

April 8, 2002



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%~~ <sup>25% 000 cur</sup> 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

Approval and Waiver Given this 10 day of APRIL 2002.

Vermejo Minerals Corporation

By:   
Its: VICE PRESIDENT

Rec'd 4-10-02  
*PEJ*

# WELLBORE SCHEMATIC

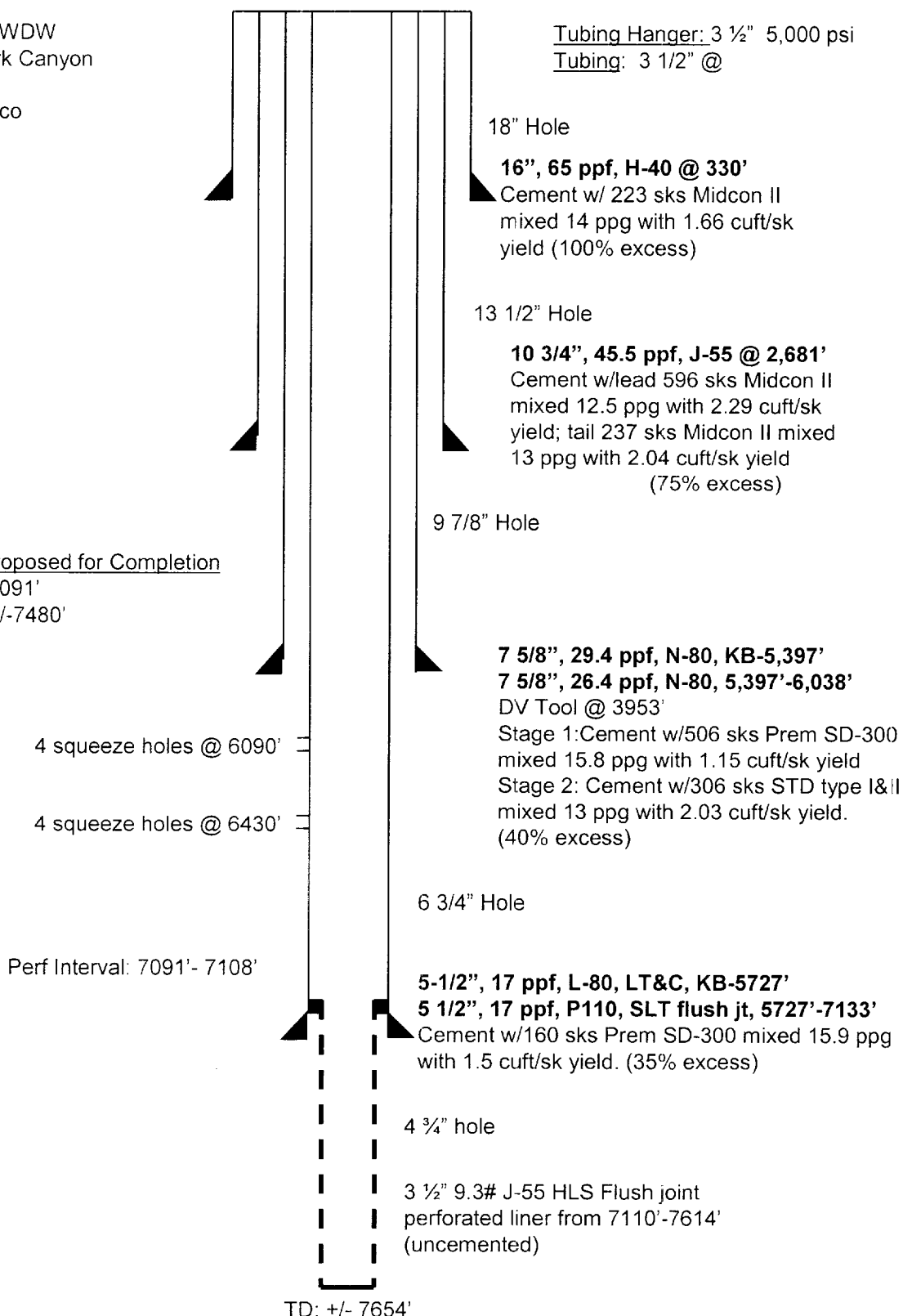
Lease: VPRE 34 WDW  
Field: VPR - York Canyon  
County: Colfax  
State: New Mexico

Tubing Hanger: 3 1/2" 5,000 psi  
Tubing: 3 1/2" @

KB = '16  
 GL = 8592'

Injection Zones Proposed for Completion

Top of Entrada: 7091'  
 Top of Glorieta: +/-7480'



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

Form C-103

Revised March 25, 1999

OIL CONSERVATION DIVISION  
2040 South Pacheco  
Santa Fe, NM 87505

WELL API NO. <b>30-007-20302</b>
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name:  <b>VPR E</b>
8. Well No. <b>34 WDW</b>
9. Pool name or Wildcat <b>Stubblefield Canyon - Vermejo Gas</b>

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.)

