

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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2008 JUN 11 PM 2 02

APPLICATION OF EL PASO E&P COMPANY,
L.P. TO EXPAND THE STUBBLEFIELD CANYON
RATON-VERMEJO GAS POOL, AND TO ESTABLISH
SPECIAL RULES AND REGULATIONS FOR THE
POOL, COLFAX COUNTY, NEW MEXICO.

Case No. 14150

APPLICATION

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

1. Applicant is the sole operator in the Stubblefield Canyon Raton-Vermejo Gas Pool (the "Pool").
2. The 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 31 North, Range 19 East, N.M.P.M.

Sections 1-6: All

Township 31 North, Range 20 East, N.M.P.M.

Section 6: All

Township 32 North, Range 19 East, N.M.P.M.

Sections 31-36: All

Township 32 North, Range 20 East, N.M.P.M.

Section 19: S½ (All)

Section 20: S½ (All)

Section 21: S½ (All)

Section 22: S½ (All)

Section 23: S½ (All)

Section 24: S½ (All)

Sections 26-32: All

3. Additional wells have been drilled in and near the Pool since it was created, but Division nomenclature orders have not expanded the boundaries of the Pool as development

continued. Therefore, applicant requests that the Pool be expanded so that it will now cover the following acreage:

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

Section 3: NE $\frac{1}{4}$

Township 30 North, Range 20 East, N.M.P.M.

Section 3: N $\frac{1}{2}$ and SW $\frac{1}{4}$

Section 4: All

Section 10: NW $\frac{1}{4}$

Township 31 North, Range 19 East, N.M.P.M.

Sections 1-6: All

Section 7: N $\frac{1}{2}$ and SE $\frac{1}{4}$

Sections 8-17: All

Section 18: E $\frac{1}{2}$

Section 20: N $\frac{1}{2}$

Sections 21-28: All

Section 33: N $\frac{1}{2}$

Section 34: E $\frac{1}{2}$

Section 35: All

Section 36: NW $\frac{1}{4}$

Township 31 North, Range 20 East, N.M.P.M.

Sections 1-30: All

Sections 33-35: All

Section 36: NW $\frac{1}{4}$

Township 31 North, Range 21 East, N.M.P.M.

Section 2: NW $\frac{1}{4}$

Section 3: All

Section 4: N $\frac{1}{2}$ and SW $\frac{1}{4}$

Sections 5-8: All

Section 17: W $\frac{1}{2}$

Section 18: All

Section 19: All

Section 20: W $\frac{1}{2}$

Section 27: W $\frac{1}{2}$

Sections 28-30: All

Section 31: N $\frac{1}{2}$

Section 32: N $\frac{1}{2}$

Section 33: N $\frac{1}{2}$

Section 34: NW $\frac{1}{4}$

Township 32 North, Range 18 East, N.M.P.M.

Section 36: SE $\frac{1}{4}$

Township 32 North, Range 19 East, N.M.P.M.

Section 19: S $\frac{1}{2}$ (All)

Section 20: S $\frac{1}{2}$ (All)

Section 21: S $\frac{1}{2}$ (All)

Section 22: S $\frac{1}{2}$ (All)

Section 23: S $\frac{1}{2}$ (All)

Section 24: S $\frac{1}{2}$ (All)

Sections 25-29: All

Section 30: E $\frac{1}{2}$

Sections 31-36: All

Township 32 North, Range 20 East, N.M.P.M.

Section 19: S $\frac{1}{2}$ (All)

Section 20: S $\frac{1}{2}$ (All)

Section 21: S $\frac{1}{2}$ (All)

Section 22: S $\frac{1}{2}$ (All)

Section 23: S $\frac{1}{2}$ (All)

Section 24: S $\frac{1}{2}$ (All)

Sections 25-36: All

Township 32 North, Range 21 East, N.M.P.M.

Section 19: S $\frac{1}{2}$ (All)

Section 20: S $\frac{1}{2}$ (All)

Section 21: SW $\frac{1}{4}$ (W $\frac{1}{2}$)

Section 28: W $\frac{1}{2}$

Sections 29-32: All

Section 33: W $\frac{1}{2}$

4. The 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.
5. Engineering and geologic data from wells in the 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.

