

DATE IN <u>7-12-10</u>	SUSPENSE	ENGINEER <u>DB.</u>	LOGGED IN <u>7-12-10</u>	TYPE <u>NSL</u>	APP NO. <u>1019341383</u>
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



Enervest
(143199)
Jicarilla C Well #51
30-089-29812

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]

5395-A

[1] TYPE OF APPLICATION - Check Those Which Apply for [A] Jicarilla C #5N

[A] Location - Spacing Unit - Simultaneous Dedication

☒ NSL ☐ NSP ☐ SD

Amendment to NSL-5395

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.

Ronnie Young

Print or Type Name

Ronnie Young /bmh

Signature

Compliance Supervisor

Title

7-9-10

Date

ryoung@enervest.net
e-mail Address



RECEIVED OCD

2010 JUL 12 A 11:06

July 9, 2010

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

Attn: Mark Fesmire, Division Director

RE: Request to Amend Administrative Order No. NSL-5395
Jicarilla "C" No. 5-N
700' FSL & 2350' FEL (Unit O)
Section 24, T-26 North, R-5 West, NMPM,
Rio Arriba County, New Mexico

Dear Mr. Fesmire,

By Order No. NSL-5395 dated June 9, 2006, the Division authorized CDX Rio, L.L.C. to drill the Jicarilla "C" Well No. 5-N at an unorthodox infill gas well location in both the Blanco-Mesaverde (72319) and Basin-Dakota (71599) Gas Pools 700 feet from the South line and 2350 feet from the East line (Unit O) of Section 24, Township 26 North, Range 5 West, NMPM, Rio Arriba County, New Mexico.

Enervest Operating, L.L.C. ("Enervest"), the successor operator of this well, hereby requests an amendment to Order No. NSL-5395 to authorize non-standard location approval for the Tapacito-Gallup Associated Pool (58090). The Tapacito-Gallup Associated Pool is currently governed by the "Special Rules and Regulations for the Tapacito-Gallup Associated Pool/General Rules and Regulations for Associated Oil and Gas Pools in Northwest and Southeast New Mexico", as established by Division Order No. R-5353, as amended. These rules provide that:

- 1) A standard oil proration unit shall be 80 acres. A standard gas proration unit shall be 320 acres;
- 2) Wells shall be located no closer than 790 feet to any quarter section line nor closer than 330 feet to any quarter-quarter section line or subdivision inner boundary;
- 3) A well shall be classified as a gas well if it has a gas-liquid ratio of 30,000 or more cubic feet of gas per barrel of liquid hydrocarbons. If the gas-liquid ratio is less than 30,000:1, it shall be classified as an oil well.

Enervest recently drilled the Jicarilla "C" No. 5-N and although the well has not yet been completed, it is believed that the well will produce commercially from the Tapacito-Gallup Associated Pool, Blanco-Mesaverde Gas Pool and Basin-Dakota Gas Pool. The well is

proposed to be completed as a downhole commingled completion in the three producing horizons. The Aztec District Office of the Division has already approved the downhole commingling of the Basin-Dakota and Blanco-Mesaverde Gas Pools within the well, however, due to the addition of the Gallup interval, Enervest is preparing an amended downhole commingling application to add the Tapacio Gallup-Associated Pool.

In the event the Jicarilla "C" No. 5-N is determined to be an oil well, the S/2 SE/4 of Section 24 will be dedicated to the well forming a standard 80-acre spacing and proration unit in the Tapacito-Gallup Associated Pool. If the well is determined to be a gas well, the E/2 of Section 24 will be dedicated to the well forming a standard 320-acre spacing and proration unit for said pool.

Pursuant to the general rules for the associated pools, Enervest is required to provide notice of this application to "all operators of proration or spacing units offsetting the unit for which the unorthodox location is sought". A search of Division records shows that the following-described wells are producing as gas wells from the Gallup formation in offset units:

Section 13, T-26N, R-5W: **Enervest Operating, L.L.C.:**
Jicarilla "C" No. 7E (Unit J) S/2 Dedication

Section 19, T-26N, R-4W: **Burlington Resources Oil & Gas Company:**
Jicarilla "103" No. 7 (Unit K) W/2 Dedication
Jicarilla "103" No. 7E (Unit D) W/2 Dedication
Jicarilla "103" No. 8 (Unit P) E/2 Dedication

As indicated on the attached plat, Enervest has provided notice of this application to all operators of proration or spacing units offsetting both potential spacing units (comprising either the S/2 SE/4 or the E/2 of Section 24). These offset operators include Burlington Resources Oil & Gas Company and ConocoPhillips Company. Please note that Enervest also operates offset acreage in the W/2 of Section 24 and all of Section 13, T-26N, R-5W, and that the interest ownership in this offset acreage and in the potential spacing units for the Jicarilla "C" No. 5-N is common throughout.

