PMESD-601357950



2005 DEC 29 PM 1 10
Donald R. Lankford
Operations Manager – Vermejo CBM

December 28, 2005

Mike Stogner New Mexico Oil Conservation Division 1220 S. St. Francis Santa Fe, New Mexico 87505

SUBJECT: Proposal for Simultaneous Designation

Dear Mike.

El Paso has identified an opportunity to enhance productivity and recoverability within a "Pilot Project Area" in the Castle Rock Park area. As we continue to post encouraging results from our horizontal drilling techniques we are compelled to enhance the program further. The enclosed proposal has the potential to realize benefits for the mineral estate owner, the surface estate owner, as well as the State of New Mexico. El Paso believes that this Pilot Project Area would be considered a "Simultaneous Designation" under the constraints of Rule. 111.

This proposal includes plans to drill 12 new multi-lateral horizontal wells in the Castle Rock Park Area of El Paso's Vermejo Park ranch CBM Project in Colfax County. Although we have already onsited the prospective locations with the surface owner, it is likely that at least two of these offset locations may change slightly. If that occurs, we will address the changed locations by sundry notice with NMOCD Form C-105.

Enclosures:

- 1. Notice of Intent for Project Area for Simultaneous Designation
- 2. Form C-102 identifying Project Area
- 3. Area Vicinity Map showing existing wells within Project and proposed multi-lateral horizontal wells.

Respectfully,

Donald R Lankford

DR Lonck

Operations Manager

MikeRoy advised me to
attach a cover letter
stating we would more
location with Sundry
Notice submittal.
We sent APD's to Roy
Best Regards & Happy
New Year! Dom



EL PASO ENERGY RATON, L.L.C. P.O. BOX 190 - RATON, N.M. 87740

November 22, 2005

Notice of Intent for Project Area for Simultaneous Dedication

El Paso Energy Raton (El Paso) intends to initiate a pilot project in 2006 which involves multi-lateral horizontal wells within the "Castle Rock – Vermejo Gas" pool as defined by the New Mexico Oil Conservation Division (OCD). It is El Paso's intent to obtain an *Administrative Order* from the OCD to allow "Simultaneous Dedication" according to the provisions of Rule 111.

El Paso plans to drill 12 multi-lateral horizontal wells in New Mexico in 2006. These 12 proposed wells will have up to 3 horizontal laterals which may penetrate and drain from up to 4-160 acre quarter sections. El Paso has selected a "Project Area", for your review, made up of 8 contiguous sections within the Castle Rock Park Area of the Vermejo Park Ranch CBM Project. Refer to attached Form C-102 for a diagram of the proposed project area

Background

The entire surface estate of El Paso's Vermejo Park Ranch CBM Project in Colfax, County, is owned by Turner Enterprises. The entire CBM mineral estate is owned by El Paso. El Paso holds 100 percent working revenue interest. The proposed Project Area is 2.2 miles from the nearest lease boundary.

Discussion

By drilling these proposed multi-lateral horizontal wells from existing well locations, El Paso will be able to accomplish the following desirable results:

- 1. Minimizes surface disturbance by eliminating additional drilling locations.
- 2. Further minimizes surface disturbance by using existing infrastructure which eliminates the need for additional pipeline corridor.
- 3. Accesses drainage underlying environmentally sensitive areas without surface disturbance.
- 4. Ensures the most effective drainage of resource possible with current technology.

The proposed Project Area is shown on the attached Form C-102. The proposed 12 multi-lateral horizontal wells are shown on the attachment labeled "Exhibit 1".

The Table below is a detail of the data relating to the proposed multi-lateral horizontal wells:

