

ABOVE THIS LINE FOR DIVISION USE ONLY

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



143199 Enervest Operating LLC
 30-039-06423
 Jicarilla A#3
 ULA 19 26N 5W

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 Amend Order No. DHC-1267 dated 6/6/1996
- [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, LLC
 Title

7/16/12
 Date

drcatanach@netscape.com
 E-Mail Address



July 16, 2012

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 A No. 3 (API No. 30-039-06423)
900' FNL & 990' FEL (Unit A)
Section 19, T-26 North, R-5 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, Tapacito-Gallup and Basin-Dakota Gas Pool production within the Jicarilla A No. 3. Division Order No. DHC-1267 dated June 6, 1996 approved the downhole commingling of Basin-Dakota and Tapacito-Gallup production within the subject well. Enervest now proposes to complete the Blanco-Mesaverde Gas Pool within the wellbore and commingle all three zones.

Also attached are Form's C-102's for all three producing horizons, Dakota and Gallup production curves, proposed production allocation, and a copy of Order No. DHC-1267.

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.
1001 Fannin Street, Suite 800
Houston, Texas 77002

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

APPLICATION FOR DOWNHOLE COMMINGLING

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

Enervest Operating, LLC 1001 Fannin Street, Suite 800 Houston, Texas 77002
Operator Address

DHC-4880
1267-A

Jicarilla A 3 Unit A, Section 19, T-26 North, R-5 West Rio Arriba
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 143199 Property Code _____ API No. 30-039-06423 Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Blanco-Mesaverde	Tapacito-Gallup	Basin-Dakota
Pool Code	Prorated Gas-72319	Associated-58090	Prorated Gas-71599
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	5,084' -5,390' (Estimated)	6,736' -6,740'	7,227' -7,446'
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)		1259 BTU/47.4 Deg. API	1301 BTU/55.6 Deg. API
Producing, Shut-In or New Zone	New Zone	Producing	Producing
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: Rates:	Date: February, 2012 Rates: 0.137 BOPD 7 MCFGPD 0.103 BWPD	Date: February, 2012 Rates: 0.344 BOPD 33.4 MCFGPD 0.172 BWPD
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil Gas See Attached	Oil Gas See Attached	Oil Gas See Attached

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, LLC DATE: 7/16/12

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

E-MAIL ADDRESS: drccatanach@netscape.com

Attachment No. 1
Enervest Operating, LLC (“Enervest”)
Application for Downhole Commingling
Jicarilla A No. 3
Proposed Allocation of Production

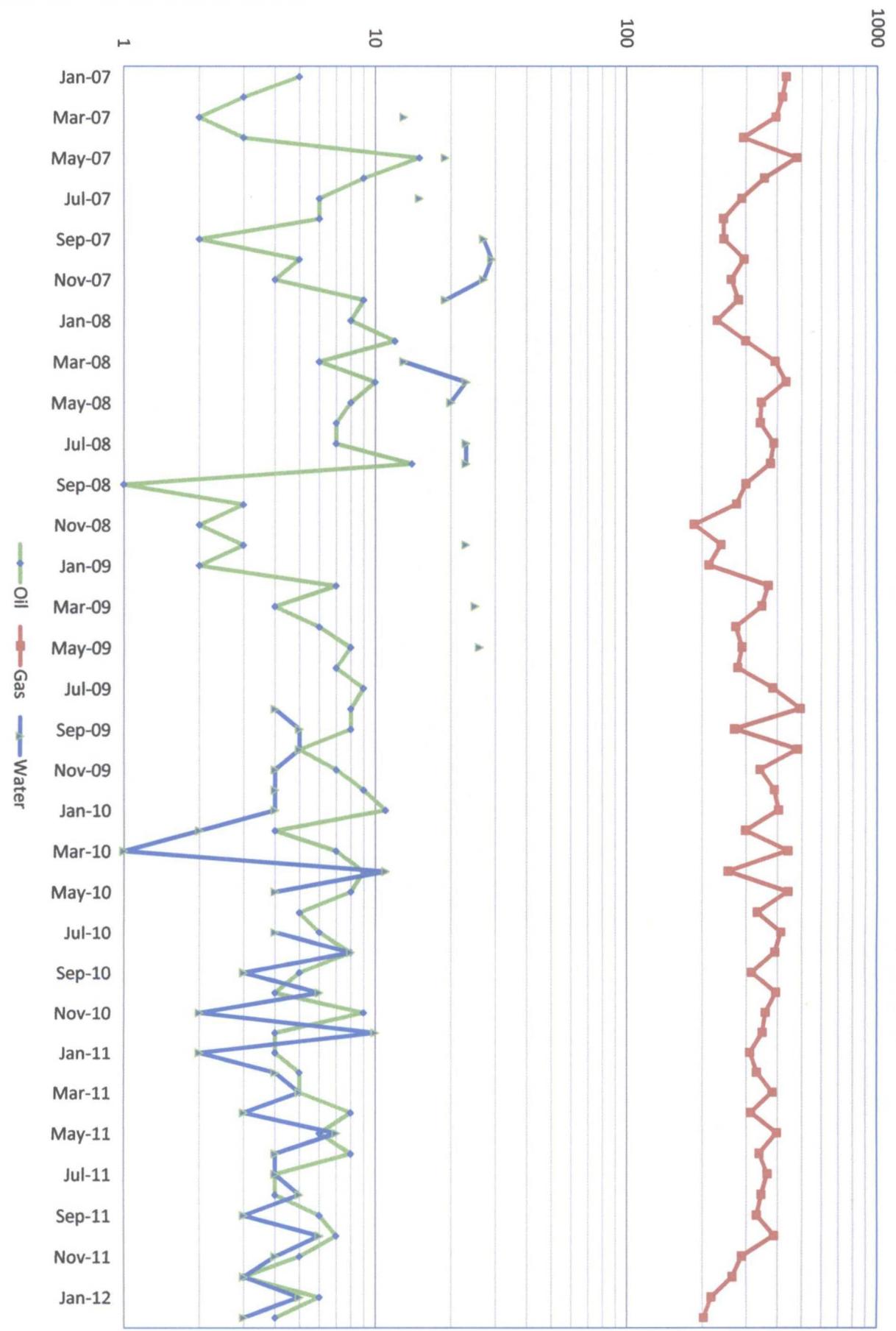
The Jicarilla A No. 3 was authorized for downhole commingling of Tapacito-Gallup (Associated) and Basin-Dakota Gas Pool production by Division Order No. DHC-1267 dated June 6, 1996 (attached). The following-described production allocation assigned to the well by Order No. DHC-1267 was based on actual production data submitted for the Dakota and Gallup zones at that time:

	<u>Oil</u>	<u>Gas</u>
Basin-Dakota Gas Pool	67%	82%
Tapacito-Gallup Pool	33%	18%

Attached are production curves for the Gallup and Dakota within the Jicarilla A No. 3 for the past five years.

Enervest proposes to utilize the subtraction method to determine the Mesaverde production. After completion of the Mesaverde formation, Enervest will subtract the current Dakota/Gallup production from the well’s total production. This remaining amount will be allocated to the Mesaverde formation, and the Dakota/Gallup production will be allocated based upon the percentages contained in DHC-1267.

Jicarilla A #3 - 5-year Gallup Production History



Jicarilla A #3 - 5-year Dakota Production History