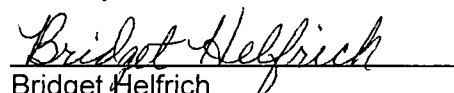
Attached is an Offset Operator Owner Plat showing the proposed spacing unit(s), unorthodox well location and adjoining spacing units and wells; a copy of the C-102; the Administrative Application Checklist, and proof of mailing to offset operators.

Approval of the requested amendment will provide Enervest the opportunity to recover Gallup reserves underlying the S/2 SE/4 or the E/2 of Section 24, thereby preventing waste, and will not violate correlative rights.

Because the well will be completed and ready to produce in the next several days, Enervest further requests that the Division, to the extent possible, issue an expedited order in the matter.

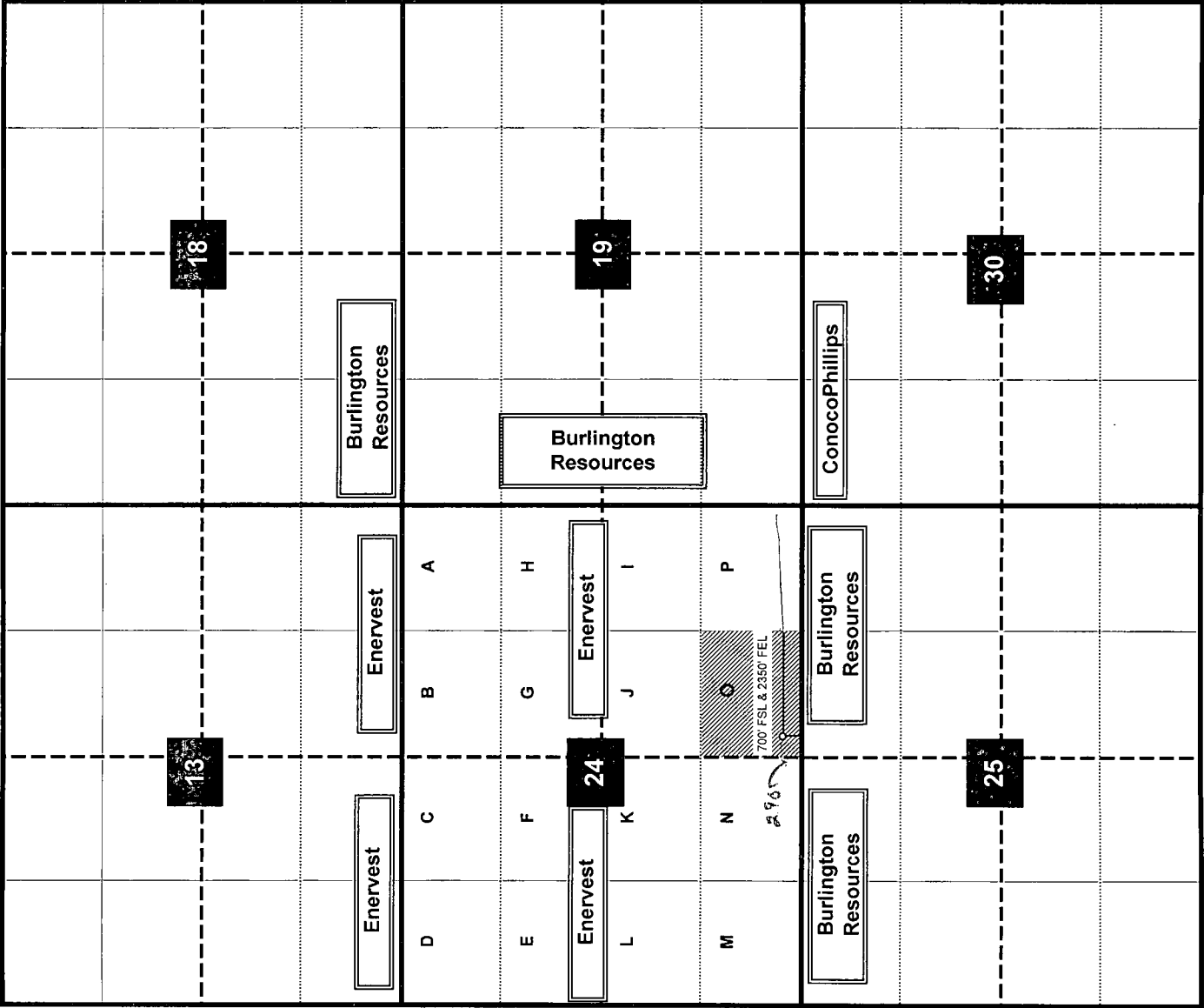
If you have any questions, please contact me at 713-495-6537.

