April 8, 2002

elpaso Production

Vermejo Minerals Corporation
c/o Devon Energy Corporation
20 North Broadway, Suite 1500
Oklahoma City, OK 73102-8260
Attn: David Frank

RE: Vermejo Park Ranch - E34 WDW
Water Disposal Well located 1268 FNL , 368FEL Sec. 5, T31N, R19E
Colfax County, New Mexico

Gentlemen:

El Paso Raton, LLC, as Operator of the captioned well, received approval from the New Mexico Energy, Minerals and Natural Resources Department - Oil Conservation Division to drill a disposal well and inject produced water for disposal purposes into the Dakota, Entrada, and Glorieta formations from approximately 6250 feet to 6430 feet, 6850 feet to 6950 feet and 7220 feet to 7340 feet, respectively. This authority from the Oil Conservation Division is more specifically granted under Administrative Order SWD-826, which is attached here as Exhibit "A" for your reference.

After El Paso's review of the current results of the E34 WDW, it is El Paso's recommendation that we request administrative approval to revise the depths and formations for disposal of produced water into measured depths from 7091 feet in the Entrada Formation to a PTD of 7600 feet through the Glorieta formation. The completion interval and wellbore schematics are more specifically detailed on the attached labeled Exhibit "B".

In preparation of this request for submittal to the New Mexico Oil Conservation Division, it is respectfully requested that Vermejo Minerals Corporation, as owner of a ~~50%~~ 35.000 CW working interest and as owner of all the executive mineral interest, hereby grant to El Paso Raton, LLC approval to proceed with the application to inject produced water into the revised depths and formations referenced above. If Vermejo Minerals Corporation approves of and waives any objection or protest to the revised operations as set forth in this letter, please signify as such by having a duly authorized officer of Vermejo Minerals Corporation sign this letter in the space provided below and by returning such signed letter to me at your earliest possible convenience.

Respectfully submitted,
El Paso Raton, LLC

Chad Shaw
Director of Land - CBM

PTD 7600

Approval and Waiver Given this 10 day of APRIL 2002.

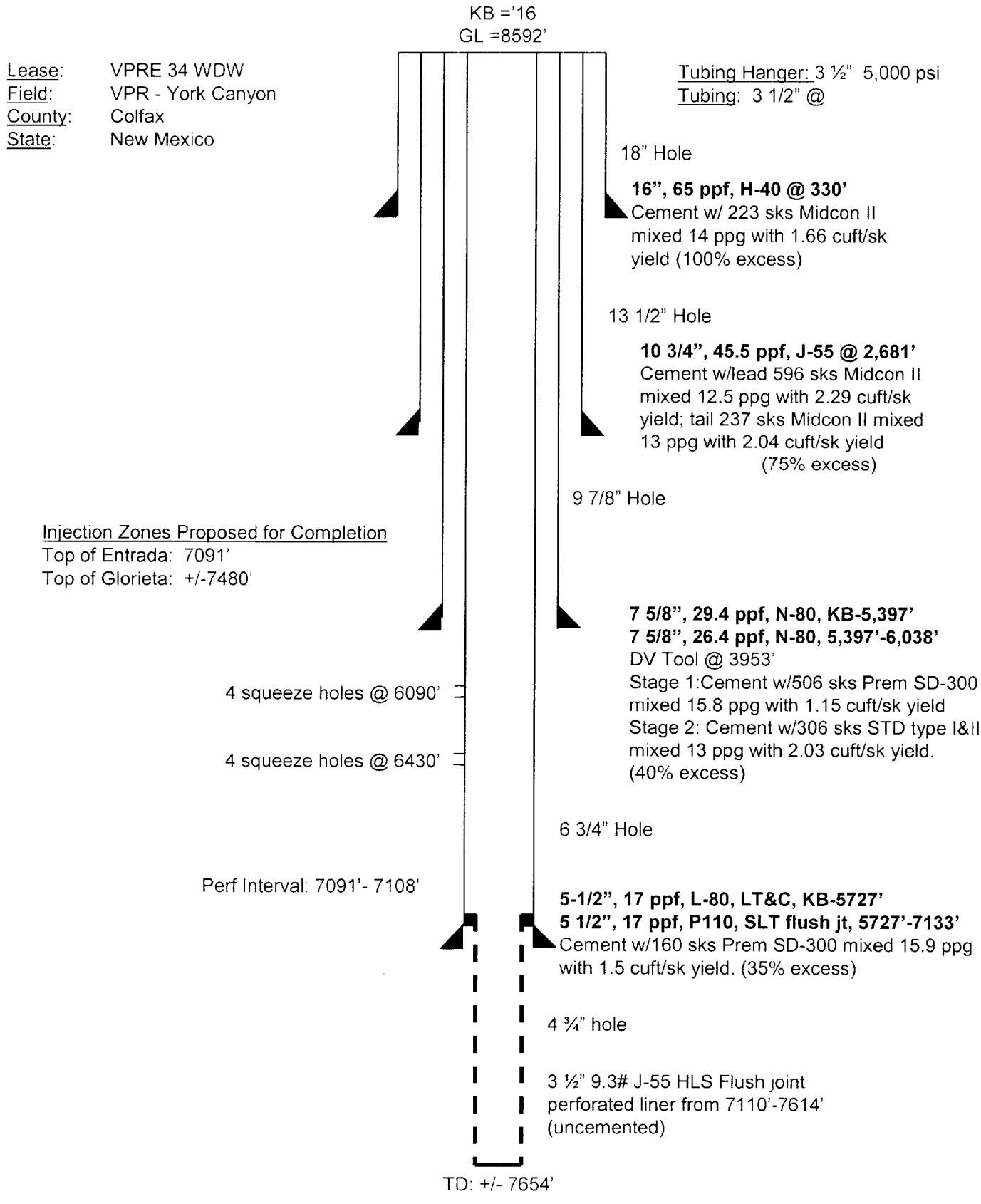
Vermejo Minerals Corporation

By: D. D. Dewbre
Its: VICE PRESIDENT

El Paso Production
Nine Greenway Plaza Houston, Texas 77046
tel 832.676.2600

Rec'd 4-10-02

# WELLBORE SCHEMATIC




Revised: April 8, 2002

To: SWD File

Submit 3 Copies To Appropriate District Office
District I
1625 N. French Dr., Hobbs, NM 87240
District II
811 South First, Artesia, NM 87210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-103
Revised March 25, 1999

WELL API NO. **30-007-20302**

5. Indicate Type of Lease STATE ☐ FEE ■

6. State Oil & Gas Lease No.

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

7. Lease Name or Unit Agreement Name: **VPR E**

1. Type of Well: Oil Well ☐ Gas Well ☐ Other **X Water Disposal Well**

2. Name of Operator **EL PASO ENERGY RATON, L.L.C.**

8. Well No. **34 WDW**

3. Address of Operator **PO BOX 190, RATON, NM 87740**

9. Pool name or Wildcat **Stubblefield Canyon – Vermejo Gas**

4. Well Location

Unit Letter A : 1268.5 feet from the North line and 368.2 feet from the East line

Section 05 Township 31N Range 19E NMPM Colfax County

10. Elevation *(Show whether DR, RKB, RT, GR, etc.)* **8573.6' (GL)**

11. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

| NOTICE OF INTENTION TO: | | SUBSEQUENT REPORT OF: | |
|---|---|---|---|
| PERFORM REMEDIAL WORK ☐ | PLUG AND ABANDON ☐ | REMEDIAL WORK ☐ | ALTERING CASING ☐ |
| TEMPORARILY ABANDON ☐ | CHANGE PLANS ☐ | COMMENCE DRILLING OPNS. ■ | PLUG AND ABANDONMENT ☐ |
| PULL OR ALTER CASING ☐ | MULTIPLE COMPLETION ☐ | CASING TEST AND CEMENT JOB ☐ | |
| OTHER: ☐ | | OTHER: ☐ | |

12. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompilation.