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

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

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

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:

PERFORM REMEDIAL WORK  PLUG AND ABANDON

TEMPORARILY ABANDON  CHANGE PLANS

PULL OR ALTER CASING  MULTIPLE COMPLETION

OTHER:

SUBSEQUENT REPORT OF:

REMEDIAL WORK  ALTERING CASING

COMMENCE DRILLING OPNS.  PLUG AND ABANDONMENT

CASING TEST AND CEMENT JOB

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 3/4" bit and drill f/ 329' - 1,516' KB.
- 02/10/02 TIH with 13 1/2" bit and drill f/ 1,516' - 2,745' KB. Ran 10 3/4" 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 + 11M/day*
- 02/20/02 Cement 1<sup>st</sup> stage: Mixed and pumped 506 sks of premium SD-300 cement. Bump plug with 1500 psi. Float held. WOC for 3.5 hours. Cement 2<sup>nd</sup> 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.
- 02/21/02 Lay down 4 1/2", 16.60#, drill pipe. Ran CBL log over 7 5/8" casing. TOC +/- 1162'.
- 02/23/02 TIH with 6 3/4" bit and drill f/ 6065' - 7210' KB. TD at 7210' KB. Gas flare @ 6631'. *CAOF 10 + 11M/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.

*Need CS9 data*

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 3/4" hole f/ 6270' - 7215' KB.
- 03/16/02 Run 5 1/2" 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:



## 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

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 CO2 (PPM):	274
MOLE PERCENT CO2 IN GAS:	0.00
DISSOLVED H2S (PPM):	0.0
PRESSURE (PSIA):	25
SODIUM (PPM):	13852 ✓
TDS (MG/L):	<u>49654</u>
RESISTIVITY:	0.1289
IONIC STRENGTH:	0.86

*Water Analysis  
Kud → Permian  
Gladwin*

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

*This report is based on sound engineering practices, but because of variable well conditions and other information which must be relied on, Halliburton makes no warranty, expressed or implied, as to the accuracy of the data or of any calculations or opinions expressed herein. You agree that Halliburton shall not be liable for any loss or damage, whether due to negligence or otherwise arising out of or in connection with such data, calculations or opinions.*

**HALLIBURTON ENERGY SERVICES  
SOLUTIONS IN ACTION!**

**Initial Conditions**

<i>Treatment Parameters</i>	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
<i>Initial Wellbore Data</i>	Wellbore fluid	1% KCl
	Density	8.38 lb/gal
	n-prime	1.0000
	K-prime	0.000019 lb*sec <sup>n</sup> /ft <sup>2</sup>
<i>Perf Data</i>	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

