

ABOVE THIS LINE FOR DIVISION USE ONLY

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.

Bridget Helfrich
 Print or Type Name

Bridget Helfrich
 Signature

Regulatory Tech
 Title

2-10-10
 Date

bhelfrich@enervest.net
 E-Mail Address



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

November 1, 2000

Lori Wrotenberg
Director
Oil Conservation Division

Doyle Hartman, Oil Operator
P. O. Box 10426
Midland, Texas 79702
Attention: Doyle Hartman

Administrative Order NSP-1832

Dear Mr. Hartman:

Reference is made to the following: (i) your application dated August 25, 1998; (ii) the provisions of Order No. R-9870, issued by the New Mexico Oil Conservation Division ("Division") in Case No. 10683 on April 14, 1993; and (iii) the Division's records in Santa Fe, including the file in Division Case Nos. 12015 and 12017 (see Division Order No. R-11476, dated November 1, 2000): all concerning your request for a 160-acre non-standard gas spacing and proration unit consisting of the following acreage in the Rhodes-Yates-Seven Rivers Gas Pool:

LEA COUNTY, NEW MEXICO
TOWNSHIP 26 SOUTH, RANGE 37 EAST, NMPM
Section 10: SE/4 SW/4 (Unit N) and SW/4 SE/4 (Unit O)
Section 15: NW/4 NE/4 (Unit B) and NE/4 NW/4 (Unit C).

It is our understanding that this unit is to be dedicated to your C. T. Bates Well No. 4 (30-025-34404), located at a standard gas well location 660 feet from the South line and 2145 feet from the West line (Unit N) of Section 10.

The subject application has been duly filed under the provisions applicable at the time this application was submitted, see Rule 104.D (2), as revised by Division Order No. R-10533, issued by the New Mexico Oil Conservation Commission in Case No. 11,351 on January 18, 1996.

By the authority granted me under the provisions of: (i) Ordering Paragraph No. (3) of Division Order No. R-9870; and (ii) Division Rule 104.D (2) (b), the above-described 160-acre non-standard gas spacing and proration unit is hereby approved.

Jurisdiction of this matter shall be further retained for the entry of any such subsequent orders, as the Division may deem necessary.

Sincerely,

Lori Wrotenberg
Director

cc: New Mexico Oil Conservation Division - Hobbs
File: Case No. 10683
J. E. Gallegos, Legal Counsel for Doyle Hartman, Oil Operator - Santa Fe

District I
1625 N. French Drive, Hobbs, NM 88240

District II
1301 W. Grand Avenue, Artesia, NM 88210

District III
1000 Rio Brazos Road, Aztec, NM 87410

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised June 10, 2003

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

APPLICATION FOR DOWNHOLE COMMINGLING

Operator Enervest Operating, L.L.C. Address 1001 Fannin Street, Suite 800 Houston, Texas 77002 *DAC-4259*

Lease C T Bates Well No. 4 Unit Letter-Section-Township-Range 660' FSL & 2145' FWL (N) 10-26S-37E County Lea

OGRID No. 143199 Property Code _____ API No. 30-025-34404 Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Rhodes Y-SR Pool (Gas)		UNDES South Leonard-Queen
Pool Code	Gas-83810		Oil-38760
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	2,801'-3,012' (Perforated)		3,309'-3,496' (Proposed Perfs)
Method of Production (Flowing or Artificial Lift)	Artificial Lift		Artificial Lift
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)	Not Required		Not Required
Oil Gravity or Gas BTU (Degree API or Gas BTU)	1276		32.1° API
Producing, Shut-In or New Zone	Producing; Well Completed 10/26/1998		New Zone
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: 2009 Average: Rates: 0 BOPD 58 MCFGPD 0 BWPD	Date: Rates:	Date: Estimated Rates: 5 BOPD 246 MCFGPD 39 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 To Be Provided After Completion	Oil Gas % %	Oil Gas To Be Provided After Completion

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? N/A 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 Bridget Helfrich TITLE Regulatory Tech DATE 2/10/2010

TYPE OR PRINT NAME Bridget Helfrich TELEPHONE NO. (713) 495-6537

E-MAIL ADDRESS bhelfrich@enervest.net

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 October 15, 2009
Submit one copy to appropriate
District Office
 AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-34404	² Pool Code 83810	³ Pool Name Rhodes (Yates-Seven Rivers) Gas Pool
⁴ Property Code	⁵ Property Name C T Bates	⁶ Well Number 4
⁷ OGRID No. 143100	⁸ Operator Name Enervest Operating, L.L.C.	⁹ Elevation 2984