02/04/02 MIRU Unit Rig 1. Spud in at 2:00 a.m. Drilling 18 1/2" surface hole from surface to 329' KB

02/07/02 Ran 7 jts of 16", 65 ppf, H-40 BT&C casing to 328'. HES mixed and pumped 223 sks Midcon II, 14.0 ppg, yield 1.66, with 6% salt, 5 #/sx Gilsonite, .2% Versaset. Circulated 12 bbls of cement to surface.

02/09/02 TIH with 14 ¾" bit and drill f/ 329' – 1,516' KB.

02/10/02 TIH with 13 ½" bit and drill f/ 1,516' – 2,745' KB. Ran 10 ¾" casing. Tagged up @ 2,687' KB. Set pipe @ 2,681' KB.

02/14/02 HES mixed and pumped 596 sks Midcon II, 13.0 ppg, yield 1.66, with 6% salt, 5 #/sx Gilsonite, .2% Versaset, .1% Super CBL . No cement circulated to surface. WOC 6 hrs. Patterson wireline ran a temperature survey. TOC at 642' KB. Cement top job through 1" pipe f/ 641' to surface.

02/15/02 Tagged cement at 2,350' KB. Drill out shoe to 2745' and dry up hole.

02/18/02 TIH with 9 7/8" bit and drill f/ 2,745'- 6,065' KB. Gas flare @ 3588' KB w/ increase @ 5018' KB. → 4+MMcfday

02/20/02 Cement 1st stage: Mixed and pumped 506 sks of premium SD-300 cement. Bump plug with 1500 psi. Float held. WOC for 3.5 hours. Cement 2nd stage. Mixed and pumped 306 sks of premium SD-300 cement. Land plug and close DV Tool with 2100 psi. WOC for 3.5 hours. Need CSG data

02/21/02 Lay down 4 ½", 16.60#, drill pipe. Ran CBL log over 7 5/8" casing. TOC +/- 1162'.

02/23/02 TIH with 6 ¾ bit and drill f/ 6065'- 7210' KB. TD at 7210' KB. Gas flare @ 6631'. > CAOF 10+MM/day

02/27/02 TOOH w/ bit. Stuck @ 7000'.

02/28/02 Backoff. TIH w/ overshot and jars. No success. Backoff. DP twisted off @ 6262' KB.

03/05/02 Set cement plug over fish w/ cement retainer @ 5913'. Mix and pump 250 sx premium SD-300 cement. Tag cement at 5909'.

03/06/02 Drill retainer and cement to 6060'. RU Inteq kickoff tools. PU bit and motor. Directionally drill f/ 6060' – 6230' KB.

Continued:

03/07/02 Drilled back in old hole @ 6230'.
03/09/02 Set cement retainer at 5913'. Mix and pump 248 sks Prem SD-300 cement.
03/10/02 Drill retainer and cement to 6047'. RU Inteq kickoff tools. PU bit and motor. Directionally drill f/ 6047' – 6270' KB.
03/14/02 Drill 6 ¾" hole f/ 6270' – 7215' KB.
03/16/02 Run 5 ½" 17 ppf casing to 7133' KB. RU HES. Mix and pump 160 sks Prem SD-300 cement w/ 900 psi lift pressure.
03/17/02 Release rig at 17:00 hours.
03/25/02 Ran Cement Bond Log. Top of cement at 6462'.
03/26/02 Squeeze Job.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE DR Lankford TITLE Engineer DATE 3/26/02

Type or print name Donald R. Lankford Telephone No. (505) 445-6721

(This space for State use)

APPPROVED BY _____ TITLE _____ DATE _____

Conditions of approval, if any:

**Champion**
Technologies, Inc.
*Committed To Improvement*

# Water Analysis Report

Customer: El Paso Energy 05/30/2000
Address: Box 190
City: Raton State: NM Zip: 87740-
Attention: Larry Casey Date Sampled: 05/20/2000
CC1: Date Received: 05/25/2000
CC2: SALESMAN NAME: Larry Stanley

LEASE: VPR SAMPLE POINT: Wellhead
WELL: A-42 REMARKS: Bailer Sample

Water Analysis
Kmd → Permian Glorieta

| | |
|---|---|
| CHLORIDE (MG/L): | 29694 |
| SULFATE (MG/L): | 868 |
| BICARBONATE (PPM): | 268 |
| CALCIUM (MG/L): | 4680 |
| MAGNESIUM (MG/L): | 292 |
| IRON (PPM): | |
| BARIUM (MG/L): | 0 |
| STRONTIUM (MG/L): | 0 |
| MEASURED pH: | 7 |
| TEMPERATURE: | 100 |
| DISSOLVED C02 (PPM): | 274 |
| MOLE PERCENT CO2 IN GAS: | 0.00 |
| DISSOLVED H2S (PPM): | 0.0 |
| PRESSURE (PSIA): | 25 |
| SODIUM (PPM): | 13852 |
| TDS (MG/L): | 49654 |
| RESISTIVITY: | 0.1289 |
| IONIC STRENGTH: | 0.86 |

| | | | |
|---|---|---|---|
| CALCITE (CaCO3) SI: | -0.85 | CALCITE PTB: | N/A |
| GYPSUM (CaSO4) SI: | -0.36 | GYPSUM PTB: | N/A |
| BARITE (BaSO4) SI: | N/A | BARITE PTB: | N/A |
| CELESTITE (SrSO4) SI: | N/A | CELESTITE PTB: | N/A |

SI calculations based on Tomson-Oddo Resistivity calculated at STP.

| | | | |
|---|---|---|---|
| **Customer:** | **EL PASO ENERGY** | **Date:** | **11-Apr-2002** |
| **Well Desc.:** | **34 WDW** | **Ticket #:** | |
| **Formation:** | **ENTRADA - GLORIETTA** | **Job Type:** | **13462-INJECTION TEST** |

## Initial Conditions

| | | |
|---|---|---|
| *Treatment Parameters* | | |
| | Job Type | *13462-INJECTION TEST* |
| | Well Treated Down | *Tubing* |
| | Static Column Used | *NO* |
| | Earth Temperature | *70.0 f* |
| | Slurry Temperature | *70.0 f* |
| | BHTT | *100.0 f* |
| | Reservoir Pressure | *1000 psi* |
| | Expected BHTP | *3800 psi* |
| *Initial Wellbore Data* | | |
| | Wellbore fluid | *1% KCl* |
| | Density | *8.38 lb/gal* |
| | n-prime | *1.0000* |
| | K-prime | *0.000019 lb*sec^n/ft^2* |
| *Perf Data* | | |
| | Number of | *0* |
| | Diameter | *0.000 in* |
| | Disch. Coeff | *0.000* |

