## District I 1625 N. French Dr., Hobbs, NM 88240 District II 1301 W. Grand Avenue, Artesia, NM 88210 District III 1000 Rio Brazos Road, Aztec, NM 87410

### State of New Mexico Energy Minerals and Natural Resources

Form C-101 May 27, 2004

Oil Conservation Division

Submit to appropriate District Office

PO Box 190 (Raton, NM 87740)  30 - 00 7 - 20 9 2 2  Property Code 24648  Vermejo Park Ranch  VPR A 504  Vermejo Gas  Additional Verland Park Vermejo Park Vermejo Park Vermejo	Property Code 24648  Vermeio Park Ranch  Pert from the Section Rownship Range Lot Idn Feet from the North/South line Feet from the East/West line Count Research  Additional Well Information  Additional Well Information  West Type Code  N G Rotary/Air P Sajad Date  Yes 2,940'  Vermejo Per February 18, 20  Depth to Groundwater  Distance from nearest fresh water well  Distance from nearest surface water  Pet Liner. Synthetic mills thick Clay Pit Volume: bbls Drilling Method:  Fresh Water Frine Disest/Gil-based Gas/Air Park Water February 18, 20  Perbosed Casing and Cement Program  Hole Size Casing Size Casing weight/foot Setting Depth Sacks of Cement Estimated To 11"  8 5/8" 23# 330' 100 sks Surface  7 7/8" 5 ½" 15.5# 2,940' 375 sks Supface  Pescribe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new-per-dotted Deserted the blowout prevention program, if any. Use additional shects if necessary.  Drill 17 7/8" hole to 4/- 330' with air. Run open hole logs.  Set 5 ½" production casing to TD and cement to surface. Cement volumes calculated from open hole logs.  Drill 7 7/8" hole to 2,940' with air. Run open hole logs.  Set 5 ½" production casing to TD and cement to surface. Cement volumes calculated from open hole logs.  Perforate and stimulate the Vermejo and/or Raton Coals. Clean out well bore and run production equipment.	PO Box 1900 Ration, NM 87740  Property Code 24648  Vermeio Park Ranch  VPR A 504  Proposed Pool 1  Stubblefield Canyon - Vermejo Gas  7 Surface Location  or lot no Section Township Range Lot Idn Feet from the North/South line Feet from the North 326 East Coffax  8 Proposed Bottom Hole Location If Different From Surface  or lot no Section Township Range Lot Idn Feet from the North/South line Feet from the North/South line Feet from the East/West line Country  Additional Well Information  11 Work Type Code N G Rotary/Air P Rotard Rotary Specific States States Rotary/Air P Rotard P Rotard P Rotard P Pense February 18, 200  pth to Groundwater Distance from nearest fresh water well Distance from nearest surface water  Lot Glosed-Loop System Pit Volume:bbls Drilling Method: Closed-Loop System				OR PERMI' Operator Nam El Paso E & P	ne and Addres	SS				<sup>2</sup> OGRID Numbe		
Property Code  24648  Vermejo Park Ranch  Vermejo Gas  7 Surface Location  VPR A 504  Vermejo Gas  8 Proposed Bottom Hole Location If Different From Surface  UL or lot no. Section Township Range Lot Idn Feet from the North/South line Feet from the East/West line Co  Additional Well Information  1 Work Type Code North Gas Rotary/Air P Range Lot Idn Feet from the North/South line Feet from the East/West line Co  Rotary/Air P Range Sasty  Vermejo P Range Feet from the East/West line Co  By Additional Well Information  1 Work Type Code North Gas Rotary/Air P Range P Range P Rotary/Air P Range P Range P Rotary/Air P Range P Range P Range P P Range P P Range P P Range P P P R R Range P P P R R R R R R R R R R R R R R R R	Property Code  24648  Vermejo Park Ranch  Vermejo Gas  7 Surface Location  Ill. or lot no. Section Township Range Lot Idn Feet from the North South line Feet from the East/West line Confr.  By Proposed Bottom Hole Location If Different From Surface  UL or lot no. Section Township Range Lot Idn Feet from the North/South line Feet from the East/West line Confr.  Additional Well Information  "Work Type Code " Well Type Code Rotary/Air P Sagar West line Peet from the North/South line Feet from the East/West line Communication Information	Property Code  24648  Proposed Pool 1  Stubblefield Canyon - Vermejo Gas  Township H 10 31N 19E H 2466 North 326 East Colfax  Proposed Bottom Hole Location If Different From Surface  Or lot no. Section Township N G Rotary/Air N G Rotary/Air N G Rotary/Air Permation N G Rotary/Air North Groundwater Distance from nearest fresh water well Distance from nearest surface water    Distance from nearest fresh water well   Distance from nearest surface water									3.0		0	
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Torright   Section   Township   Range   Lot Idn   Feet from the   2466   North   326   East   Co	Surface Location   Surface   Surfa	Tour land 10		-		<sup>9</sup> Proposed Pool 1	1				10 Prop	osed Pool 2		
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Additional Well Information    North Type Code	Additional Well Information    Additional Well Information	Additional Well Information    Work Type Code   12 Well Type Code   13 Gable/Rotary   14 Lease Type Code   15 Ground Level Elevation   N   G   Rotary/Air   P   8,332   16 Maltiple   17 Proposed Depth   18 Formation   18 Formation   19 Contractor   2,940   2,940   Vermejo   Pense   February 18, 200 ppth to Groundwater   Distance from nearest fresh water well   Distance from nearest surface water   Liner: Synthetic   mils thick Clay   Pit Volume: bbls   Drilling Method:   Fresh Water   Brine   Diesel/Oil-based   Gas/Air   String Depth   Sacks of Cement   Estimated TOC   11"   8 5/8"   23#   330'   100 sks   Surface   7 7/8"   5 ½"   15.5#   2,940'   375 sks   Steface   Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed neverable to the stof my knowledge and belief. I further certify that the drilling pit will be to firm knowledge and belief. I further certify that the drilling pit will be to firm knowledge and belief. I further certify that the drilling pit will be to firm knowledge and belief. I further certify that the drilling pit will be		1		, , ,		in Feet fro	m the North			· _	County Colfax	
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Approved by: Martine
Title: DISTRICT SUPERVISOR
Approval Date: 2/8/08 Expiration Date: 2/8/10
Conditions of Approval Attached
F