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	10	26S	37E		660	South	2145	West	Lea

¹¹ Bottom Hole Location If Different From Surface

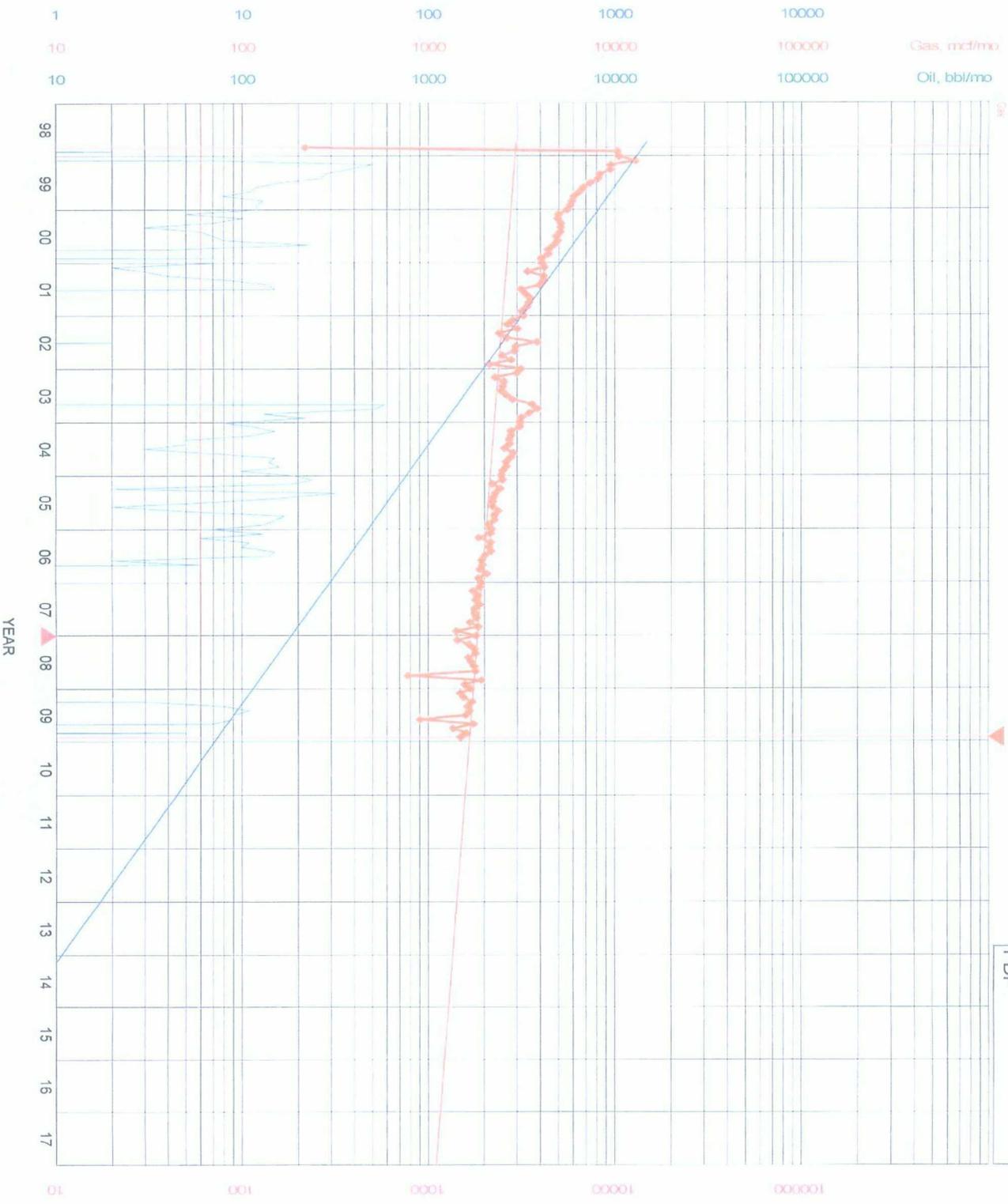
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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¹² Dedicated Acres 160	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No. NSP-1832
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