## Wellbore Data

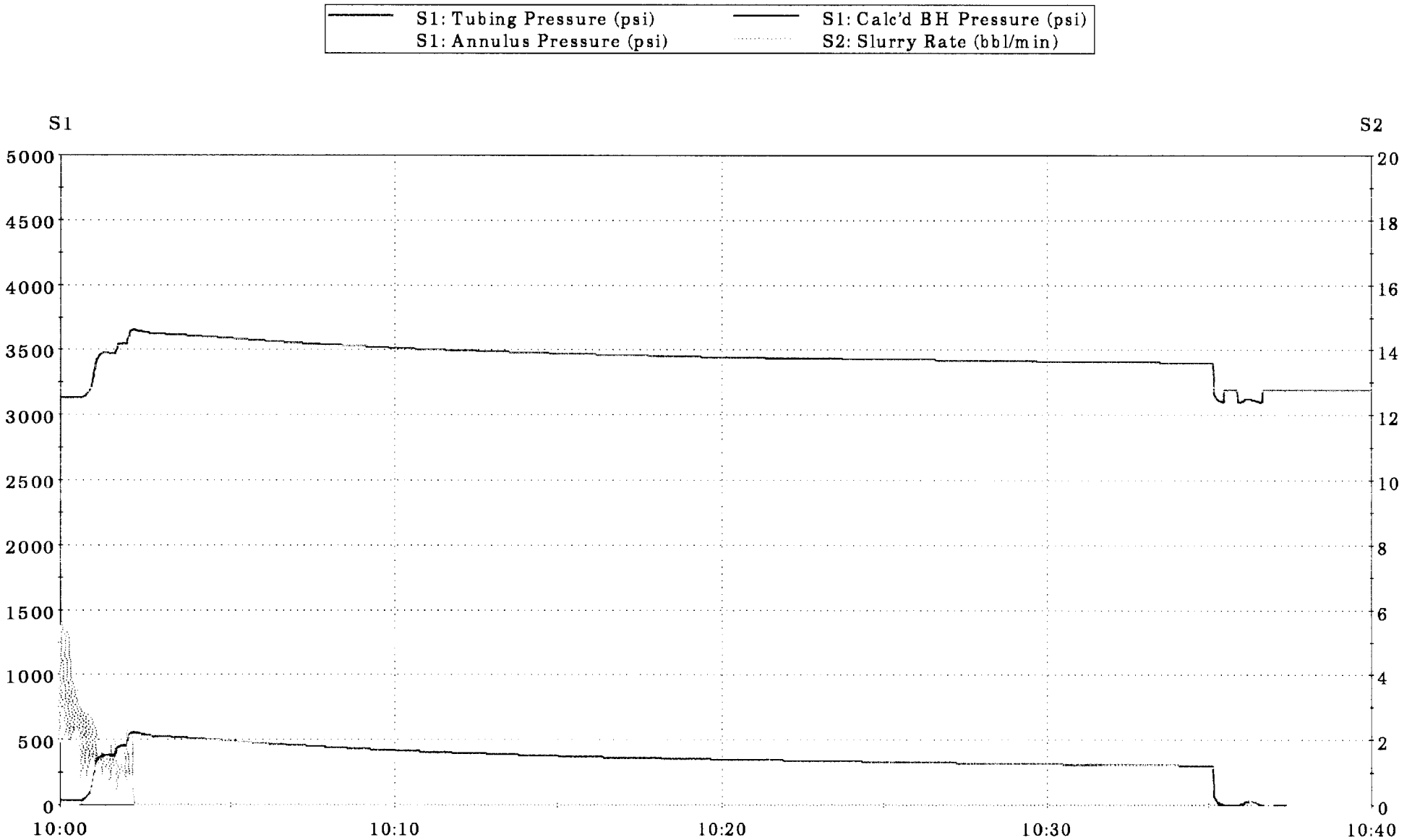
| Wellbore Segment Number | Actual Length (ft) | TVD (ft) | Casing ID (in) | Casing OD (in) | Tubing ID (in) | Tubing OD (in) |
|---|---|---|---|---|---|---|
| **1** | *7045* | *7045* | *4.892* | *5.500* | *2.441* | *2.875* |
| **2** | *7110* | *7110* | *4.892* | *5.500* | *0.000* | *0.000* |

| Time | Description |
|---|---|
| 09:58:29 | Start Job Thursday April 11, 2002 |
| 13:57:09 | End Job |
| 14:14:17 | 1ST TEST LOST 170# 10 MIN/217# 20 MIN/ 260# 30 MIN |
| 14:15:42 | 2ND TEST LOST 125# 10 MIN/ 149# 20 MIN/ 163# 30 MIN |
| 14:16:51 | 1ST INJECTION - 6.3 BPM @ 500 PSI |
| 14:17:31 | 2ND INJECTION - 6.7 BPM @ 1000 PSI |
| 14:18:01 | 3RD INJECTION - 8 BPM @ 1500 PSI |
| 14:18:32 | 4TH INJECTION - 9.2 BPM @ 2000 PSI |

| Time of Day | Tubing Pressure | Annulus Pressure | Slurry Rate |
|---|---|---|---|
| | psi | psi | bbl/min |
| 09:58:30 | 383 | -4 | 0.0 |
| 10:01:30 | 377 | 364 | 2.2 |
| 10:04:30 | 501 | 457 | 0.0 |
| 10:07:30 | 451 | 404 | 0.0 |
| 10:10:30 | 414 | 372 | 0.0 |
| 10:13:30 | 388 | 349 | 0.0 |
| 10:16:30 | 367 | 334 | 0.0 |
| 10:19:30 | 351 | 322 | 0.0 |
| 10:22:30 | 340 | 312 | 0.0 |
| 10:25:30 | 329 | 303 | 0.0 |
| 10:28:30 | 320 | 297 | 0.0 |
| 10:31:30 | 313 | 291 | 0.0 |
| 10:34:30 | 306 | 284 | 0.0 |
| 10:37:30 | 0 | 0 | 0.0 |
| 10:40:30 | -4 | 0 | 0.0 |
| 10:43:30 | -4 | -3 | 0.0 |
| 10:46:30 | 0 | -2 | 9.5 |
| 10:49:30 | 20 | -3 | 5.1 |
| 10:52:30 | 22 | -2 | 4.6 |
| 10:55:30 | 564 | -3 | 6.3 |
| 10:58:30 | 489 | -3 | 5.8 |
| 11:01:30 | 515 | -3 | 5.9 |
| 11:04:30 | 493 | -2 | 5.7 |
| 11:07:30 | 515 | -2 | 5.7 |
| 11:10:30 | 514 | -1 | 5.6 |
| 11:13:30 | 476 | 0 | 5.5 |
| 11:16:30 | 478 | -2 | 5.5 |
| 11:19:30 | 488 | 0 | 5.5 |
| 11:22:30 | 500 | -2 | 5.5 |
| 11:25:30 | 500 | -2 | 5.4 |
| 11:28:30 | 470 | -2 | 5.3 |
| 11:31:30 | 45 | -2 | 3.5 |
| 11:34:30 | 941 | -3 | 6.9 |
| 11:37:30 | 997 | -3 | 6.9 |
| 11:40:30 | 985 | -3 | 6.9 |
| 11:43:30 | 1000 | -3 | 6.9 |
| 11:46:30 | 992 | -3 | 6.7 |
| 11:49:30 | 982 | -4 | 6.7 |
| 11:52:30 | 992 | -4 | 6.7 |
| 11:55:30 | 982 | -4 | 6.6 |
| 11:58:30 | 989 | -4 | 6.7 |
| 12:01:30 | 997 | -4 | 6.7 |
| 12:04:30 | 988 | -4 | 6.7 |
| 12:07:30 | -12 | -5 | 0.0 |
| 12:10:30 | -1 | -5 | 8.1 |
| 12:13:30 | 1508 | -5 | 8.2 |
| 12:16:30 | 1477 | -5 | 8.0 |
| 12:19:30 | 1493 | -6 | 8.0 |
| 12:22:30 | 1504 | -6 | 8.0 |
| 12:25:30 | 1496 | -7 | 8.0 |
| 12:28:30 | 1503 | -7 | 8.0 |
| 12:31:30 | 1488 | -7 | 7.9 |
| 12:34:30 | 1493 | -7 | 7.9 |
| 12:37:30 | 44 | -8 | 0.6 |
| 12:40:30 | -13 | -9 | 0.0 |
| 12:43:30 | 13 | -9 | 1.4 |
| 12:46:30 | 2014 | -9 | 9.3 |