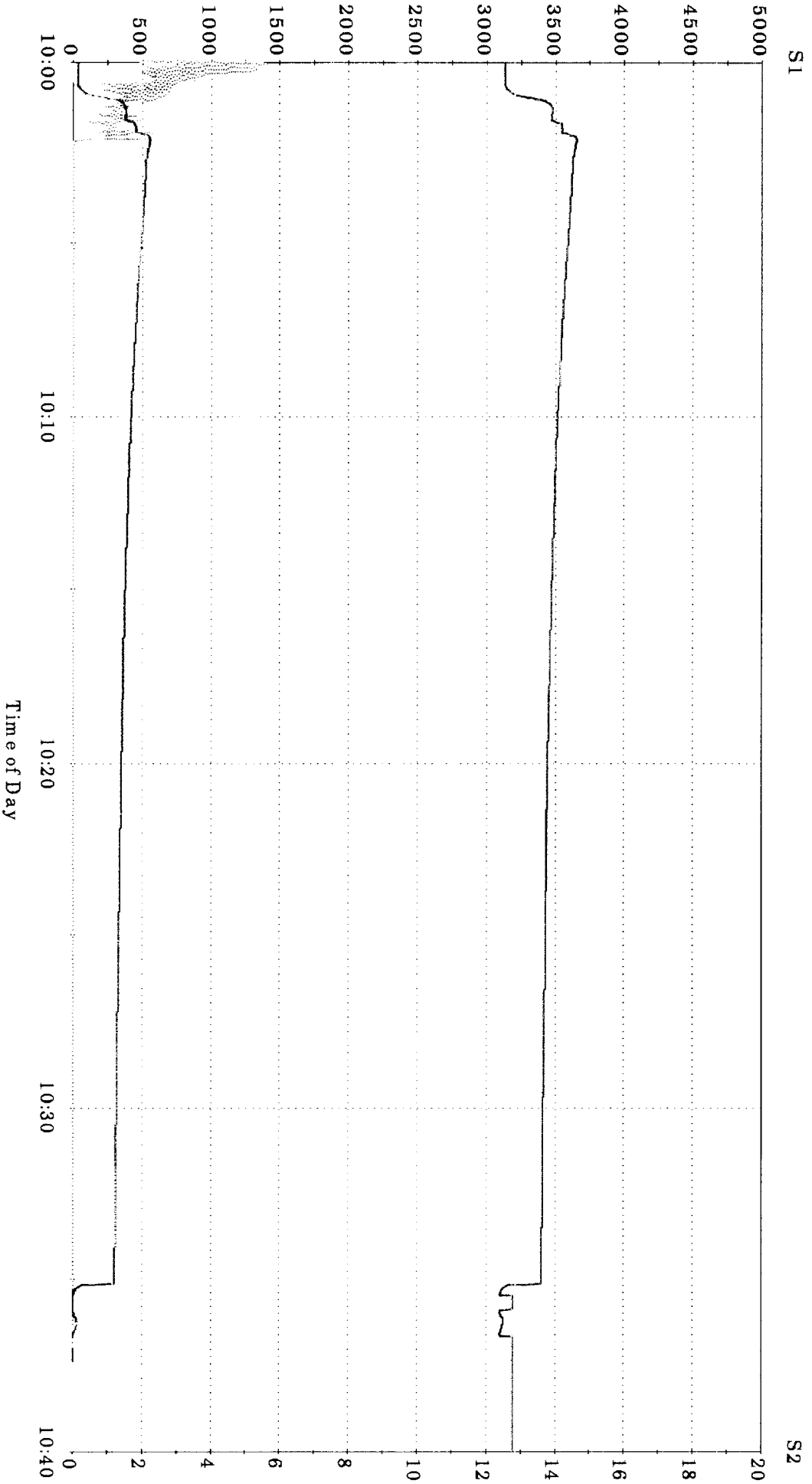


Time of Day	Tubing Pressure psi	Annulus Pressure psi	Slurry Rate bbl/min
09:58:30	383	-4	0.0
10:01:30	377	364	2.2
10:04:30	501	457	0.0
10:07:30	451	404	0.0
10:10:30	414	372	0.0
10:13:30	388	349	0.0
10:16:30	367	334	0.0
10:19:30	351	322	0.0
10:22:30	340	312	0.0
10:25:30	329	303	0.0
10:28:30	320	297	0.0
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	bb/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

