



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-D

Dear Mr. Lankford:

Reference is made to the following: (i) your application (*administrative application reference No. pMES0-606045638*) 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 exceptions to Division Rule 104.C (3) and 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. 218 (**API No. 30-007-20717**) to be drilled at an unorthodox (coal) gas well location 643 feet from the North line and 1048 feet from the East line (Unit A) of Section 22, 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 unorthodox well location is necessary for topographic reasons.

The NE/4 of Section 22 is to be dedicated to this well in order to form a standard 160-acre gas spacing unit within the Vermejo formation.

Your application has been duly filed under the provisions of Division Rules 104.F and 1210.A (2) [formerly Division Rule 1207.A (2), see Division Order No. R-12327-A, issued by the New Mexico Oil Conservation Commission in Case No. 13482 on September 15, 2005], and as further specified within the special provisions for the Vermejo Park Ranch lease in Division Administrative Order NSL-4251.

By the authority granted me under the provisions of Division Rule 104 F (2), the above described unorthodox (coal) gas well location is hereby approved.

El Paso Energy Raton, L.L.C.

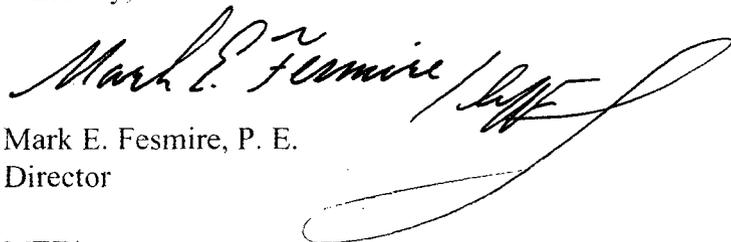
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Further, the aforementioned well and spacing unit will be subject to all existing rules, regulations, policies, and procedures applicable to this formation/pool.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark E. Fesmire" followed by a stylized flourish.

Mark E. Fesmire, P. E.
Director

MEF/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