

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 onsite 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

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
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 ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code 97046	³ Pool Name CASTLE ROCK PARK - VERMEJO GAS
⁴ Property Code 25179	⁵ Property Name CASTLE ROCK PILOT PROJECT AREA 2006	
⁷ OGRID No. 180514	⁸ Operator Name EL PASO ENERGY RATON, L.L.C.	⁶ Well Number
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 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

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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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

<p>¹⁶</p>	<p>¹⁷ OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p>Signature _____</p> <p>Printed Name DONALD R. LANKFORD</p> <p>Title PRODUCTION ENGINEER</p> <p>Date _____</p>	
	<p>¹⁸ SURVEYOR CERTIFICATION</p> <p><i>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.</i></p> <p>November 21, 2005</p> <p>Date of Survey _____</p> <p>Signature and Seal of Professional Surveyor: _____</p>	
	<p>Certificate Number _____ NM L.S. NO. 5103</p>	
	<p><i>Don Shields</i></p>	