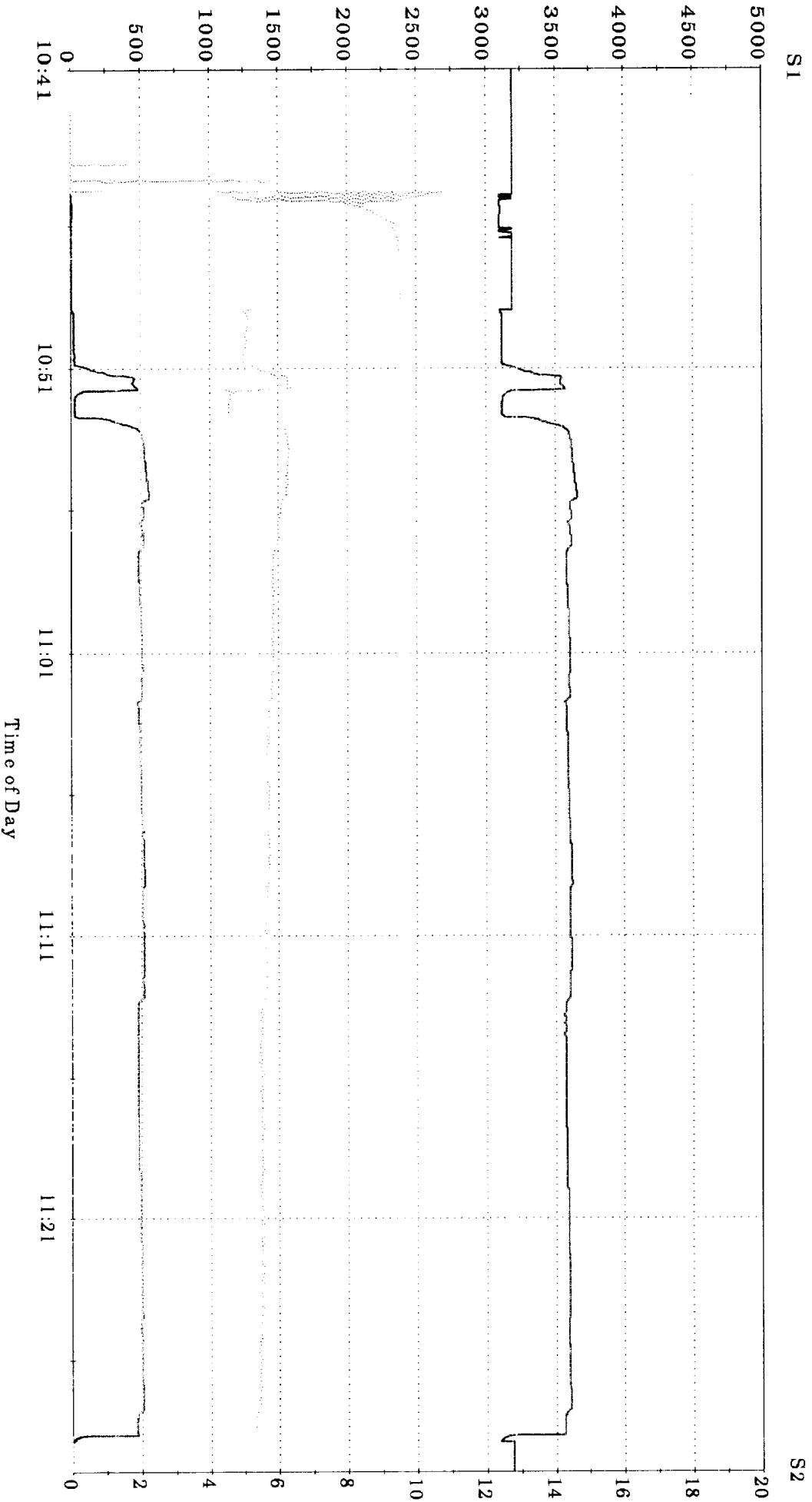
# VPR E-34W DW

S1: Tubing Pressure (psi)      S1: Calc'd BH Pressure (psi)  
 S1: Annulus Pressure (psi)    S2: Slurry Rate (bbl/min)