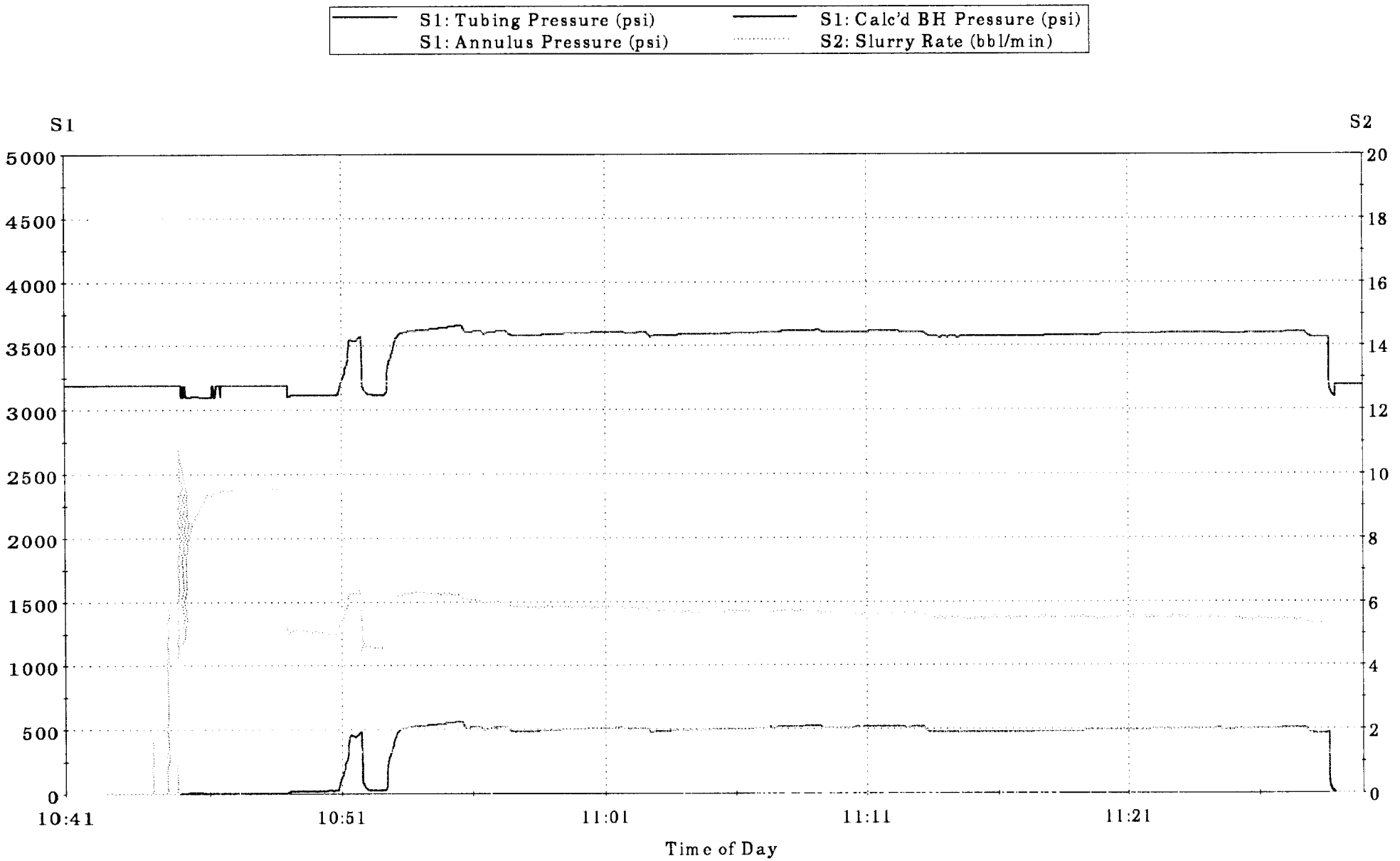
| Time of Day | Tubing Pressure | Annulus Pressure | Slurry Rate |
|---|---|---|---|
| | psi | psi | bbl/min |
| 12:49:30 | 2009 | -9 | 9.4 |
| 12:52:30 | 1981 | -9 | 9.3 |
| 12:55:30 | 1991 | -9 | 9.3 |
| 12:58:30 | 2000 | -10 | 9.3 |
| 13:01:30 | 2007 | -9 | 9.3 |
| 13:04:30 | 1993 | -9 | 9.2 |
| 13:07:30 | -16 | -9 | 0.0 |
| 13:10:30 | -12 | -12 | 0.0 |
| 13:13:30 | -12 | -12 | 0.0 |
| 13:16:30 | -11 | -12 | 0.0 |
| 13:19:30 | -9 | -10 | 0.0 |
| 13:22:30 | -4 | -8 | 0.0 |
| 13:25:30 | 513 | 509 | 0.0 |
| 13:28:30 | 473 | 450 | 0.0 |
| 13:31:30 | 441 | 417 | 0.0 |
| 13:34:30 | 417 | 396 | 0.0 |
| 13:37:30 | 405 | 385 | 0.0 |
| 13:40:30 | 399 | 379 | 0.0 |
| 13:43:30 | 393 | 372 | 0.0 |
| 13:46:30 | 389 | 368 | 0.0 |
| 13:49:30 | 385 | 365 | 0.0 |
| 13:52:30 | 383 | 363 | 0.0 |
| 13:55:30 | 380 | 362 | 0.0 |

