: NW $\frac{1}{4}$
Section 3: SW $\frac{1}{4}$
Section 3: SE $\frac{1}{4}$
Section 4: NE $\frac{1}{4}$
Section 10: NE $\frac{1}{4}$
Section 10: SE $\frac{1}{4}$

Township 30 North, Range 17 East, N.M.P.M.

Section 21: NE $\frac{1}{4}$
Section 21: NW $\frac{1}{4}$
Section 22: NE $\frac{1}{4}$
Section 22: NW $\frac{1}{4}$
Section 23: NE $\frac{1}{4}$
Section 23: NW $\frac{1}{4}$
Section 24: SW $\frac{1}{4}$
Section 24: SE $\frac{1}{4}$

Township 30 North, Range 18 East, N.M.P.M.

Section 29: SW $\frac{1}{4}$
Section 30: NE $\frac{1}{4}$
Section 30: NW $\frac{1}{4}$
Section 30: SE $\frac{1}{4}$
Section 32: NE $\frac{1}{4}$
Section 32: NW $\frac{1}{4}$
Section 32: SE $\frac{1}{4}$
Section 33: SW $\frac{1}{4}$

EXHIBIT **B**

PROPOSED ADVERTISEMENT

RECEIVED

Case No. 14149 Application of El Paso E&P Company, ~~2000~~ ²⁰⁰² JUN 11 11:02 AM to ~~abolish~~ ^{expand} the ~~Van~~ ^{Castle Rock Park-Vermejo} ~~Bremmer Canyon-Vermejo Gas Pool~~, expand the ~~Castle Rock Park-Vermejo Gas Pool~~, and to establish special rules and regulations for the ~~Castle Rock Park-Vermejo Gas Pool~~, Colfax County, New Mexico. Applicant seeks an order (i) abolishing the Van Bremmer Canyon-Vermejo Gas Pool, (ii) expanding the horizontal extent of the Castle Rock Park-Vermejo Gas Pool to include acreage formerly within the Van Bremmer Canyon-Vermejo Gas Pool, (iii) expanding the horizontal extent of the Castle Rock Park-Vermejo Gas Pool to include additional acreage, and (iv) instituting special rules and regulations for the Castle Rock Park-Vermejo Gas Pool, including: (a) 160 acre well units; (b) wells to be located no closer than 10 feet to a quarter section line or an interior quarter-quarter section line; (c) two wells per well unit, subject to the directional drilling provisions of NMAC 19.15.3.111; (d) an administrative procedure for an exception to the well density provisions of the pool rules; and (e) a buffer zone where wells must be located in accordance with the Division's statewide well location rules. The Castle Rock Park-Vermejo Gas Pool, as expanded, will include the following lands:

Township 29 North, Range 18 East, N.M.P.M.

- Sections 1-3: All
- Section 4: NE $\frac{1}{4}$
- Section 10: E $\frac{1}{2}$
- Sections 11-14: All
- Sections 23-25: All

Township 29 North, Range 19 East, N.M.P.M.

- Section 3: W $\frac{1}{2}$
- Sections 4-9: All
- Section 10: SW $\frac{1}{4}$
- Section 16: W $\frac{1}{2}$
- Sections 17-20: All
- Section 21: W $\frac{1}{2}$
- Section 30: NW $\frac{1}{4}$

Township 30 North, Range 17 East, N.M.P.M.

- Sections 1-3: All
- Section 9: SE $\frac{1}{4}$
- Sections 10-16: All
- Section 17: NE $\frac{1}{4}$
- Section 21: N $\frac{1}{2}$
- Section 22: N $\frac{1}{2}$
- Section 23: N $\frac{1}{2}$
- Section 24: All

Township 30 North, Range 18 East, N.M.P.M.

- Sections 3-29: All

Section 30: N½ and SE¼
Section 32: N½ and SE¼
Sections 33-36: All

Township 30 North, Range 19 East, N.M.P.M.

Section 7: All
Section 17: NW¼
Section 18: All
Section 19: All
Section 20: All
Section 21: SW¼
Section 28: W½ and SE¼
Sections 29-32: All
Section 33: W½ and SE¼

Township 31 North, Range 17 East, N.M.P.M.

Section 13: S½
Section 14: All
Sections 23-26: All
Section 27: NE¼ and S½
Section 28: SE¼
Section 33: E½
Sections 34-36: All

Township 31 North, Range 18 East, N.M.P.M.

Section 29: All
Section 30: W½ and SE¼
Section 31: All
Section 32: All
Section 33: W½

The Stubblefield Raton-Vermejo Gas Pool is centered approximately 31 miles west-southwest of Raton, New Mexico.