	<p>¹⁷ OPERATOR CERTIFICATION</p> <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 bottom hole 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><i>Bridget Helfrich 2-10-10</i> Signature Date</p> <p>Bridget Helfrich Printed Name</p>
	<p>¹⁸ 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 Signature and Seal of Professional Surveyor:</p> <p>Certificate Number</p>

BATES, C.T. #4
 RHODES
 YATES SEVEN RIVERS
 ENERVEST OPERATING
 PDP



Oil, bbl/mo	12/2009
Ref=	0
Cum=	0
Gas, mcf/mo	12/2009
Ref=	425029
Cum=	377566
EUR=	800596
Yrs=	68.411
Qref=	1663.7
De=	4.999982
Dmin=	0.000
b=	0.000100
Qab=	50.0
Water	
Qualf=	09COPPPS
Ref=	12/2009
Cum=	946
Rem=	187
EUR=	1133
Yrs=	28.496
Qref=	7.4
De=	37.794389
Dmin=	0.000
b=	0.000000
Qab=	0.0
Yield	
Ref=	12/2009
Cum=	0

Attachments and/or Supporting Data
Application for Downhole Commingling
Enervest Operating, L.L.C. ("Enervest")
C T Bates No. 4 (API No. 30-025-34404)
Unit N, Section 10, Township 26 South, Range 37 East, NMPM,
Lea County, New Mexico

Production Data & Proposed Allocation

The C T Bates No. 4 was drilled and completed in the Rhodes (Yates-Seven Rivers) Gas Pool in 1998. The Rhodes (Yates-Seven Rivers) Gas Pool is currently perforated from 2,801'-3,012'. During 2009, the C T Bates No. 4 produced from this pool at an average rate of 58 MCFGPD, 0 BOPD and 0 BWPD.

Enervest proposes to complete the South Leonard-Queen Pool in the wellbore by perforating from 3,309'-3,496'.

Enervest currently operates the C T Bates No. 3, which is an offset well located in Unit K of Section 10, T-26 South, R-37 East. This well is downhole commingled in the Rhodes (Yates-Seven Rivers) Gas and South Leonard-Queen Pools. During 2009, the average production from this well in the South Leonard-Queen Pool was 261 MCFGPD, 4.78 BOPD and 39 BWPD.

It should be noted however, that there are several offset wells located in Sections 11 and 14, T-26 South, R37 East that produce from the South Leonard-Queen Pool. Division data indicates that these offset wells generally produce at very marginal rates of less than 1 MCFGPD and 1 BOPD.

Enervest proposes that the production allocation be established after completion of the South Leonard-Queen Pool. At that time, the Rhodes (Yates-Seven Rivers) Gas Pool will be allocated 0 BOPD and 58 MCFGPD (as per the 2009 average producing rate), and the remaining production from the well will be allocated to the South Leonard-Queen Pool. Enervest will provide production data and proposed allocation to the Santa Fe Office of the Division upon completion of the South Leonard-Queen Pool.

February 10, 2010

HAND DELIVERED

Energy, Minerals and Natural Resources Department
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Attention: Mr. Mark E. Fesmire, Director

Re: Form C-107A
Enervest Operating, L.L.C.
C T Bates No. 4
API No. 30-025-34404
660' FSL & 2145' FWL (Unit N)
Section 10, T-26S, R-37E, NMPM,
Lea County, New Mexico

Dear Mr. Fesmire,

Enclosed please find a Division Form C-107A for the Enervest Operating, L.L.C. C T Bates Well No. 4. It is proposed to downhole commingle the Rhodes Yates-Seven Rivers and South Leonard-Queen Pools within the subject well. Approval of the application will allow Enervest Operating, L.L.C. to economically produce the oil and gas reserves in the Yates-Seven Rivers and Queen intervals, thereby preventing waste. Please note that the interest ownership between the commingled zones is common throughout. Consequently, the proposed downhole commingling will not violate correlative rights.

I believe that all the information necessary to approve the application is enclosed. If additional information is needed, please contact me at (713) 495-6537.

Sincerely,

Bridget Helfrich
Bridget Helfrich
Regulatory Tech
Enervest Operating, L.L.C.
1001 Fannin Street, Suite 800
Houston, Texas 77002

Xc: OCD-Hobbs