6. Attached as Exhibit A is a plat highlighting (in yellow) the lands, inside and outside the Pool (as expanded), under which mineral ownership is common (except for one small area of the Pool). Due to common mineral ownership in the lands within the Pool (as expanded), well location requirements in the Pool can be relaxed without impairing the correlative rights of mineral owners in the pool.

7. Due to topographic conditions in the lands within the 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 Pool.

8. As a result of the foregoing, applicant requests that special rules and regulations for the 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.

9. 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,

A handwritten signature in cursive script, appearing to read "James Bruce", written over a horizontal line.

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

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

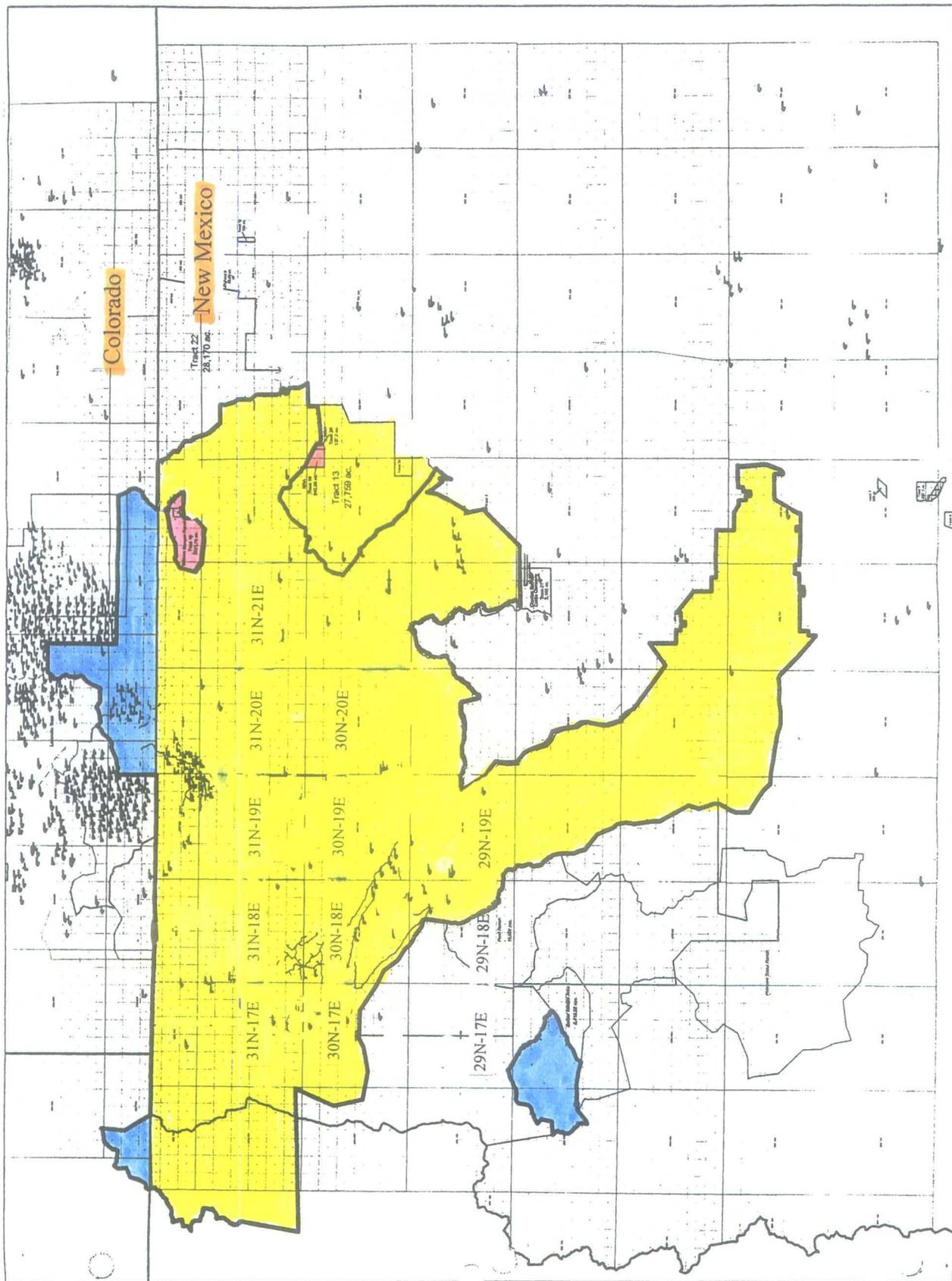


EXHIBIT **A**

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PROPOSED ADVERTISEMENT

2008 JUN 11 PM 2 03

Case No. 14150: Application of El Paso E&P Company, L.P. to expand the Stubblefield Canyon Raton-Vermejo Gas Pool, and to establish special rules and regulations for the pool, Colfax County, New Mexico. Applicant seeks an order expanding the horizontal extent of the Stubblefield Canyon Raton-Vermejo Gas Pool, and instituting special rules and regulations for the 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 Stubblefield Canyon Raton-Vermejo Gas Pool, as expanded, will include the following lands:

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

Section 3: NE $\frac{1}{4}$

Township 30 North, Range 20 East, N.M.P.M.

Section 3: N $\frac{1}{2}$ and SW $\frac{1}{4}$

Section 4: All

Section 10: NW $\frac{1}{4}$