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV

1220 S. St. Francis Dr., Santa Fe, NM 87505

# State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, NM 87505

Form C-102 Revised October 12, 2005 Submit to Appropriate District Office State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT											
1 /	r		<sup>2</sup> Pool Code	2	<sup>3</sup> Pool Name						
30-007-20922 96970 STUBBLEFIELD CANYON RATON - VERMEJO GAS							AS				
4 Property (	Code				5 Property 1	Name			<sup>6</sup> Well Number		
24648					VERMEJO PAR	K RANCH			•	VPR'A'-504	
OGRID I	No.				8 Operator	Name				<sup>9</sup> Elevation	
180514	ļ				EL PASO E&P Co	mpany, L.P.		1	8332'		
<sup>10</sup> Surface Location											
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/We	st line	County	
н	10	T 31 N	R 19 E	Н	2466	NORTH	326	EAS	T	COLFAX	
		<u> </u>								<u> </u>	
Bottom Hole Location If Different From Surface											
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/We	st line	County	
<sup>12</sup> Dedicated Acres   <sup>13</sup> Joint or Infill   <sup>14</sup> Consolidation Code   <sup>15</sup> Order No.											

# NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

P		
16		<sup>17</sup> OPERATOR CERTIFICATION
		I hereby certify that the information contained herein is true and complete to the
	4	best of my knowledge and belief, and that this organization either owns a working
		interest or unleased mineral interest in the land including the proposed bottom
		hole location or has a right to drill this well at this location pursuant to a contract
		with an owner of such a mineral or working interest, or to a voluntary pooling
	- ,9	agreement or a compulsory pooling order heretofore entered by the division.
	7466,	
		Signature Date
		September 2
	1	Printed Name
	326'1	
	<b>( ⊕ −</b> •	
		<sup>18</sup> SURVEYOR CERTIFICATION
		I hereby certify that the well location shown on this plat was
	LATE ONO NA PRO (DIAO)	plotted from field notes of actual surveys made by me or under
	LAT/LONG NAD83 (DMS) N 36°56'12.0"	
	W 104°54'04.0"	my supervision, and that the same is true and correct to the
		best of my belief.
		January 25, 2008
		Date of Survey
		Signature and Seal of Professional Surveyor:
{		
		Ou Thilly
		Certificate Number NM LS NO. 5103