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

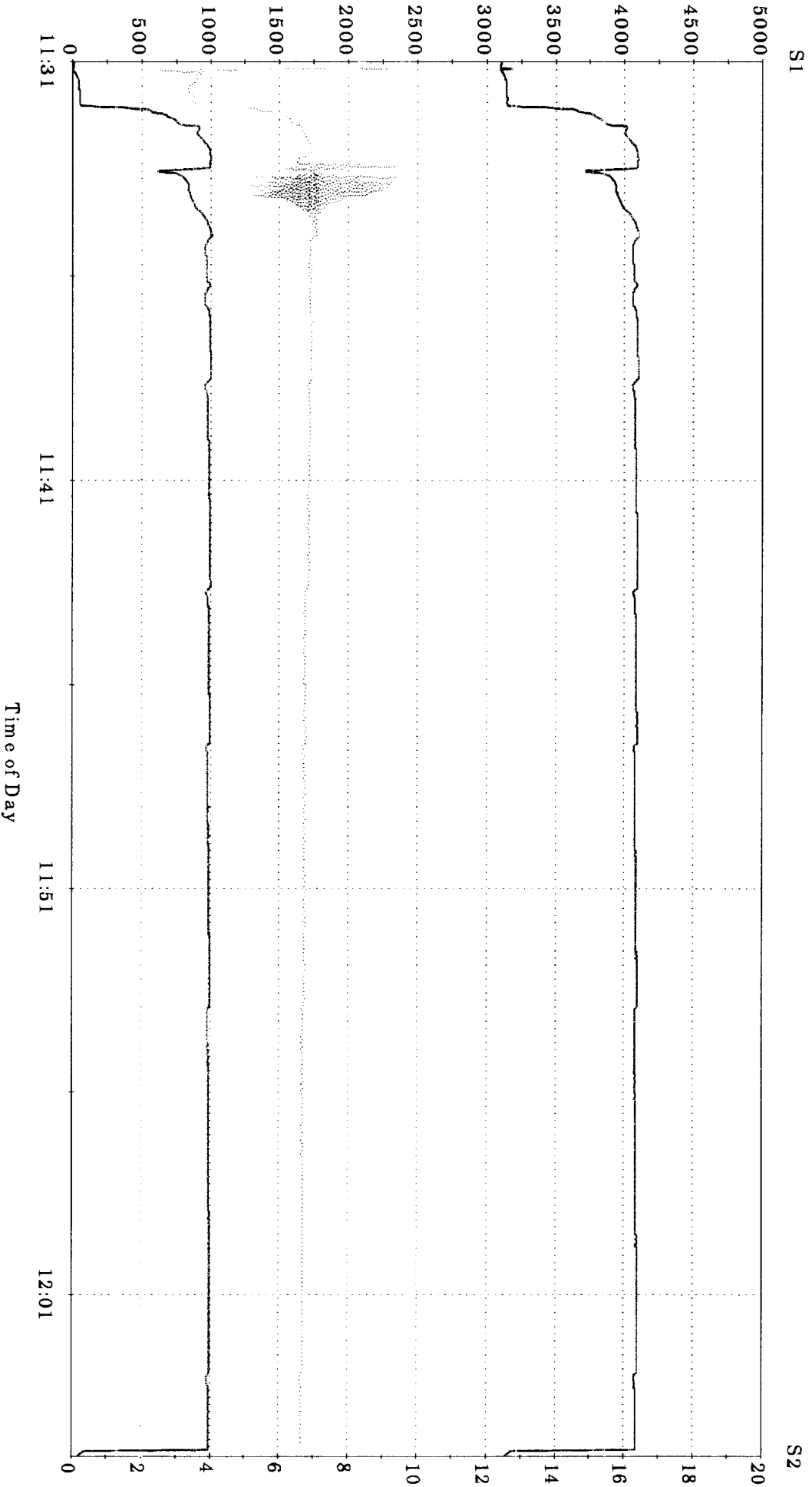
# VPR E-34WDW 1ST INJECTION



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

# VPR E-34WDW 2ND INJECTION

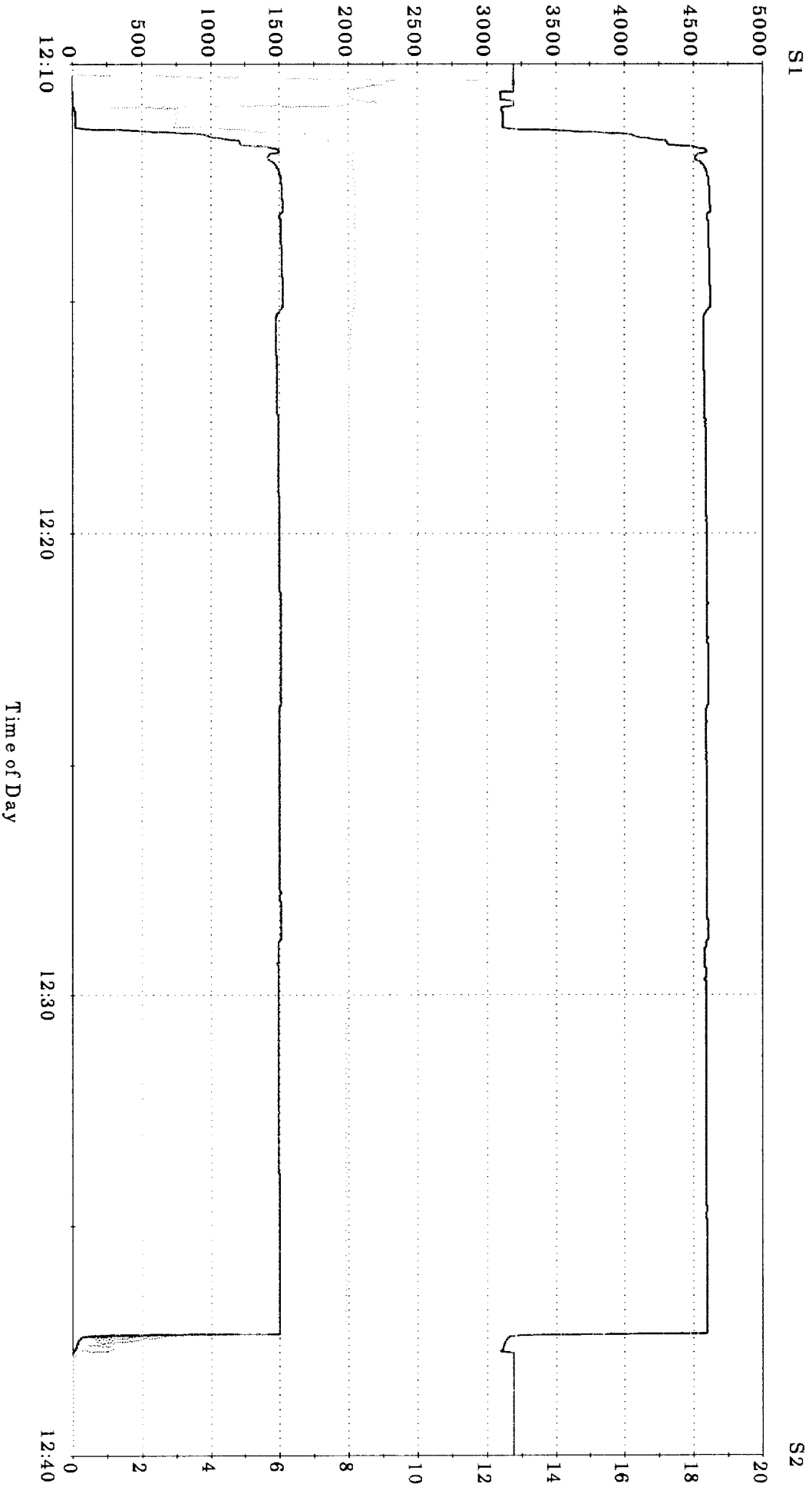
S1: Tubing Pressure (psi)      S1: Calc'd BH Pressure (psi)  
 S1: Annulus Pressure (psi)      S2: Slurry Rate (bb/l/m in)



