

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



November 3, 2008

Enervest Operating, L.L.C.
Attn: Ronnie L. Young
1001 Fannin St, Suite 800
Houston, TX 77002-6707

Administrative Order SD-200816-A
Administrative Order NSL-5954

Re: J.W. Sherrell Well No. 13
API No. 30-025-39136
2422 feet FSL and 971 feet FEL
Unit I, Section 31, Twsp 24S, Range 37E
Lea County

J.W. Sherrell Well No. 14
API No. 30-025-39123
990 feet FSL and 1040 feet FEL
Unit P, Section 31, Twsp 24S, Range 37E
Lea County

Dear Mr. Young:

Reference is made to the following:

(a) your application (**administrative simultaneous dedication [SD] application reference No. pKVR08-26730436**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on September 22, 2008,

(b) your application (**administrative non-standard location [NSL] application reference No. pKVR08-26729912**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on September 22, 2008, and

(b) the Division's records pertinent to your request, including, but not limited to, the Division's records pertinent to Order R-5948, issued in Case No. 6465 on March 16, 1979.



EnerVest Operating, L.L.C. (EnerVest) has requested to simultaneously dedicated its proposed J.W. Sherrell Well No. 13 and J.W. Sherrell Well No. 14, to be drilled at non-standard gas well locations described in the caption of this letter, to an existing, non-standard 160-acre gas spacing unit in the Jalmat-Tansill/Yates/Seven Rivers Gas Pool (79240), comprising the SE/4 of said Section 31. This 160-acre non-standard gas spacing unit was established by Order No.R-5984, and is presently dedicated to the J.W. Sherrell Well No. 9 (API No. 30-025-26070), located in Unit J of Section 31, and to the J.W. Sherrell Well No. 12 (API No. 30-025-38882), located in Unit O of Section 31.

Simultaneous Dedication

Division approval of simultaneous dedication is required because Rule 3(C) of the Special Pool Rules for the Jalmat Gas Pool, as provided in Order R-8170-P, adopted December 14, 2001, prohibits the dedication of more than one gas well per 160 acres in that pool.

Your application has been duly filed under the provisions of Division Rules 104.D(3) and 1210.A, and Rule 4(B) of the Special Pool Rules for the Jalmat Gas Pool.

It is our understanding that you are seeking simultaneous dedication of this unit to the four wells described for geological reasons, in order to prevent waste and maximize production from this unit. As required by Rule 4(B) of the applicable pool rules, you have furnished evidence to support your conclusion that the granting of this application will prevent waste and will not impair correlative rights.

We also understand that you have given due notice of this application to all "affected persons," as defined in Rule 1210.A(2)(a), in all spacing units in the Jalmat adjoining the proposed unit.

Pursuant to the provisions of Division Rule 104.D(3) and Rule 4(B) of the Special Pool Rules for the Jalmat Gas Pool, the above-described simultaneous dedication is hereby approved.

Non-Standard Locations

Spacing in the Jalmat Gas Pool is governed by Rule 3(a)(2) of the Special Rules for the Jalmat Gas Pool, as amended by Order R-8170-P, effective December 14, 2001, which provides that a gas well shall be at least 660 feet from any unit outer boundary, 660 feet from any governmental quarter section line, and 330 feet from any quarter/quarter section line. The proposed location of the J.W. Sherrell Well No. 13 is unorthodox because it is less than 660 feet from the northern unit boundary. The proposed location of the J.W. Sherrell Well No. 14 is unorthodox because it is less than 330 feet from the eastern boundary of the SW/4 SW/4 of Section 31.

Your application has been duly filed under the provisions of Division Rules 104.F and 1210.A(2).

It is our understanding that you are seeking these locations to avoid interference with existing surface uses.

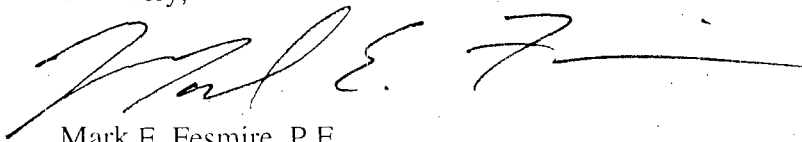
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It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 1210.A(2), in the adjoining units towards which the proposed location of the J.W. Sherrell Well No. 13 encroaches. The encroachment of the J.W. Sherrell Well No. 14 is internal to the unit, and therefore no notice is required.

Pursuant to the authority conferred by Division Rule 104.F(2), the above-described unorthodox location is hereby approved.

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', followed by a horizontal line.

Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Hobbs,