| Propose Multi- Lateral | Existing | Existing | Existing C | | | ace | Quarter Sections Drained by Proposed Multi-Lateral Horiz. |
|------------------------------|------------------|----------------|---|-------|----|-----|---|
| Well Name | Offset Well | Offset API No. | | catio | | | Well |
| VPR D 300 | VPR D 60 | 30-007-20274 | NENE | 35 | 31 | 17 | SW of Sec 26-R31N-T17E |
| | | | | | | | SE of Sec 26-R31N-T17E |
| | | | | | | | SW of Sec 25-R31N-T17E |
| | | | | | | | NE of Sec 35-T31N-R17E |
| VPR D 301 | VPR D 45 | 30-007-20266 | NENW | 36 | 31 | 17 | SE of Sec 26-R31N-T17E |
| | | | | | | | SW of Sec 25-R31N-T17E |
| | | | | | | | NW of Sec 36-R31N-T17E |
| VPR D 302 | VPR D 29 | 30-007-20265 | SWNE | 36 | 31 | 17 | NW of Sec 36-R31N-T17E |
| | | | | | | | NE of Sec 36-R31N-T17E |
| | | | | | | | SW of Sec 25-R31N-T17E |
| | | 00 007 00004 | 05014 | 05 | 04 | 4- | SE of Sec 25-R31N-T17E |
| VPR D 303 | VPR D 96ST | 30-007-20384 | SESW | 35 | 31 | 17 | NE of Sec 35-R31N-T17E |
| | | | | | | | SW of Sec 35-R31N-T17E SE of Sec 35-R31N-T17E |
| VDD D 004 | VDD D 55 | 20 007 00070 | CECW | 26 | 31 | 17 | NW of Sec 36-R31N-T17E |
| VPR D 304 | VPR D 55 | 30-007-20270 | SESW | 36 | 31 | 17 | SW of Sec 36-R31N-T17E |
| | | | | | | | NE of Sec 35-R31N-T17E |
| | | | | | | | SE of Sec 35-R31N-T17E |
| VPR D 305 | VPR D 28 | 30-007-20264 | NWSE | 36 | 31 | 17 | NW of Sec 36-R31N-T17E |
| VPN D 303 | VFN D 20 | 30-007-20204 | INVASE | 30 | 31 | 17 | NE of Sec 36-R31N-T17E |
| | | | | | | | SE of Sec 36-R31N-T17E |
| | | | | | | | NW of Sec 31-R31N-T18E |
| VPR D 306 | VPR D 18 | 30-007-20095 | SWSW | 31 | 31 | 18 | NE of Sec 36-R31N-T17E |
| VI II D 000 | VIIIDIO | 00-007-20095 | 011011 | 0. | 01 | 10 | SE of Sec 36-R31N-T17E |
| | | | | | | | NW of Sec 31-R31N-T18E |
| | | | | | | | SW of Sec 31-R31N-T18E |
| VPR D 307 | VPR D 51 | 30-007-20269 | NWNW | 1 | 30 | 17 | SE of Sec 35-T31N-R17E |
| | | 00 00. 20200 | *************************************** | • | 00 | ••• | SW of Sec 36-R31N-T17E |
| | | | | | | | NW of Sec 1-R30N-T17E |
| VPR D 308 | VPR D 13 | 30-007-20179 | NENE | 1 | 30 | 17 | NW of Sec 1-R30N-T17E |
| | | | | | | | NE of Sec 1-R30N-T17E |
| | | | | | | | SW of Sec 36-R31N-T17E |
| | | | | | | | SE of Sec 36-R31N-T17E |
| VPR D 309 | VPR D 100 | 30-007-20398 | SWSE | 3 | 30 | 17 | NE of Sec 3-R30N-T17E |
| | | | | | | | SE of Sec 3-R30N-T17E |
| | | | | | | | NW of Sec 2-R30N-T17E |
| | | | | | | | SW of Sec 2-R30N-T17E |
| VPR D 310 | VPR D 47 | 30-007-20267 | SENE | 2 | 30 | 17 | NW of Sec 2-R30N-T17E |
| | | | | | | | NE of Sec 2-R30N-T17E |
| | | | | | | | SE of Sec 35-T31N-R17E |
| VPR D 311 | VPR D 27 | 30-007-20263 | SWSW | 1 | 30 | 17 | NE of Sec 2-R30N-T17E |
| | | | | | | | NW of Sec 1-R30N-T17E |
| | | | | | | | NE of Sec 1-R30N-T17E |
| | | | | | | | SW of Sec 1-R30N-T17E |

Proposal

Given the circumstances on the Vermejo Park Ranch CBM Project of the Operator and the surface estate owner, El Paso believes that the 8 section Project Area, defined by the attached Form C-102, fits the criteria for the applicability of Rule 111. El Paso also believes that conservation of resource justifies the approval of this pilot project.

Therefore, El Paso requests the approval by Administrative Order by the NMOCD of the Pilot Project Area as described herein.

Respectfully Submitted,

DR Lanca1 11/22/05

Don Lankford El Paso Operations Manager District I 1625 N. French Dr., Hobbs, NM 88240

<u>District II</u> 1301 W. Grand Avenue, Artesia, NM 88210

District III 1000 Rio Brazos Rd., Aztec, NM 87410

180514

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 August 15, 2000

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT

| | WELL LOCATION AND ACE | EAGE DEDICATION PLAT | | | |
|----------------------------|------------------------|--------------------------------|---|--|--|
| ¹ API Number | ² Pool Code | ³ Pool Name | | | |
| | 97046 | CASTLE ROCK PARK - VERMEJO GAS | | | |
| ⁴ Property Code | ⁵ Property | Name Well Number | - | | |
| 25179 | CASTLE ROCK PILOT P | OJECT AREA 2006 | | | |
| OGRID No. | 8 Operator | Name ⁹ Elevation | | | |

UL or lot no. Section Township Range Lot Idn Feet from the North/South line Feet from the East/West line County

EL PASO ENERGY RATON, L.L.C.

