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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 onsiteed 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,

DR Lankford

Donald R Lankford

Operations Manager

*Mike -
Roy advised me to
attach a cover letter
stating we would move
location with Sundry
Notice submittal.
We sent APD's to Roy
Best Regards & Happy
New Year! Don*



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 Well Name	Existing Offset Well	Existing Offset API No.	Existing Offset Surface Location					Quarter Sections Drained by Proposed Multi-Lateral Horiz. 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 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
VPR D 304	VPR D 55	30-007-20270	SESW	36	31	17		NW of Sec 36-R31N-T17E 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 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 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 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 Lankford 11/22/05

Don Lankford
El Paso Operations Manager

[illegible]

NM LS NO. 5103