Township 31 North, Range 19 East, N.M.P.M.

Sections 1-6: All

Section 7: N $\frac{1}{2}$ and SE $\frac{1}{4}$

Sections 8-17: All

Section 18: E $\frac{1}{2}$

Section 20: N $\frac{1}{2}$

Sections 21-28: All

Section 33: N $\frac{1}{2}$

Section 34: E $\frac{1}{2}$

Section 35: All

Section 36: NW $\frac{1}{4}$

Township 31 North, Range 20 East, N.M.P.M.

Sections 1-30: All

Sections 33-35: All

Section 36: NW $\frac{1}{4}$

Township 31 North, Range 21 East, N.M.P.M.

Section 2: NW $\frac{1}{4}$

Section 3: All

Section 4: N $\frac{1}{2}$ and SW $\frac{1}{4}$

Sections 5-8: All

Section 17: W $\frac{1}{2}$

Section 18: All

Section 19: All
Section 20: W $\frac{1}{2}$
Section 27: W $\frac{1}{2}$
Sections 28-30: All
Section 31: N $\frac{1}{2}$
Section 32: N $\frac{1}{2}$
Section 33: N $\frac{1}{2}$
Section 34: NW $\frac{1}{4}$

Township 32 North, Range 18 East, N.M.P.M.

Section 36: SE $\frac{1}{4}$

Township 32 North, Range 19 East, N.M.P.M.

Section 19: S $\frac{1}{2}$ (All)
Section 20: S $\frac{1}{2}$ (All)
Section 21: S $\frac{1}{2}$ (All)
Section 22: S $\frac{1}{2}$ (All)
Section 23: S $\frac{1}{2}$ (All)
Section 24: S $\frac{1}{2}$ (All)
Sections 25-29: All
Section 30: E $\frac{1}{2}$
Sections 31-36: All

Township 32 North, Range 20 East, N.M.P.M.

Section 19: S $\frac{1}{2}$ (All)
Section 20: S $\frac{1}{2}$ (All)
Section 21: S $\frac{1}{2}$ (All)
Section 22: S $\frac{1}{2}$ (All)
Section 23: S $\frac{1}{2}$ (All)
Section 24: S $\frac{1}{2}$ (All)
Sections 25-36: All

Township 32 North, Range 21 East, N.M.P.M.

Section 19: S $\frac{1}{2}$ (All)
Section 20: S $\frac{1}{2}$ (All)
Section 21: SW $\frac{1}{4}$ (W $\frac{1}{2}$)
Section 28: W $\frac{1}{2}$
Sections 29-32: All
Section 33: W $\frac{1}{2}$

The Stubblefield Canyon Raton-Vermejo Gas Pool is centered approximately 21 miles west-northwest of Raton, New Mexico.