# VPR E-34WDW



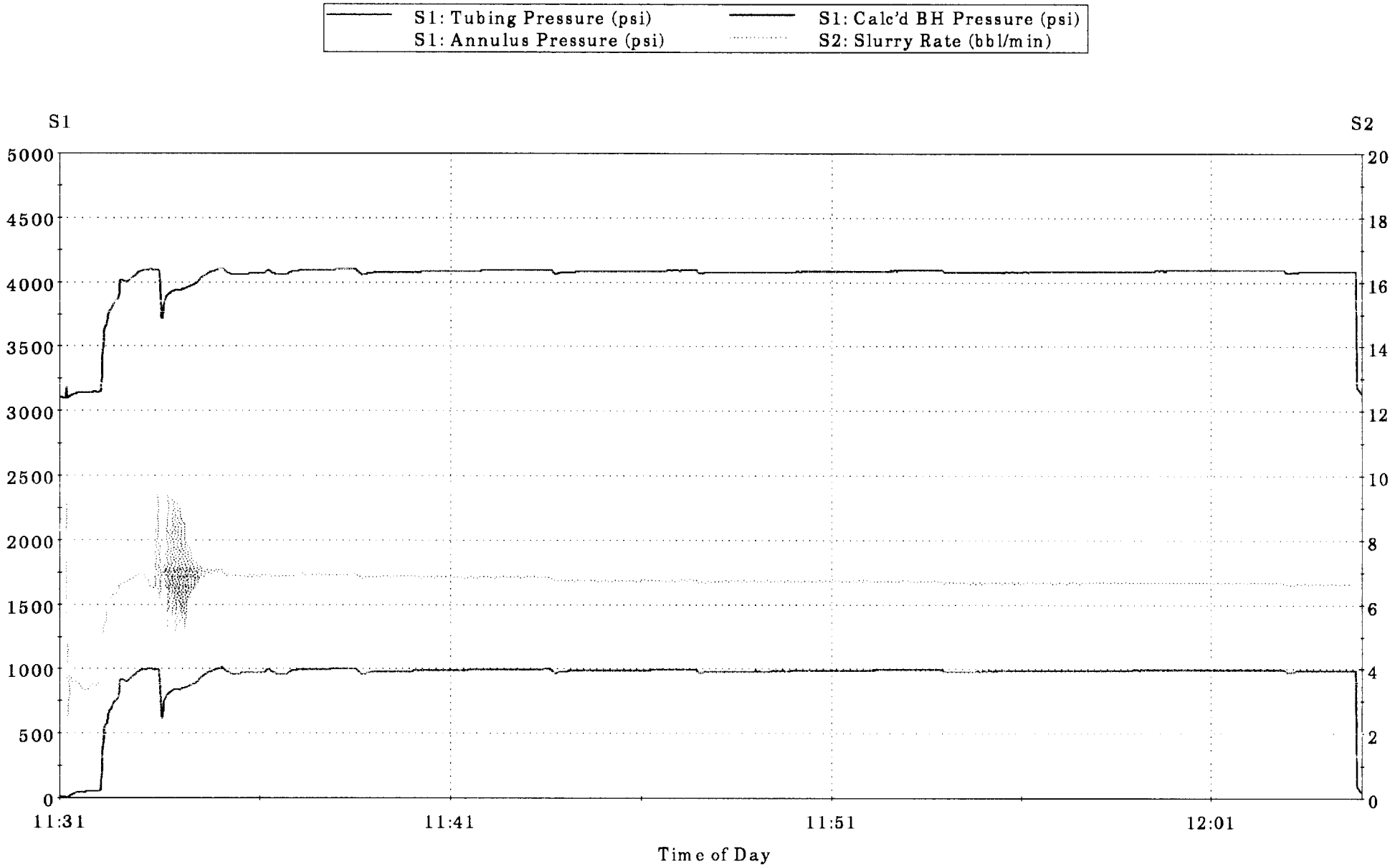

CUSTOMER: EL PASO ENERGY TICKET: DATE: Thu 11-Apr-02
WELL DESC: VPR E 34 WDW FORMATION: ENTRADA - GLORIETTA

# VPR E-34WDW 1ST INJECTION



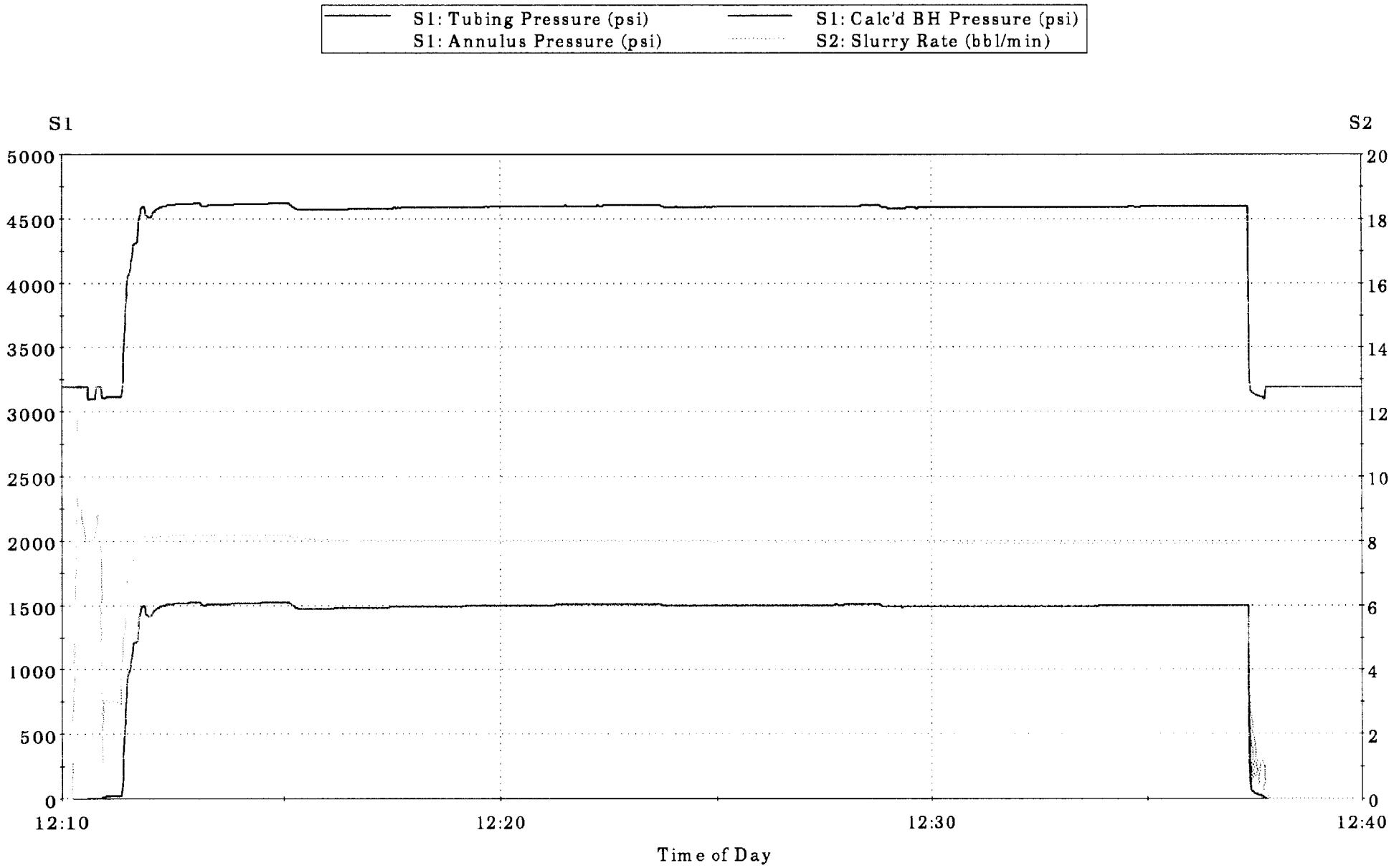

CUSTOMER: EL PASO ENERGY TICKET: DATE: Thu 11-Apr-02
WELL DESC: VPR E 34 WDW FORMATION: ENTRADA - GLORIETTA

# VPR E-34WDW 2ND INJECTION



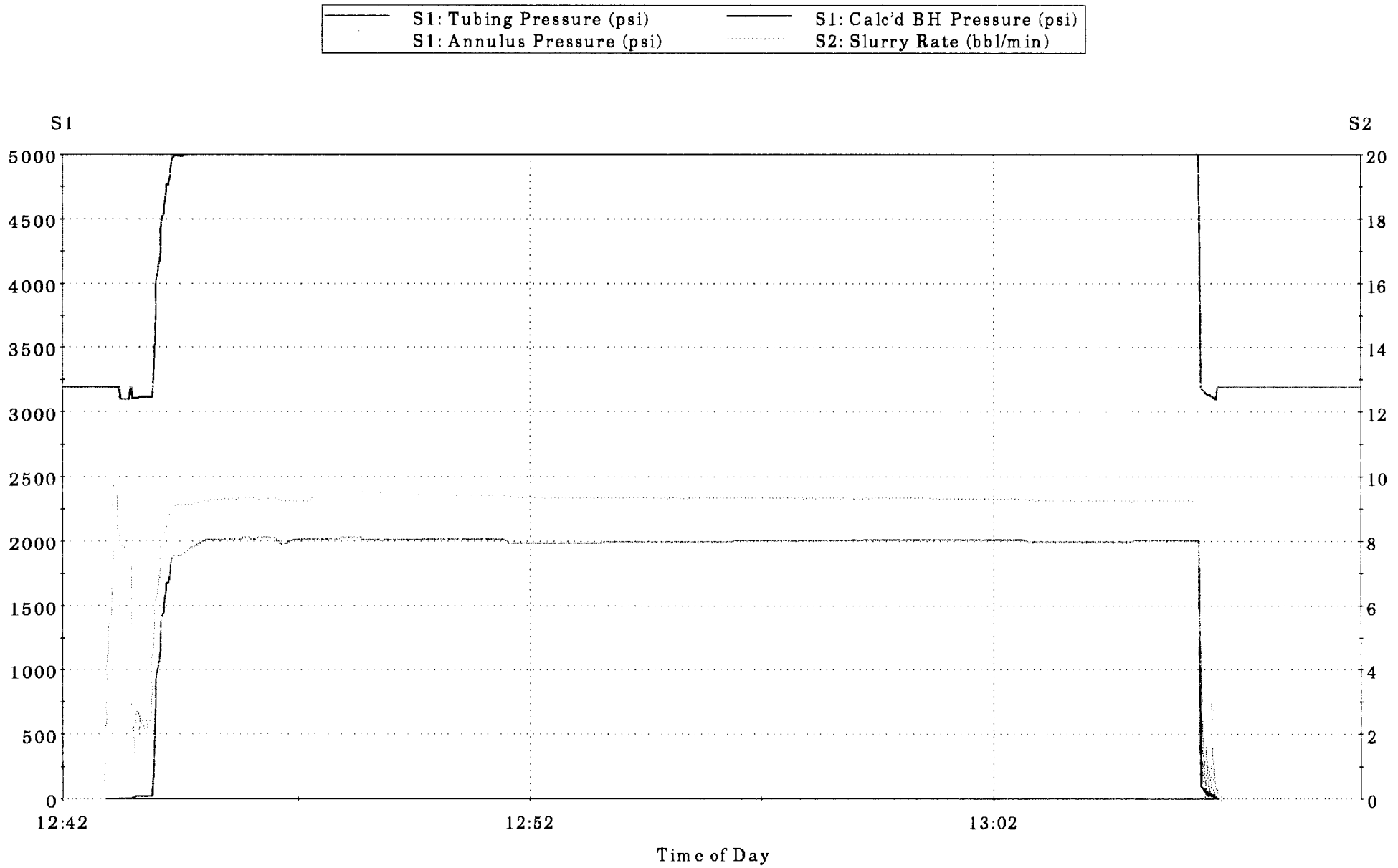

CUSTOMER: EL PASO ENERGY TICKET: DATE: Thu 11-Apr-02
WELL DESC: VPR E 34 WDW FORMATION: ENTRADA - GLORIETTA

# VPR E-34WDW 3RD INJECTION



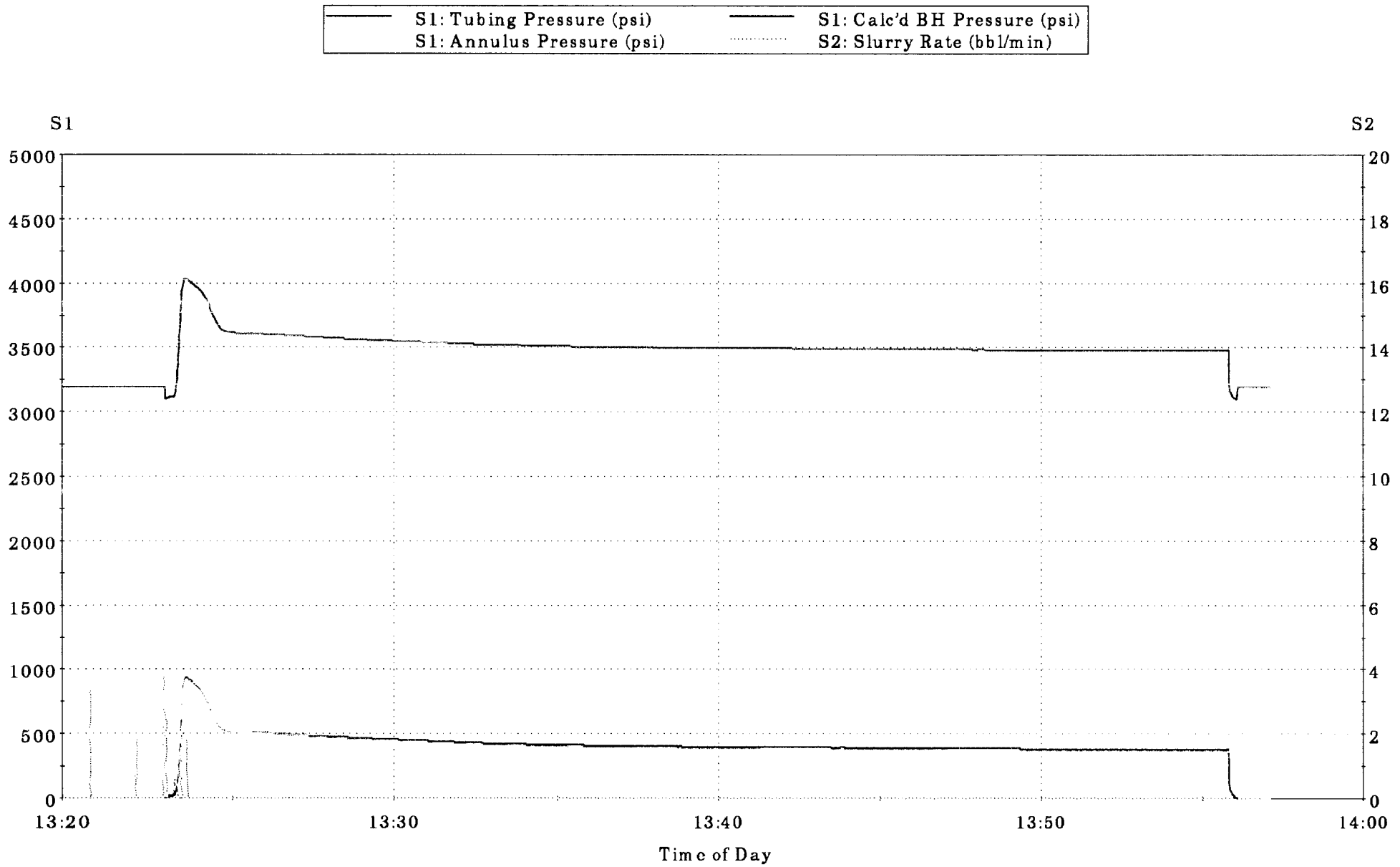

CUSTOMER: EL PASO ENERGY TICKET: DATE: Thu 11-Apr-02
WELL DESC: VPR E 34 WDW FORMATION: ENTRADA - GLORIETTA

# VPR E-34WDW 4TH INJECTION




| | | | |
|---|---|---|---|
| CUSTOMER: | EL PASO ENERGY | TICKET: | DATE: Thu 11-Apr-02 |
| WELL DESC: | VPR E 34 WDW | FORMATION: | ENTRADA - GLORIETTA |

# VPR E-34WDW 2ND INTEGRITY TEST




CUSTOMER: EL PASO ENERGY TICKET: DATE: Thu 11-Apr-02
WELL DESC: VPR E 34 WDW FORMATION: ENTRADA - GLORIETTA

EL PASO ENERGY RATON, L.L.C.
P.O. BOX 190 – 309 SILVER
RATON, NEW MEXICO 87740
PH: (505)445-6720 FAX: (505)445-6788

elpaso

# Fax Transmittal

To: Will Jones Fax: 505-476-3471

Company: Date:

From: Don Lankford Phone: 505-445-6721

Re: E SWD adm. Checklist Pages:

☐ Urgent ☐ For Review ☐ Please Comment ☐ Please Reply ☐ Please Recycle

Comments:

| DATE IN | SUSPENSE | ENGINEER | LOGGED IN | TYPE | APP NO. |
|---|---|---|---|---|---|

ABOVE THIS LINE FOR DIVISION USE ONLY

# NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505

## ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

**Application Acronyms:**

**[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]**
**[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]**
**[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]**
**[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]**
**[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]**
**[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]**

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☒ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify _____

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or ☐ Does Not Apply

[A] ☐ Working, Royalty or Overriding Royalty Interest Owners

[B] ☐ Offset Operators, Leaseholders or Surface Owner

[C] ☒ Application is One Which Requires Published Legal Notice

[D] ☒ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