#### STATE OF NEW MEXICO ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION DIVISION FOR THE PURPOSE OF CONSIDERING THE:

APPLICATION OF EL PASO E&P COMPANY, L.P. FOR AN EXCEPTION TO NMAC 19.15.3.104.C(3) TO ALLOW INFILL DRILLING AND SIMULTANEOUS DEDICATION, COLFAX COUNTY, NEW MEXICO

> CASE NO. 13904 ORDER NO. R-12848

#### ORDER OF THE DIVISION

#### BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on July 26, 2007, at Santa Fe, New Mexico, before Examiners William V. Jones and Michael Thomas.

NOW, on this 10<sup>th</sup> day of December, 2007, the Division Director, having considered the record and the recommendations of the Examiners,

#### FINDS THAT:

- (1) Due public notice has been given, and the Division has jurisdiction of this case and the subject matter.
- (2) El Paso seeks authority to drill and produce a second coalgas production well within an existing 160-acre standard gas spacing unit in the Undesignated Stubblefield Canyon Raton-Vermejo Gas Pool (96970).
- (3) The Division in Order No. R-11561, effective April 9, 2001, formed the Van Bremmer Canyon-Vermejo Gas Pool (97047), the Stubblefield Canyon Raton-Vermejo Gas Pool (96970) and the Castle Rock Park-Vermejo Gas Pool (97046). None of these pools has "special" pool rules.
- (4) Gas wells drilled in Colfax County, New Mexico are governed by Division Rule 104C(3), which specifies 160-acre spacing units with one well allowed per unit and 660 feet setback well locations from unit boundaries.
- (5) The subject spacing unit consists of the NE/4 of Section 10, Township 31 North, Range 19 East, NMPM, Colfax County, New Mexico. This spacing unit is

12-13-2007

Case No. 13904 Order No. R-12848 Page 2 of 3

already dedicated to the El Paso operated VPR A Well No. 77 (API No. 30-007-20329) located in Unit G.

- (6) El Paso is proposing to drill the VPR A Well No. 504 at a standard location in Unit H and proposes to simultaneously dedicate both wells to the aforementioned spacing unit.
- (7) El Paso presented testimony at the hearing from a landman and engineer which shows the following:
  - (a) The surface lands within the subject spacing unit and surrounding spacing units are owned by the Vermejo Park LLC ("the ranch"). El Paso has a "mineral extraction agreement" allowing this proposed infill drilling operation.
  - (b) El Paso is the operator and only working interest owner within this area. Within the ranch, El Paso is the primary owner of oil and gas minerals. Ownership is identical in this and surrounding spacing units.
  - (c) The coals in this area occur in numerous coal seams with the Raton coals located above the Vermejo coals. The Vermejo coals are the primary producing interval. The wells are approximately 2300 feet deep.
  - (d) Volumetric gas recovery percentage as projected with decline analysis is approximately ½ of expected, and this spacing unit needs an additional well to recover its potential gas volumes.
- (8) El Paso's application to drill and produce a second well within this standard 160-acre gas spacing unit should be approved in order to prevent waste and protect correlative rights.

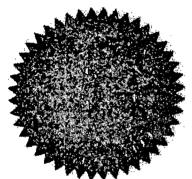
#### IT IS THEREFORE ORDERED THAT:

- (1) The application of El Paso E&P Company, L.P. ("El Paso") is hereby approved to:
  - (a) drill and produce the VPR A Well No. 504 at a standard location in Unit H of Section 10, Township 31 North, Range 19 East, NMPM, Colfax County, New Mexico; and
  - (b) to simultaneously dedicate this well along with the previously drilled VPR A Well No. 77 (API No. 30-007-20329) located in Unit G to a standard 160-acre gas spacing unit within the Undesignated Stubblefield Canyon Raton-Vennejo Gas Pool (96970) consisting of the NE/4 of Section 10.
  - (2) Permission to drill must be obtained from the Division's District 4 office.

Case No. 13904 Order No. R-12848 Page 3 of 3

(3) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Pe, New Mexico, on the day and year hereinabove designated.



MARK E. FESMIRE P.E. Director

STATE OF NEW MEXICO

OIL CONSERVATION DIVISION

SEAL