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

# VPR E-34W DW 3RD INJECTION

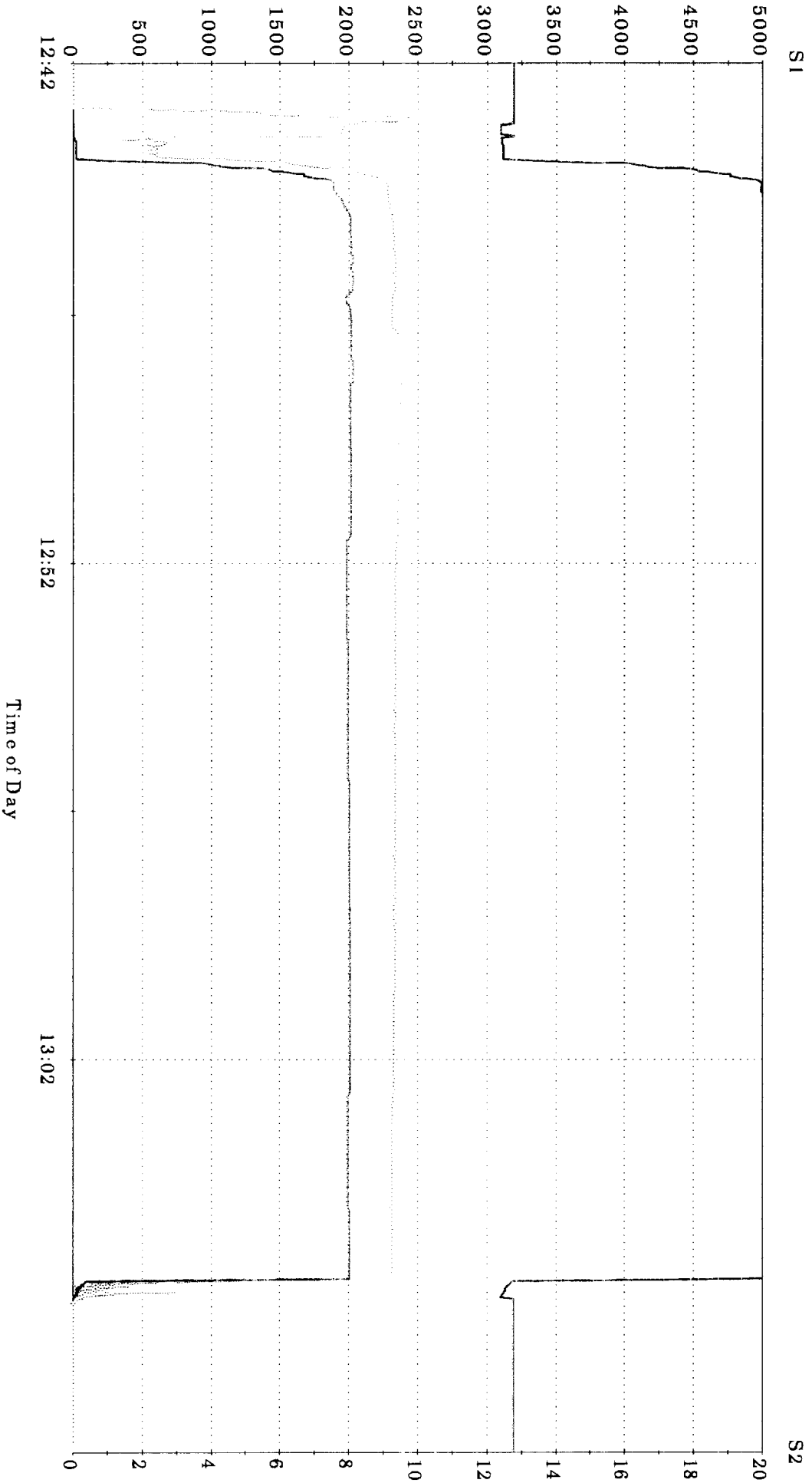
S1: Tubing Pressure (psi)      S1: Calc'd BH Pressure (psi)  
 S1: Annulus Pressure (psi)    S2: Slurry Rate (bbl/min)



