

ABOVE THIS LINE FOR DIVISION USE ONLY

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



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]

Well: Stevens A-35 #5

[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.

Ronnie Young
Print or Type Name

Signature

Compliance Supervisor
Title

3-10-09
Date

ryoung@cnervest.net
e-mail Address

March 12, 2009

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

Attention: Mr. William Jones, P.E.

HAND DELIVERED

Re: C-107-A; Amended Application for Downhole Commingling
Stevens A-35 Well No. 5
API No. 30-025-38765
Unit K, Section 35, T-23 South, R-36 East, NMPM,
Jalmat (Tan-Yates-7 Rivers) (Gas 79240) &
Langlie-Mattix (7 Rivers-Qn-Grayburg) (Oil-37240) Pools

Dear Mr. Jones:

EnerVest Operating, L.L.C. ("EnerVest"), recently filed a Form C-107-A requesting Division authorization to downhole commingle the Jalmat (Tan-Yates-7 Rivers) and Langlie-Mattix (7 Rivers-Qn-Grayburg) Pools within its Stevens A-35 Well No. 5 located in Unit K of Section 35, T-23 South, R-36 East, NMPM, Lea County, New Mexico. In its initial application, EnerVest proposed to allocate gas production from each of the commingled zones in the well by dividing the number of perforations in each zone by the total number of perforations for both zones. In that application, the Jalmat (Tan-Yates-7 Rivers) Gas Pool was allocated 80% of the gas (45 shots/56 shots), and the Langlie-Mattix (7 Rivers-Qn-Grayburg) Pool was allocated 20% of the gas (11 shots/56 shots). All produced oil was allocated to the Langlie-Mattix (7 Rivers-Qn-Grayburg) Pool. This initial application was approved by Division Order No. DHC-4164 dated March 6, 2009.

Subsequent to the entry of that order, EnerVest was notified by Mr. Paul Kautz, OCD District Geologist, that forty-three (43) perforations in the well were actually within the vertical limits of the Jalmat (Tan-Yates-7 Rivers) Gas Pool, not the forty-five originally reported by EnerVest. Consequently, EnerVest requests an amendment to Division Order No. DHC-4164 to change the allocation in accordance with Mr. Kautz' determination.

EnerVest proposes to allocate the production as follows:

	<u>Oil</u>	<u>Gas</u>
Jalmat (Tan-Yates-7 Rivers) Gas Pool	0%	77%
Langlie-Mattix (7 Rivers-Qn-Grayburg) Pool	100%	23%

(Allocation based upon Jalmat (Tan-Yates-7 Rivers) Gas Pool perforations (43 shots/56 shots) = 77%, and Langlie Mattix (7 Rivers-Qn-Grayburg) Pool perforations (13 shots/56 shots) = 23%.)

If additional information is needed, please contact me at (713) 495-6537.

Sincerely,

Bridget Helfrich

Bridget Helfrich
Regulatory Tech

Xc: OCD-Hobbs

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

District II
1501 W. Grand Avenue, Artesia, NM 88210

District III
1000 Rio Brazos Road, Artesia, NM 87410

District IV
1230 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

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

Form C-107A
Revised June 10, 2003

APPLICATION TYPE
☒ Single Well
☐ Establish Pre-Approved Pools
EXISTING WELLBORE
☐ Yes ☒ No
*New well

APPLICATION FOR DOWNHOLE COMMINGLING

Operator EnerVest Operating, L.L.C. 1001 Fannin, Suite 800 Houston, TX 77002
Address
Lease Stevens A-35 5 K - Sec 35, T 23S, R 36E Lea
Well No. Unit Letter-Section-Township-Range County
OGRID No. 143199 Property Code 303930 API No. 30-025-38765 Lease Type: ☒ Federal ☐ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Jalmat (T-Y-7R) (Gas)		Langlie Matix (7R-Q-G) (Oil)
Pool Code	79240		37240
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	2983' - 3446'		3469' - 3671'
Method of Production (Flowing or Artificial Lift)	Pump		Pump
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
Oil Gravity or Gas BTU (Degree API or Gas BTU)	N/A		N/A
Producing, Shut-In or 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: 6-26-08 Rates: 33.11 Mcf 0 BO	Date: Rates:	Date: 6-26-08 Rates: 9.89 Mcf 7 BO
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 0 % 77 %	Oil Gas % %	Oil Gas 100 % 23 %

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 Bridget Helfrich TITLE Regulatory Tech. DATE 3-10-09

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

E-MAIL ADDRESS bhelfrich@enervest.net

Stevens A-35 #5

Offset wells in this area indicate that the Jalmat field comprises the majority of production, versus the Langlie Mattix.

Percentage allocation is based on the following information:

Jalmat (T-Y-7R) Gas	2983' – 3446'
	1 SPF
	Total Shots =43
	43/56 =77%
Langlie Mattix (7R-Q-G) (Oil)	3469' – 3671'
	1 SPF
	Total Shots =13
	13/56 =23%

For future drilling in this area:

1. Where more than one Pool/zone is perforated, we will file Sundry Notice prior to work being done for approval.
2. If commingling is needed, we will test pools individually.