[E] ☒ For all of the above, Proof of Notification or Publication is Attached, and/or,

[F] ☐ Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

**Note: Statement must be completed by an individual with managerial and/or supervisory capacity.**

| Donald R. Lankford | DR Lankford | Engineer | 04-02-02 |
|---|---|---|---|
| Print or Type Name | Signature | Title | Date |

e-mail Address

VPR E 34 Well File

legal # 3754

1/ 131

Affidavit of Publication

STATE OF NEW MEXICO )
) ss.
COUNTY OF COLFAX )

The undersigned, being first duly sworn according to law, on his/her oath deposes and says that he/she is the business manager of the newspaper named "The Raton Range" and that he/she has personal knowledge of the facts stated herein; that the said "The Raton Range" is a twice-weekly newspaper of general paid circulation printed and published in the County of Colfax and State of New Mexico and entered under the Second class postal privilege in said County, and having been uninterruptedly and continuously printed and published in said County during the period of more than six months to the date of publishing of the first issue of the publication next prior or notice concerning which this affidavit is made and a copy of which is hereto attached; that said newspaper is duly qualified for that purpose under the laws of the state of New Mexico; that the publication, a printed copy of which is hereunto attached and made a part of this affidavit, was published in said newspaper once each week for 1 successive weeks, said paid publication having been made on the following dates, to-wit:

First publication: The 31 day of December, 2001

Second publication: The ___ day of _____, 200___

Third publication: The ___ day of _____, 200___

Fourth publication: The ___ day of _____, 200___

Fifth publication: The ___ day of _____, 200___

Sixth publication: The ___ day of _____, 200___

Business Manager

Subscribed and sworn to before me this 31st day of January, 2002

Margaret M. Massini
Notary Public

PUBLISHER'S BILL

___ inserts ___ Times, ___

65 lines 1 Times, 36.10

___ col. Inches ___ Times, 2.53

38.63

OFFICIAL SEAL,
MARGARET M. MASSINI
NOTARY PUBLIC
STATE OF NEW MEXICO
MY COMMISSION EXPIRES: 9-10-2005

Notice of Application for Fluid Injection Well Permit