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

# VPR E-34WDW 4TH INJECTION

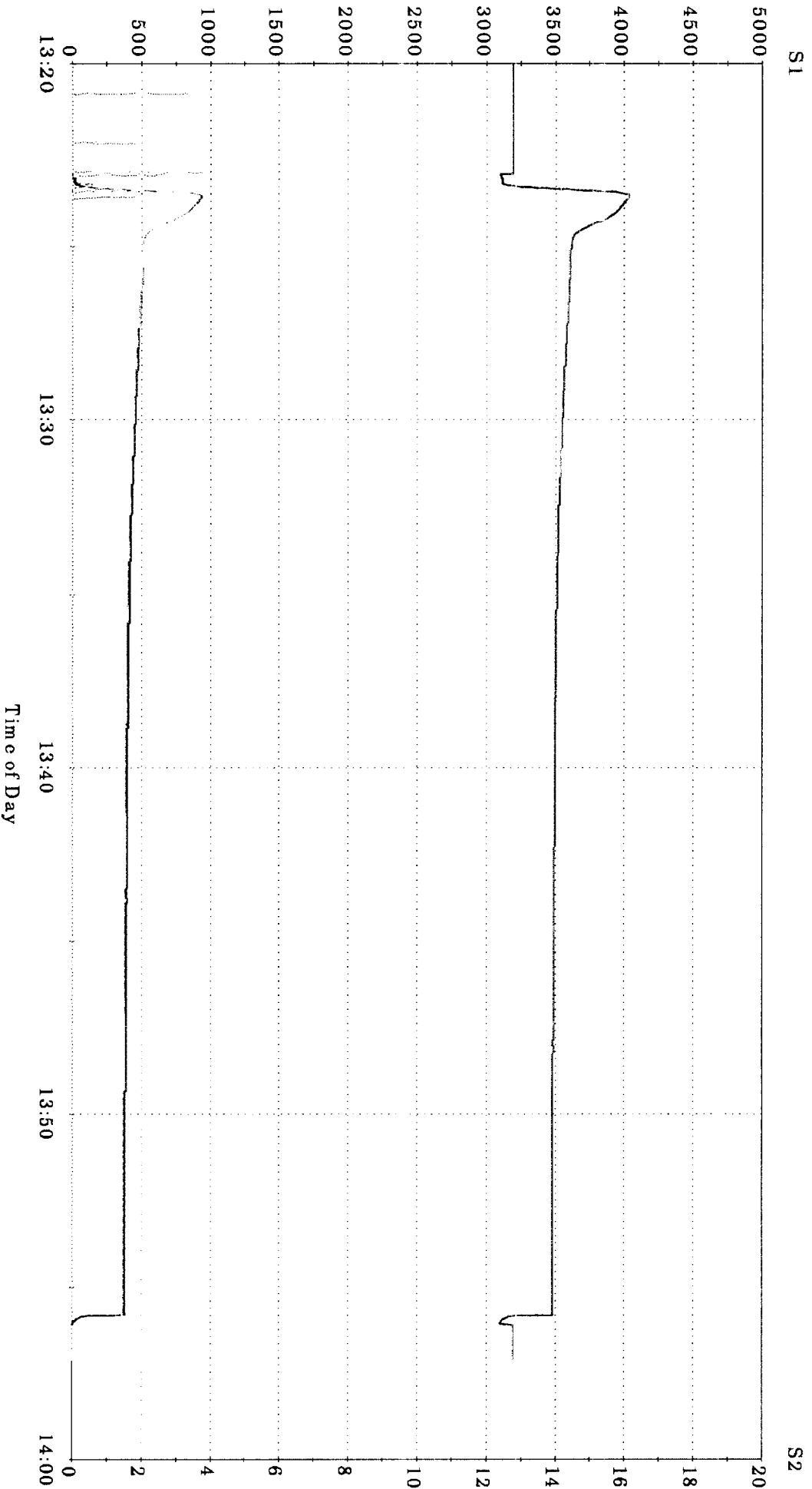
S1: Tubing Pressure (psi)      S1: Calc'd BH Pressure (psi)  
 S1: Annulus Pressure (psi)    S2: Slurry Rate (bb/l/min)



