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August 5, 2009

Hand Delivered

Mark E. Fesmire, P.E.
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

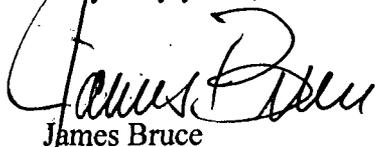
Re: El Paso de novo cases

Dear Mr. Fesmire:

Enclosed are the following:

1. An amended pre-hearing statement. The only change is the identity of the landman.
2. Updated engineering Exhibits 4-11. The prior Exhibits 4-11 may be deep-sixed.
3. Geology Exhibit H (new).
4. Proposed orders in each case.

Very truly yours,



James Bruce

Attorney for El Paso E&P Company, L.P.

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

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IN THE MATTER OF THE HEARINGS CALLED
BY THE OIL CONSERVATION COMMISSION FOR
THE PURPOSE OF CONSIDERING:

APPLICATION OF EL PASO E&P COMPANY,
L.P. TO ABOLISH THE VAN BREMMER CANYON-
VERMEJO GAS POOL, EXPAND THE CASTLE ROCK
PARK- VERMEJO GAS POOL, AND ESTABLISH
SPECIAL RULES AND REGULATIONS FOR THE
CASTLE ROCK PARK-VERMEJO GAS POOL,
COLFAX COUNTY, NEW MEXICO.

Case No. 14149 (*de novo*)
Order No. R-13010

APPLICATION OF EL PASO E&P COMPANY,
L.P. TO EXPAND THE STUBBLEFIELD CANYON
RATON-VERMEJO GAS POOL, AND TO ESTABLISH
SPECIAL RULES AND REGULATIONS FOR THE
POOL, COLFAX COUNTY, NEW MEXICO.

Case No. 14150 (*de novo*)
Order No. R-13011

AMENDED PRE-HEARING STATEMENT

This pre-hearing statement is submitted by applicant as required by the Oil Conservation Commission.

APPEARANCES

APPLICANT

El Paso E&P Company, L.P.
Suite 1900
1099 18th Street
Denver, Colorado 80202

Attention: Laura B. Smith
(303) 291-6461

APPLICANT'S ATTORNEY

James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
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OPPONENT

There is no opponent in these cases.

OPPONENT'S ATTORNEY

STATEMENT OF THE CASE

APPLICANT

The pools involved are coal gas pools which were developed on the Division's statewide rules, which provide for (a) 160 acre well units, (b) wells to be located no closer than 660 feet to a quarter section line nor closer than 10 feet to an interior quarter-quarter section line, and (c) one well per well unit. Applicant filed the two cases requesting:

Case 14149: Applicant sought an order (i) abolishing the Van Bremmer Canyon-Vermejo Gas Pool, (ii) expanding the horizontal extent of the Castle Rock Park-Vermejo Gas Pool to include acreage formerly within the Van Bremmer Canyon-Vermejo Gas Pool, (iii) expanding the horizontal extent of the Castle Rock Park-Vermejo Gas Pool to include additional acreage, and (iv) instituting special rules and regulations for the Castle Rock Park-Vermejo Gas Pool, including: (a) 160 acre well units; (b) wells to be located no closer than 10 feet to a quarter section line or an interior quarter-quarter section line; (c) two wells per well unit, subject to the directional drilling provisions of NMAC 19.15.3.111; (d) an administrative procedure for an exception to the well density provisions of the pool rules; and (e) a buffer zone where wells must be located in accordance with the Division's statewide well location rules. The Castle Rock Park-Vermejo Gas Pool, as expanded, includes lands in the following townships: 29N-18E, 29N-19E, 30N-17E, 30N-18E, 30N-19E, 31N-17E, and 31N-18E.

Case 14150: Applicant sought an order expanding the horizontal extent of the Stubblefield Canyon Raton-Vermejo Gas Pool, and instituting special rules and regulations for the pool, including: (a) 160 acre well units; (b) wells to be located no closer than 10 feet to a quarter section line or an interior quarter-quarter section line; (c) two wells per well unit, subject to the directional drilling provisions of NMAC 19.15.3.111; (d) an administrative procedure for an exception to the well density provisions of the pool rules; and (e) a buffer zone where wells must be located in accordance with the Division's statewide well location rules. The Stubblefield Canyon Raton-Vermejo Gas Pool, as expanded, includes lands in the following townships: 30N-19E, 30N-20E, 31N-19E, 31N-20E, 31N-21E, 32N-18E, 32N-19E, 32N-20E, and 32N-21E.

The pool expansions were requested simply because numerous additional wells have been drilled in each pool, but the Division's nomenclature of the pools never changed from the date the pools were created. The combination of the two pools in Case 14149 was requested because the pools grew to adjoin each other, and they produce from the same intervals.

The request for two wells per well unit was based on engineering data which shows that most wells in the pools were not capable of draining 160 acres.

The substantial change in setback requirements was based on the following facts: (a) the lands involved (over 600,000 acres) have common mineral ownership; and (b) the rugged topography

on the subject lands requires numerous unorthodox locations. Changing setback requirements would also minimize surface disturbance.

Division Orders: The Division granted the relief requested in each case, except that the setback requirement from a section line was maintained at 660 feet.

Request before the Commission: In these appeals, applicant requests additional relief from the setback requirements.

OPPONENT

PROPOSED EVIDENCE

APPLICANT

<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
Mary Sharon Balakas (landman)	25 min.	Exhibits 1-3
Howard Musgrove (engineer) Howard.musgrove@elpaso.com	30 min.	Exhibits 4-11
Fred Mark (geologist) fred.mark@elpaso.com	20 min.	Exhibits A- G ^H

OPPONENT

<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
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PROCEDURAL MATTERS

Applicant requests that these cases be consolidated for hearing.

Respectfully submitted,

James Bruce

James Bruce
Post Office Box 1056
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Attorney for El Paso E&P Company, L.P.