El Paso Raton, L.L.C., Nine Greenway Plaza, Houston, Texas, is seeking administrative approval from the New Mexico Oil Conservation Division to complete their Valmejo Park Ranch E #34 as a water disposal well. The well is located in Section 05, T31N, R19E, Colfax County New Mexico. The proposed disposal interval is the Dakota/Purgatoire Sandstone 6,250-6,450; Entrada Sandstone 6,950-6,950; and Glorieta Sandstone 7,220-7,340. El Paso Raton, L.L.C. intends to inject a maximum of 18,000 bbls of produced formation water per day at a maximum injection pressure of 2,000 psi. Interested parties must file objections or request for hearing with the Oil Conservation Division, 1220 S. St. Francis, Santa Fe, New Mexico 87505 within 15 days of this notice.

Thank you,

/s/ DR Lankford

Donald R. Lankford, PE

El Paso Raton, L.L.C.

PO Box 190

Raton, NM 87740

(505) 445-6721

(505) 445-6788 Fax

Legal No. 37540

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# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

*ADMINISTRATIVE ORDER SWD-826*

***APPLICATION OF EL PASO ENERGY RATON, L.L.C. FOR SALT WATER DISPOSAL, COLFAX COUNTY, NEW MEXICO.***

ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION

Under the provisions of Rule 701(B), El Paso Energy Raton, L.L.C. made application to the New Mexico Oil Conservation Division on January 16, 2002, for permission to complete for produced water disposal its Vermejo Park Ranch "E" Well No. 34 located 1268 feet from the North line and 368 feet from the East line (Unit A) of Section 5, Township 31 North, Range 19 East, NMPM, Colfax County, New Mexico.

THE DIVISION DIRECTOR FINDS THAT:

(1) The application has been duly filed under the provisions of Rule 701(B) of the Division Rules and Regulations;

(2) Satisfactory information has been provided that all offset operators and surface owners have been duly notified;

(3) The applicant has presented satisfactory evidence that all requirements prescribed in Rule 701 will be met; and

(4) No objections have been received within the waiting period prescribed by said rule.

IT IS THEREFORE ORDERED THAT:

El Paso Energy Raton, L.L.C. is hereby authorized to complete its Vermejo Park Ranch "E" Well No. 34 located 1268 feet from the North line and 368 feet from the East line (Unit A) of Section 5, Township 31 North, Range 19 East, NMPM, Colfax County, New Mexico, in such a manner as to permit the injection of produced water for disposal purposes into the Dakota, Entrada and Glorieta formations from approximately 6,250 feet to 6,430 feet, 6,850 feet to 6,950 feet and 7,220 feet to 7,340 feet, respectively, through 3 ½ inch plastic-lined tubing set in a packer located at approximately 6,600 feet.

