



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

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Cabinet Secretary

Karen W. Garcia
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



July 29, 2010

EnerVest Operating, LLC
Attn: Ronnie Young
1001 Fannin St., Suite 800
Houston, TX 77002-6707

Administrative Order NSL-5395-A

Re: Jicarilla C Well No. 5N
API No. 30-039-29812
700 feet FSL and 2350 feet FEL
Unit O, Section 24-26N-5W
Rio Arriba County, New Mexico

Dear Mr. Young:

This Order supplements Administrative Order NSL-5395, issued on June 9, 2006, which continues in effect, as modified hereby.

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW10-19341383**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on July 12, 2010, and

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

EnerVest Operating, LLC [OGRID 143199] (EnerVest) has requested to complete the above-referenced well in the Gallup formation at an unorthodox location described above in the caption of this letter. If the well produces as an oil well in the Gallup, the S/2 SE/4 of Section 24 will be dedicated thereto in order to form a standard, 80-acre oil spacing unit in the Tapacito-Gallup Associated Pool (58090). If the well produces as a gas well, the E/2 of Section 24 will be dedicated thereto in order to form a standard, 320-acre gas spacing unit in the same pool. Unit size in the Tapacito-Gallup Associated Pool is governed by Rule 2.(a), Special Rules and Regulations for the Tapacito-Gallup Associated Pool, as adopted by Order R-5353, issued on January 17, 1977, which provides for 80-acre oil units and 320-acre gas units. Setbacks are governed by Rule 2(b) of the General Rules and Regulations for the Associated Oil and Gas Pools of Northwest New Mexico and Southeast New Mexico, adopted by the same Order, which



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provides for wells to be no closer than 790 feet to any quarter section line, nor closer than 330 feet to any quarter-quarter section line. This location is less than 790 feet from the southern and western boundaries of the SE/4 of Section 24.

Your application has been duly filed under the provisions of Division Rules 15.13 and 4.12.A(2).

It is our understanding that you are seeking this location in order to utilize an existing wellbore that was drilled at a location previously approved by Administrative Order NSL-5395.

It is also understood that you have given due notice to all "affected persons," as defined in Rule 4.12.A(2), in adjoining units towards which the proposed location encroaches.

Pursuant to the authority conferred by Division Rule 15.13.B, the above-described unorthodox location is hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 5.9.

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". The signature is written in a cursive, flowing style.

Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Aztec
United States Bureau of Land Management