

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

State of New Mexico
Energy Minerals and Natural Resources

Form C-101
May 27, 2004

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit to appropriate District Office

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address El Paso E & P Comapny, L.P. PO Box 190 Raton, NM 87740		² OGRID Number 180514
		³ API Number 30-007-20923
⁴ Property Code 24648	⁵ Property Name Vermejo Park Ranch	⁶ Well No. VPR A 503
⁹ Proposed Pool 1 Stubblefield Canyon – Vermejo Gas		¹⁰ Proposed Pool 2

⁷ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	11	31N	19E	D	310	North	629	West	Colfax

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	County
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Additional Well Information

¹¹ Work Type Code N	¹² Well Type Code G	¹³ Cable/Rotary Rotary/Air	¹⁴ Lease Type Code P	¹⁵ Ground Level Elevation 8,278'
¹⁶ Multiple Yes	¹⁷ Proposed Depth 2,880'	¹⁸ Formation Vermejo	¹⁹ Contractor Pense	²⁰ Spud Date February 18, 2008
Depth to Groundwater		Distance from nearest fresh water well		Distance from nearest surface water
Pit: Liner: Synthetic <input type="checkbox"/> _____mils thick Clay <input type="checkbox"/> Pit Volume: _____bbls Drilling Method:				
Closed-Loop System <input type="checkbox"/> Fresh Water <input type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input checked="" type="checkbox"/>				

²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
11"	8 5/8"	23#	330'	100 sks	Surface
7 7/8"	5 1/2"	15.5#	2,880'	375 sks	Surface

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

1. Drill 11" hole to +/- 330' with air.
2. Set 8 5/8" surface casing and cement to surface with 100 sks of cement.
3. Drill 7 7/8" hole to 2,880' with air. Run open hole logs.
4. Set 5 1/2" production casing to TD and cement to surface. Cement volumes calculated from open hole logs.
5. Perforate and stimulate the Vermejo and/or Raton Coals. Clean out well bore and run production equipment.

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²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines <input type="checkbox"/> , a general permit <input type="checkbox"/> , or an (attached) alternative OCD-approved plan <input type="checkbox"/> .		OIL CONSERVATION DIVISION	
Printed name: Shirley Mitchell <i>Sam</i>		Approved by: <i>Ed Martin</i>	
Title: Regulatory Analyst		Title: DISTRICT SUPERVISOR	
E-mail Address: @Elpaso.com		Approval Date: 2/8/08 Expiration Date: 2/8/10	
Date: 02/01/2008	Phone: (505)445-6721	Conditions of Approval Attached <input type="checkbox"/>	

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. 13906
ORDER NO. R-12850**

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 10th 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 NW/4 of Section 11, Township 31 North, Range 19 East, NMPM, Colfax County, New Mexico. This spacing unit is

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Order No. R-12850
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already dedicated to the El Paso operated VPR A Well No. 78 (API No. 30-007-20334) located in Unit F.

(6) El Paso is proposing to drill the VPR A Well No. 503 at a standard location in Unit C 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 1/3 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. 503 at a standard location in Unit C of Section 11, Township 31 North, Range 19 East, NMPM, Colfax County, New Mexico; and

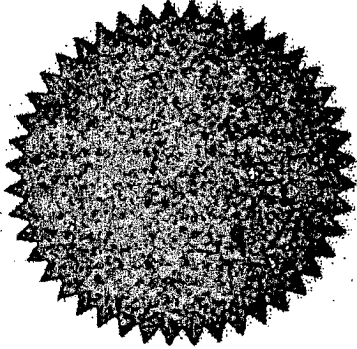
(b) to simultaneously dedicate this well along with the previously drilled VPR A Well No. 78 (API No. 30-007-20334) located in Unit F to a standard 160-acre gas spacing unit within the Undesignated Stubblefield Canyon Raton-Vermejo Gas Pool (96970) consisting of the NW/4 of Section 11.

(2) Permission to drill must be obtained from the Division's District 4 office.

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

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



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read "Mark E. Fesmire". The signature is fluid and cursive, written over a white background.

MARK E. FESMIRE P.E.
Director