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January 6, 2009

Florene Davidson
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Case 14270

Dear Florene:

Enclosed for filing, on behalf of Enervest Operating LLC, are an original and one copy of an application to qualify a waterflood project for the recovered oil tax rate, together with a proposed advertisement. The advertisement has also been e-mailed to the Division. Please set this matter for the February 5, 2009 Examiner hearing. Thank you.

Very truly yours,


James Bruce

Attorney for Enervest Operating LLC

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF ENERVEST OPERATING LLC
TO QUALIFY THE WATERFLOOD PROJECT FOR
THE WEST LOCO HILLS GRAYBURG NO. 4 SAND
UNIT FOR THE RECOVERED OIL TAX RATE, LEA
COUNTY, NEW MEXICO.

Case No. 14270

APPLICATION

Enervest Operating LLC, whose address is Suite 800, 1001 Fannin Street, Houston, Texas 77002, applies for an order qualifying a waterflood project for the recovered oil tax rate, and in support thereof, states:

1. Applicant is the operator of the West Loco Hills Grayburg No. 4 Sand Unit, underlying 5307.73 acres of federal, state, and fee lands covering parts of Township 17 South, Range 29 East, Township 18 South, Range 29 East, and Township 18 South, Range 30 East, N.M.P.M., described in Commission Order No. R-2166.

2. Applicant proposes to amend the plan of unitization for the Unit Area, and to expand the waterflood project for the Unit Area. These matters are the subject of Case Nos. 14242 and 14243.

3. Applicant requests that the expanded waterflood project for the Unit Area be qualified for the recovered oil tax rate, pursuant to the Enhanced Oil Recovery Act (L. 1992, ch. 38) and Division regulations. Project data includes:

Phase One.

- | | | |
|-----|--|----------------|
| (a) | Number of producing wells: | 7 |
| (b) | Number of injection wells: | 16 |
| (c) | Capital cost of additional facilities: | \$3,000,000.00 |

- | | | |
|-----|--|-----------------|
| (d) | Estimated total project cost: | \$10,665,000.00 |
| (e) | Estimated value of incremental production: | \$15,545,000.00 |
| (f) | Estimated injection commencement date: | March 2009 |
| (g) | Type of injected fluid: | Produced water |
| (h) | Anticipated injection volumes: | 200 BWPD/well |

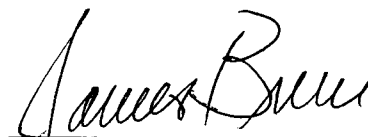
Full Development.

- | | | |
|-----|--|------------------|
| (a) | Number of producing wells: | 102 |
| (b) | Number of injection wells: | 131 |
| (c) | Capital cost of additional facilities: | \$5,040,000.00 |
| (d) | Estimated total project cost: | \$85,115,000.00 |
| (e) | Estimated value of incremental production: | \$225,000,000.00 |
| (f) | Estimated injection commencement date: | March 2009 |
| (g) | Type of injected fluid: | Produced water |
| (h) | Anticipated injection volumes: | 200 BWPD/well |

4. Approval of this application will prevent waste and protect correlative rights.

WHEREFORE, Applicant requests that, after notice and hearing, the Division enter its order qualifying the waterflood project as an Enhanced Oil Recovery Project.

Respectfully submitted,



James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Apache Corporation

VERIFICATION

STATE OF TEXAS)
) ss.
COUNTY OF MIDLAND)

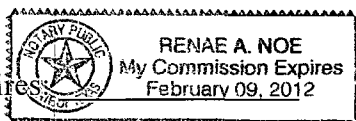
Robert Lee, being duly sworn upon his oath, deposes and states that: He is a contract petroleum engineer for Enervest Operating LLC; he is authorized to make this verification on its behalf; he has read the foregoing application, and knows the contents thereof; and the same is true and correct to the best of his knowledge, information, and belief.

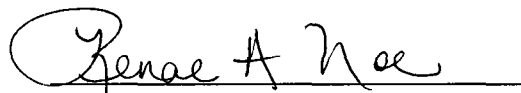


Robert Lee

SUBSCRIBED AND SWORN TO before me this 29th day of January, 2009 by Robert Lee.

My Commission Expires




Notary Public

PROPOSED ADVERTISEMENT

Case No. 14270:

Application of Enervest Operating LLC to qualify the waterflood project for the West Loco Hills Grayburg No. 4 Sand Unit for the recovered oil tax rate, Eddy County, New Mexico.

Applicant is the operator of the West Loco Hills Grayburg No. 4 Sand Unit, underlying 5307.73 acres of federal, state, and fee lands covering parts of Township 17 South, Range 29 East, Township 18 South, Range 29 East, and Township 18 South, Range 30 East, N.M.P.M., described in Commission Order No. R-2166. Applicant proposes to amend the plan of unitization for the Unit Area, and to expand the waterflood project for the Unit Area. These matters are the subject of Case Nos. 14242 and 14243. In this case applicant requests that the expanded waterflood project for the Unit Area be qualified for the recovered oil tax rate, pursuant to the Enhanced Oil Recovery Act (L. 1992, ch. 38) and Division regulations. Project data includes 7 producing wells and 16 injection wells in phase one of the project, and up to 102 producing wells and 131 injection wells upon full development. The unit area is centered approximately 6 miles southwest of Loco Hills, New Mexico.

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