1 Bottom Hole Location If Different From Surface

| "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 lin | County |
| | | | | | | | | | |
| | | | | | | | · | | |
| 12 Dedicated Acres | ² Dedicated Acres ¹³ Joint or Infill ¹⁴ Consolidation Code ¹⁵ Order No. | | | | | | | | |
| | | ļ | | | | | | | |
| | Į. | Į | | | | | | | |

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

| 16 | | | | 17 Open Leon General Charles |
|---------------------------|-------------------------------------|---|--------------------|--|
| 10 | D-15 | D-153 D-154 O | | ¹⁷ OPERATOR CERTIFICATION |
| | [i | 30 007 20498 30 007 20499 20514 | | I hereby certify that the information contained herein is true and |
| 27 | D-67 | 25 | 30 | complete to the best of my knowledge and belief. |
| | 30 007 20277 D-57 | D-69 | • | |
| | | 30 007 20279 D-70 | | Signature |
| | D-50 D-50 O 30 007 20268 | 30 007 20279 | | DR Landel "/22/05 |
| | D-59 D-60 | D-45 | | Printed Name DONALD R. LANKFORD |
| | 30 907 20273 30 907 20273 | 30 007 20266 p-29 | 0-23 D-22 | |
| | 30 007 2027 | 30 007 20265 | 30 007 20151 | Title PRODUCTION ENGINEER |
| 34 | 35 | 30 007 20265 | 30 007 20150 31 | |
| | | D-28 | D-19 | |
| | D-96 | D-55 30 007 20264 | D-18 30 007 20149 | Date |
| T 31 N, R 17 E | 30 007 20284 | 30 007 20270 | 30 007 20095 | |
| T 30 N, R 17 E | D-96 30 007 20384 0 007 20387 | D-167 30 007 20536 D-13 | | 18SURVEYOR CERTIFICATION |
| | | D-51 0 30 007 20269 30 007 20179 | | I hereby certify that the well location shown on this plat was |
| p-97 30 007 20386 | D-47 | ļ | | plotted from field notes of actual surveys made by me or under |
| 30 007 20385 ³ | | 1 20267 | 6 | my supervision, and that the same is true and correct to the best |
| D-100 | | D-08 | | of my belief. |
| © 30 007 20398 | D-68 D-101 30 007 20278 | D-27 0 30 007 20263 30 007 20176 | | November 21, 2005 |
| <u></u> | | 30 007 20263 | | Date of Survey |
| | 30 007 20388 | | | Signature and Seal of Professional Surveyor: |
| | | | | The state of the s |
| | 1 | | | |
| 10 | 11 | 12 E1 | Щ 7 ∞ 7 | |
| | | 1 ≈ | ı∝ İ | Quithill. |
| | | T 30 N, | 0 N, | Certificate Number NM LS NO. 5103 |
| | | T 34 | T 3 | 1101 25175. 5105 |

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Form C-102

Revised August 15, 2000

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

87505 AMENDED REPORT

| ¹ API Number | | | | ² Pool Code 97046 | ; | ³ Pool Name CASTLE ROCK PARK – VERMEJO GAS | | | | | |
|----------------------------------|-------------------------|--|--------------|---------------------------------|-----------------------|--|---------------|--------------------------|------------------------|--|--|
| ⁴ Property (25179 | Code | ⁵ Property Name CASTLE ROCK PILOT PROJECT AREA 2006 | | | | | | ⁶ Well Number | | | |
| ⁷ OGRID 1 180514 | | ⁸ Operator Name EL PASO ENERGY RATON, L.L.C. | | | | | | | ⁹ Elevation | | |
| - | | | | | ¹⁰ Surface | Location | | | | | |
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County | | |
| | | | 11 Bc | ttom Ho | le Location I | Different From | m Surface | | | | |
| JL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West lin | County | | |
| edicated Acre | s ¹³ Joint o | r Infill ¹⁴ C | onsolidation | Code 15 Or | rder No. | <u> </u> | | | | | |

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

| 27 | D-15: 0 007 20277 D-50 0 007 20271 D-50 0 007 20258 | 30 007 20499 20514 25 D-69 | 30 | 17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature |
|---|--|--|--|--|
| 34 <i>T 31 N, R 17 E</i> | D-59 D-60 30 007 20273 30 007 20274 35 D-96 30 007 20304 | D-45 30 007 20266 D-29 30 007 20265 36 D-28 D-55 30 007 20264 30 007 20270 | D-23 D-22 30 007 20151 30 007 20151 31 D-18 30 007 20149 | Printed Name DONALD R. LANKFORD Title PRODUCTION ENGINEER Date |
| T 30 N, R 17 E D-98 D-97 30 007 20386 30 007 20385 3 D-100 30 007 20398 | D-47 2 30 007 20387 2 30 007 D-68 D-101 30 007 20278 | 0.51 0.51 0.51 0.52 0.007 20269 | 6 | 18SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. November 21, 2005 Date of Survey |
| 10 | 30 00 7 20388 | 7.30 N, R. 17 E | 730 N, R I8 E | Signature and Scal of Professional Surveyor: Certificate Number NM LS NO. 5103 |