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

# VPR E-34WDW 2ND INTEGRITY TEST

S1: Tubing Pressure (psi)      S1: Calc'd BH Pressure (psi)  
 S1: Annulus Pressure (psi)      S2: Slurry Rate (bb/lm in)



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



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

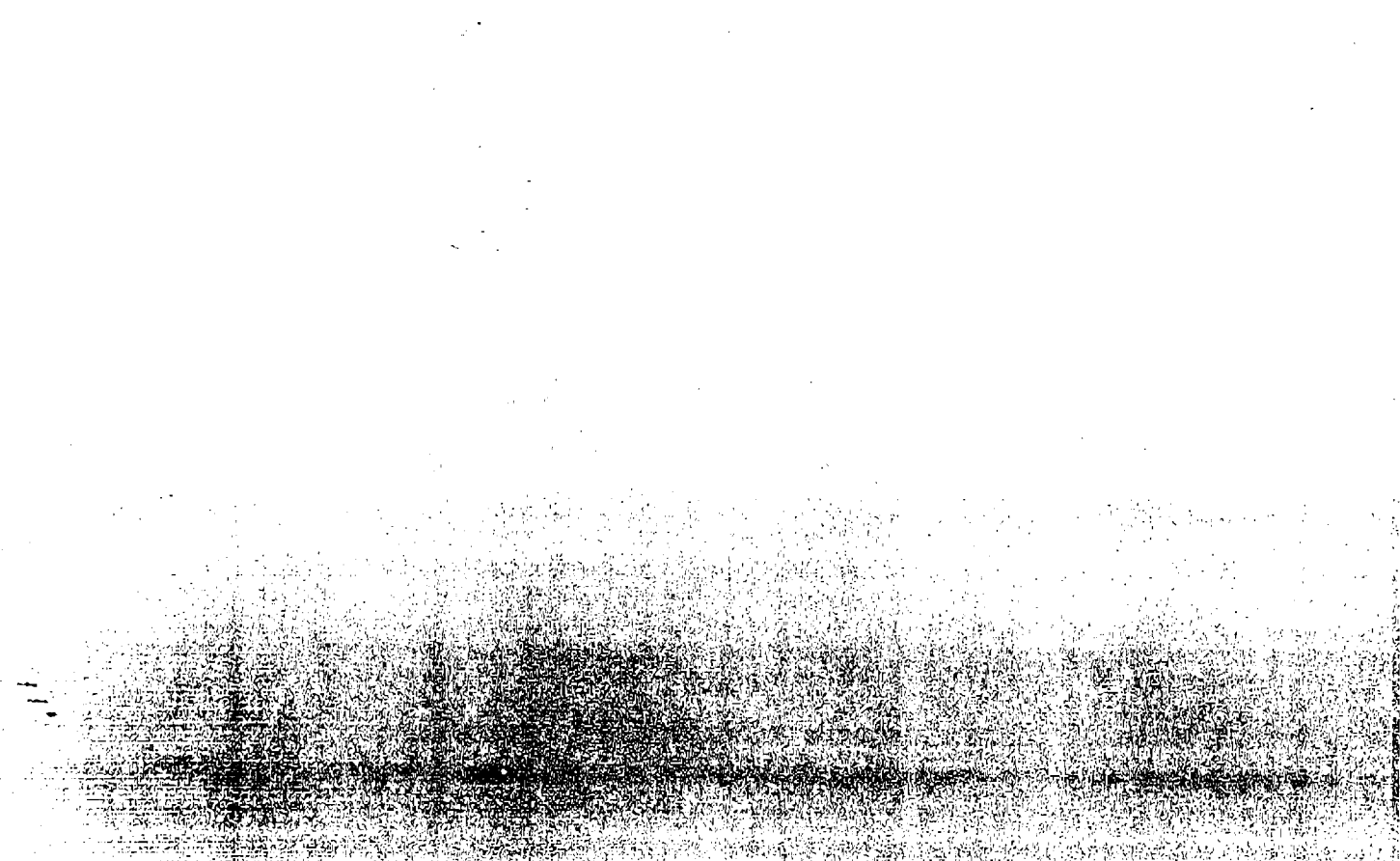


# Fax Transmittal

To: Will Jones Fax: 505-476-3471  
 COMPANY: \_\_\_\_\_ DATE: \_\_\_\_\_  
 FROM: Don Hankford PHONE: 505-445-6721  
 RE: \$ SWD adm. Checklist PAGES: \_\_\_\_\_

Urgent     For Review     Please Comment     Please Reply     Please Recycle

Comments:



DATE IN	SUSPENSE	ENGINEER	LOGGED IN	TYPE	APP NO.
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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

1/1 - 131

Affidavit of Publication

STATE OF NEW MEXICO )
COUNTY OF COLFAX ) ss.

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

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 Vermejo Park Branch #31 as a water disposal well. The well is located in Section 05, T41N, R10E, Colfax County, New Mexico. The proposed disposal interval is the Dakota/Purgatoire Sandstone (6,250-6,430; Est. 6,350-6,350) and (6,250-6,340). 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,
DR Lankford
Donald R. Lankford, PE
El Paso Raton, L.L.C.
PO Box 190
Raton, NM 87740
(505) 445 6721
(505) 445 6786 Fax
Legal No. 375401
Published in The Raton Range December 21, 2001.



OFFICIAL SEAL, MARGARET M. MASSINI, NOTARY PUBLIC, STATE OF NEW MEXICO

MY COMMISSION EXPIRES: 9-10-2005



# 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 Vernejo 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 Vernejo 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.

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*El Paso Energy Raton, L.L.C.*

*January 31, 2002*

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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.

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*El Paso Energy Raton, L.L.C.*

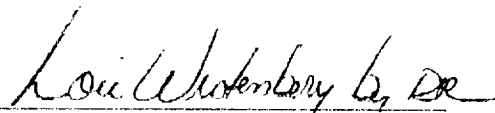
*January 31, 2002*

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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

The logo for Devon Energy Corporation, featuring the word "devon" in a stylized, lowercase, serif font.

**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

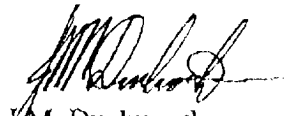
Dear Mr. Vackar:

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

A handwritten signature in black ink, appearing to read "J.M. Duckworth".

J.M. Duckworth  
Project Manager

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<p>1. Article Addressed to:</p> <p>MR. DAVID VACKAR            Vermejo Park Ranch            PO Drawer E            Raton, NM 87740</p>		<p>A. Received by (Please Print Clearly) <i>David Vackar</i></p> <p>B. Date of Delivery <i>01/06/01</i></p>	<p>C. Signature <i>David Vackar</i></p> <p><input checked="" type="checkbox"/> Agent <input type="checkbox"/> Addressee</p>
<p>2. Article Number (Copy from service label)            7000 1670 0011 6106 9570            Domestic Return Receipt            PS Form 3811, July 1999</p>		<p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input type="checkbox"/> No            If YES, enter delivery address below:</p>	
<p>3. Service Type</p> <p><input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail</p> <p><input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p>		<p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes <input type="checkbox"/> No</p>	



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

0000 1170 0011 6106 4600

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Postage	\$	1.00	12 10 00
Certified Fee			Postmark Here
Return Receipt Fee (Enforcement Required)			
Restricted Delivery Fee (Enforcement Required)			
<b>Total Postage &amp; Fees</b>	<b>\$</b>	<b>1.00</b>	<b>12 10 00</b>

Sent To  
 Street, Apt. No., or PO Box No. Vermejo Park Ranch  
Attn: David Vackar  
 Drawer 5  
 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)

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Postage	\$	1.00	12 10 00
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Restricted Delivery Fee (Enforcement Required)			
<b>Total Postage &amp; Fees</b>	<b>\$</b>	<b>1.00</b>	<b>12 10 00</b>

Sent To  
 Street, Apt. No., or PO Box No. Vermejo Minerals Corp.  
MR. DAVID FRANK  
 20 North Broadway  
 City, State, ZIP+4  
Oklahoma City, OK 73102  
 PS Form 3800, May 2000 See Reverse for Instructions