IT IS FURTHER ORDERED THAT:

The operator shall take all steps necessary to ensure that the injected water enters only the proposed injection interval and is not permitted to escape to other formations or onto the surface.

Prior to commencing injection operations into the well, the casing shall be pressure tested from the surface to the packer setting depth to assure the integrity of said casing.

Prior to commencing injection operations, the applicant shall obtain a native formation water sample from the Dakota, Entrada and Glorieta formations, and shall have these water samples analyzed. The applicant shall submit a copy of the water analysis to the Santa Fe Office of the Division.

The casing-tubing annulus shall be loaded with an inert fluid and equipped with a pressure gauge at the surface or left open to the atmosphere to facilitate detection of leakage in the casing, tubing, or packer.

The injection well or system shall be equipped with a pressure limiting device which will limit the wellhead pressure on the injection well to no more than 1250 psi.

The Director of the Division may authorize an increase in injection pressure upon a proper showing by the operator of said well that such higher pressure will not result in migration of the injected fluid from the Dakota, Entrada and Glorieta formations. Such proper showing shall consist of a valid step-rate test run in accordance with and acceptable to this office.

The operator shall notify the supervisor of the Santa Fe District Office of the Division of the date and time of the installation of disposal equipment and of any mechanical integrity test so that the same may be inspected and witnessed.

The operator shall immediately notify the supervisor of the Santa Fe District Office of the Division of the failure of the tubing, casing, or packer in said well and shall take such steps as may be timely and necessary to correct such failure or leakage.

PROVIDED FURTHER THAT, jurisdiction is retained by the Division for the entry of such further orders as may be necessary for the prevention of waste and/or protection of correlative rights or upon failure of the operator to conduct operations (1) to protect fresh water or (2) consistent with the requirements in this order, whereupon the Division may, after notice and hearing, terminate the injection authority granted herein.

The operator shall submit monthly reports of the disposal operations on Division Form C-115, in accordance with Rule Nos. 706 and 1120 of the Division Rules and Regulations.

The injection authority granted herein shall terminate one year after the effective date of this order if the operator has not commenced injection operations into the subject well, provided however, the Division, upon written request by the operator, may grant an extension thereof for good cause shown.

Approved at Santa Fe, New Mexico, on this 31st day of January, 2002.

LORI WROTENBERY, Director

LW/DRC

cc: Oil Conservation Division - Santa Fe

devon
ENERGY CORPORATION
P.O. Box 190
Raton, New Mexico 87740

**December 28, 2001**

Vermejo Park Ranch
P. O. Drawer E
Raton, New Mexico 87740

Attn: Mr. David Vackar

Subject: Drilling Permit for VPR E 34 Water Disposal Well

Dear Mr. Vackar:

According to the New Mexico Oil Conservation Division, Rules and Regulations, 701.B.2, we are required to furnish you with Applications for Permit to Drill for the water injection well as submitted to the New Mexico Oil Conservation Division.

Please be advised that we are currently submitting an APD for the VPR E 34 Water Disposal Well. Find enclosed a copy of that submittal.

Sincerely,

Devon Energy Corporation

J.M. Duckworth
Project Manager

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

MR. DAVID VACKAR
Vermejo Park Ranch
PO Drawer E
Raton, NM 87740

**COMPLETE THIS SECTION ON DELIVERY**

A. Received by (Please Print Clearly) [illegible] B. Date of Delivery 010201

C. Signature
X [signature] ☐ Agent ☐ Addressee

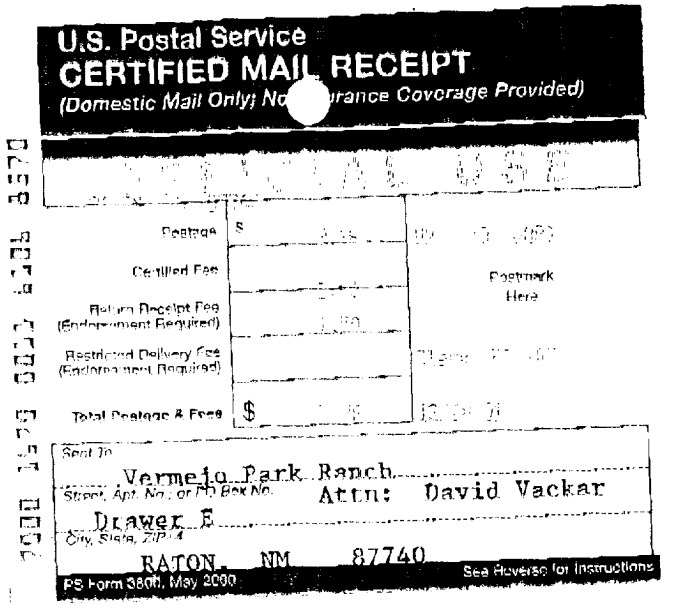
D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type
☑ Certified Mail ☐ Express Mail
☐ Registered ☑ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number (Copy from service label)
7000 1670 0011 6106 8570

PS Form 3811, July 1999 Domestic Return Receipt 102595-00-M-0952



U.S. Postal Service
CERTIFIED MAIL RECEIPT
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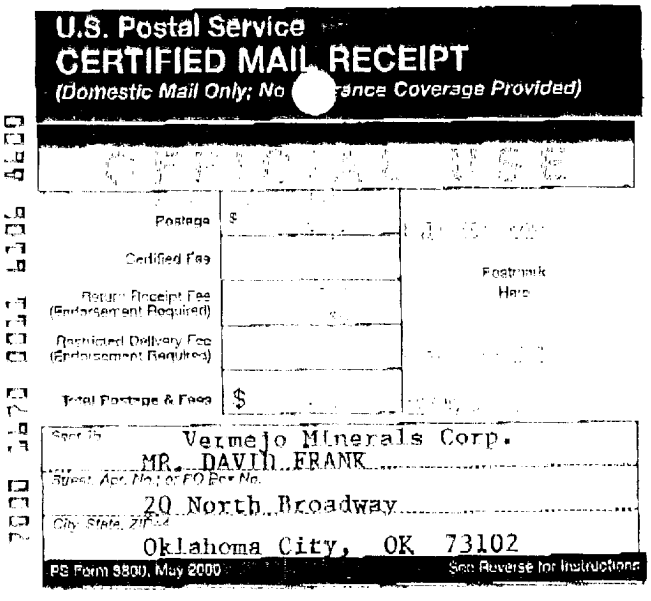
Postage $
Certified Fee
Return Receipt Fee (Endorsement Required)
Restricted Delivery Fee (Endorsement Required)
Total Postage & Fees $

Postmark Here

Sent To
Vermejo Park Ranch
Street, Apt. No.; or PO Box No. Attn: David Vackar
Drawer E
City, State, ZIP+4
RATON, NM 87740

PS Form 3800, May 2000 See Reverse for Instructions



U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

Postage $
Certified Fee
Return Receipt Fee (Endorsement Required)
Restricted Delivery Fee (Endorsement Required)
Total Postage & Fees $

Postmark Here

Sent To
Vermejo Minerals Corp.
MR. DAVID FRANK
Street, Apt. No.; or PO Box No.
20 North Broadway
City, State, ZIP+4
Oklahoma City, OK 73102

PS Form 3800, May 2000 See Reverse for Instructions