

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

February 4, 2008

Enervest Operating, L.L.C.
Attn: Ronnie L. Young
1001 Fannin St, Suite 800
Houston, TX 77002-6707

Administrative Order SD-200410-B

Re: New Mexico AA State Well No. 8
30-025-38701
Unit G, Section 22, Twsp 23S, Range 36E
Lea County

Dear Mr. Young:

Reference is made to the following:

(a) your application (**administrative application reference No. pKVR08-01130536**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on January 10, 2008, and

(b) the Division's records pertinent to your request.

Enervest Operating, L.L.C. (Enervest) has requested to simultaneously dedicate its proposed New Mexico AA State Well No. 8 (API No. 30-025-38701) [the proposed well], along with the following existing gas wells:

New Mexico AA State No. 1 API No. 30-025-09374	1980 FNL & 660 FEL (Unit H)
New Mexico AA State No. 4 API No. 30-025-09377	660 FNL & 1855 FEL (Unit B)
New Mexico AA State No. 7 API No. 30-025-37955	660 FNL & 810 FEL (Unit A)

to an existing, non-standard 160-acre gas spacing unit in Jalmat-Tansill/Yates/Seven Rivers Gas Pool (79240), comprising the NE/4 of Section 22, Township 23 South, Range 36 East, N.M.P.M., in Lea County, New Mexico.

The proposed well will be drilled at a standard gas well location 1980 feet from the North line and 1805 feet from the East line (Unit G) of Section 22. Division approval of simultaneous dedication is required because Rule 3(C) of the Special Pool Rules for the Jalmat Gas Pool, as provided in Order R-8170-P, adopted December 14, 2001, prohibits the dedication of more than one gas well per 160 acres in that pool. Simultaneous dedication of this unit to the two existing gas wells was approved by Administrative Order SD-200410, issued on December 22, 2004.

Order SD200410 contemplated that, upon completion of the New Mexico AA State No. 7 as a Jalmat Gas Well, the New Mexico AA State AA No. 4 would be shut in, leaving the No. 1 and the No. 7 as the only gas wells dedicated to this unit. In addition to adding the proposed New Mexico AA State No. 8, Enervest seek permission to re-activate the New Mexico AA State AA No. 4, so that all four wells will be simultaneously dedicated to this unit.

Your application has been duly filed under the provisions of Division Rules 104.D(3) and 1210.A, and Rule 4(B) of the Special Pool Rules for the Jalmat Gas Pool.

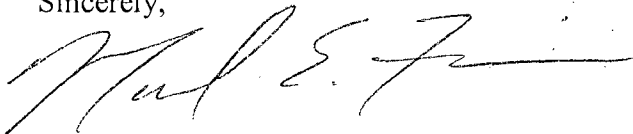
It is our understanding that you are seeking simultaneous dedication of this unit to the four wells described for geologic reasons, in order to prevent waste and maximize production from this unit. As required by Rule 4(B) of the applicable pool rules, you have furnished evidence to support your conclusion that the granting of this application will prevent waste and will not impair correlative rights.

We also understand that you have given due notice of this application to all "affected persons," as defined in Rule 1210.A(2)(a), in all spacing units in the Jalmat adjoining the proposed unit.

Pursuant to the provisions of Division Rule 104.D(3) and Rule 4(B) of the Special Pool Rules for the Jalmat Gas Pool, the above-described simultaneous dedication is hereby approved.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark E. Fesmire', with a stylized flourish at the end.

Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe