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NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



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ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR

- [D] Other: Specify _____

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply

- [A] Working, Royalty or Overriding Royalty Interest Owners
 [B] Offset Operators, Leaseholders or Surface Owner
 [C] Application is One Which Requires Published Legal Notice
 [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
 [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
 [F] Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

David Catanach
 Print or Type Name

David Catanach
 Signature

Agent-Enervest Operating, L.L.C.
 Title

7/13/11
 Date

drctanach@netscape.com
 E-Mail Address



ENERVEST

July 13, 2011

New Mexico Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, New Mexico 87505

Attn: Jami Bailey, CPG
Division Director

RE: Form C-107-A (Application to Downhole Commingle)
Jicarilla Apache 102 No. 11M (API No. 30-039-29912)
1668' FSL & 468' FWL (Unit L)
Section 10, T-26 North, R-4 West, NMPM,
Rio Arriba County, New Mexico

Dear Ms. Bailey,

Attached is a Division Form C-107-A to request approval to downhole commingle Blanco-Mesaverde, BS-Mesa Gallup and Basin-Dakota Gas Pool production within the Jicarilla Apache 102 No. 11M. This well will be drilled in the near future and will be completed as a downhole commingled producer.

Also attached is a Form C-102 and offset well production data to support the proposed production allocation.

Please note that the Aztec District Office of the Division approved the downhole commingling of the Blanco-Mesaverde and Basin-Dakota Gas Pools within this well by Order No. DHC-2884-AZ. The proposed amendment is for the purpose of adding the BS Mesa-Gallup (Gas) Pool.

A copy of this application is being provided to the Aztec District Office of the Division, and notification of the proposed downhole commingling is being provided to the Bureau of Land Management.

If you have any questions, please contact me at (505) 690-9453.

Thank you,

David Catanach
Agent-Enervest Operating, L.L.C.

District I
1625 N French Drive, Hobbs, NM 88240

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised June 10, 2003

District II
1301 W Grand Avenue, Artesia, NM 88210

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

APPLICATION TYPE
 Single Well
 Establish Pre-Approved Pools
EXISTING WELLBORE
Yes No

District III
1000 Rio Brazos Road, Aztec, NM 87410

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

APPLICATION FOR DOWNHOLE COMMINGLING

DAE-4439

Operator Enervest Operating, L.L.C. Address 1001 Fannin Street, Suite 800 Houston, Texas 77002

Lease Jicarilla Apache 102 Well No. 11M Unit Letter-Section-Township-Range Unit L, Section 10, T-26 North, R-4 West County Rio Arriba

OGRID No. 143199 Property Code _____ API No. 30-039-29912 Lease Type: Federal State Fee

| DATA ELEMENT | UPPER ZONE | INTERMEDIATE ZONE | LOWER ZONE |
|---|---|------------------------------------|------------------------------------|
| Pool Name | Blanco-Mesaverde | BS-Mesa Gallup | Basin-Dakota |
| Pool Code | Prorated Gas-72319 | Gas-72920 | Prorated Gas-71599 |
| Top and Bottom of Pay Section (Perforated or Open-Hole Interval) | 5,951'-6,068' (Estimated) | 7,542'-7,550' (Estimated) | 8,016'-8,171' (Estimated) |
| Method of Production (Flowing or Artificial Lift) | Flowing | Flowing | Flowing |
| Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone) | N/A | N/A | N/A |
| Oil Gravity or Gas BTU (Degree API or Gas BTU) | | | |
| Producing, Shut-In or New Zone | New Zone-Not Yet Drilled | New Zone-Not Yet Drilled | New Zone-Not Yet Drilled |
| Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.) | Date: (See Attached Supporting Data) Rates: | Date: Rates: | Date: Rates: |
| Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.) | Oil 9 % Gas 15 % | Oil 30 % Gas 21 % | Oil 61 % Gas 64 % |

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes No _____
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes _____ No _____

Are all produced fluids from all commingled zones compatible with each other? Yes No _____

Will commingling decrease the value of production? Yes _____ No

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes No _____

NMOCD Reference Case No. applicable to this well: _____

Attachments:

- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- Production curve for each zone for at least one year. (If not available, attach explanation.)
- For zones with no production history, estimated production rates and supporting data.
- Data to support allocation method or formula.
- Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
- Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE: David Catanach TITLE: Agent-Enervest Operating, L.L.C. DATE: 7/13/11

TYPE OR PRINT NAME: David Catanach TELEPHONE NO.: (505) 690-9453

E-MAIL ADDRESS: drcatanach@netscape.com

Form C-107-A
Enervest Operating, L.L.C.
Jicarilla Apache 102 Well No. 11M
API No. 30-025-29912
1668' FSL & 468' FWL (Unit L) Section 10, T-26N, R-4W

Proposed Allocation Percentages Based Upon Production From Offset Wells

| <u>Well Name & No.</u> | <u>Well Location UL-S-T-R</u> | <u>Formation</u> | <u>2010 Average Oil Production</u> | <u>2010 Average Gas Production</u> | <u>Allocation %</u> | |
|--|--------------------------------------|-------------------------|---|---|----------------------------|-------------------|
| | | | | | <u>Oil</u> | <u>Gas</u> |
| Jicarilla Apache 102 No. 16A (30-039-21852) | M-10-26N-4W | Mesaverde | 0.14 BOPD | 25 MCFGPD | 9% | 15% |
| Jicarilla Apache 102 No. 11 (30-039-06610) | C-10-26N-4W | Gallup | 0.5 BOPD | 34.5 MCFGPD | 30% | 21% |
| Jicarilla Apache 102 No. 11E (30-039-22459) | M-10-26N-4W | Dakota | 1.0 BOPD | 104 MCFGPD | 61% | 64% |

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 July 16, 2010
Submit one copy to appropriate
District Office
 AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|-----------------------------------|--|--|
| API Number 30-039-29912 | Pool Code 72319/72920/71599 | Pool Name Blanco-Mesaverde/BS Mesa-Gallup/Basin-Dakota |
| Property Code | Property Name Jicarilla Apache 102 | Well Number 11M |
| OGRID No. 143199 | Operator Name Enervest Operating, L.L.C. | Elevation 6884 |

Surface Location

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|-----------|-----------------|---------------|---------|---------------|------------------|---------------|----------------|-------------------|
| L | 10 | 26 North | 4 West | | 1668 | South | 468 | West | Rio Arriba |

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 |
|---|---------|-----------------|-------|------------------|---------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |
| Dedicated Acres Mesaverde-S/2 Dakota-W/2 Gallup-SW/4 | | Joint or Infill | | Consolidate Code | | Order No. | | | |

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

| | | | | | |
|--|--|--|--|--|--|
| | | | | OPERATOR CERTIFICATION | |
| | | | | <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottomhole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the Division.</i></p> <p>Signature _____ Date _____</p> <p>Printed Name _____</p> <p>E-mail Address _____</p> | |
| Dakota Proration Unit: W/2 | | | | <p style="text-align: center;">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>Date of Survey _____</p> <p>Signature and Seal of Professional Surveyor: _____</p> <p>Certificate Number _____</p> | |
| <p>Jicarilla Apache 102 No. 11M</p> <p>468'</p> <p>1668'</p> | | | | | |
| Mesaverde Proration Unit: S/2 | | | | | |
| Gallup Proration Unit: SW/4 | | | | | |