Thank you,



Bridget Helfrich
Regulatory Tech.

Offset Operator Owner Plat
Township 26N - Range 5W
Jicarilla C No. 5N



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 30-039-29812	² Pool Code 72319/71599/58090	³ Pool Name Blanco Mesaverde / Basin Dakota / Tapachito-Gallup Associated
⁴ Property Code 33461	⁵ Property Name JICARILLA C	⁶ Well Number 5N
⁷ OGRID No. 143199	⁸ Operator Name ENERVEST OPERATING, L.L.C.	⁹ Elevation 6597'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot 1 dn	Feet from the	North/South line	Feet from the	East/West line	County
0	24	26N	5W		700	SOUTH	2350	EAST	RIO ARriba

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot 1 dn	Feet from the	North/South line	Feet from the	East/West line	County

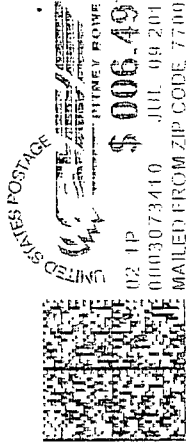
¹² Dedicated Acres MV- E/320 ac. DK- E/320 ac. TGA- S 1/2 of SE 80 ac.	¹³ Joint or Infill Y	¹⁴ Consolidation Code	¹⁵ Order No. NSL-5395
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

<div>16</div> <div>Calcd Cor. by S&L Corp.</div> <div>24</div> <div>320 ac. MV DK</div> <div>Lat. 36°28'00.6" N (NAD83) Long. 107°18'33.3" W (NAD83)</div> <div>Calcd Cor. by DBL Corp.</div> <div>N 88-51-57 W 5338.44' (C)</div> <div>700'</div> <div>80 ac. TGA</div> <div>2350'</div> <div>Calcd Cor. by S&L Corp.</div> <div>14881</div>	<div>17 OPERATOR CERTIFICATION</div> <p>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.</p> <p><u>Bridget Helfrich 6-18-10</u> Signature Date</p> <p><u>BRIDGET HELFRICH</u> Printed Name</p> <div>18 SURVEYOR CERTIFICATION</div> <p>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.</p> <p><u>9-17-05</u> Date of Survey</p> <p>Signature and Seal of Professional Surveyor: <u>JOHN A. VURONICH</u></p> <p><u>14881</u> Certificate Number</p>
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Burlington Resources Oil & Gas

Company, L.P.

C/O Ben Malone

3401 E. 30th Street

Farmington, New Mexico 87402

Total

Sent to

Street,
or P.O. Box

City, ST

TO:

Burlington Resources Oil & Gas Company, L.P.

C/O Ben Malone

3401 E. 30th Street

Farmington, New Mexico 87402



ENERVEST, LTD.
1001 FANNIN STREET, SUITE 800
HOUSTON, TEXAS 77002-6707

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Burlington Resources Oil & Gas
Company, L.P.
C/O Ben Malone
3401 E. 30th Street
Farmington, New Mexico 87402

2. Article Number
(Transfer from service label)

7009 0000 0000 0442 4945

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

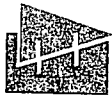
COMPLETE THIS SECTION ON DELIVERY

A. Signature	<input checked="" type="checkbox"/> Agent <input type="checkbox"/> Addressee
B. Received by (Printed Name)	C. Date of Delivery
D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No	

3. Service Type	<input type="checkbox"/> Certified Mail <input type="checkbox"/> Registered <input type="checkbox"/> Insured Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> C.O.D.
4. Restricted Delivery? (Extra Fee)	<input type="checkbox"/> Yes



7009 0080 0000 0442 4938



ENERVEST, LTD.
1001 FANNIN STREET, SUITE 800
HOUSTON, TEXAS 77002-6707

TO:

Conoco Phillips Company
C/O Ben Malone
3401 E. 30th Street
Farmington, New Mexico 87402

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To Conoco Phillips Company
C/O Ben Malone
3401 E. 30th Street
Farmington, New Mexico 87402

Sent _____
Street or P.O. Box _____
City _____

7/9/2010

Postmark Here

4649

7009 0080 0000 0442 4938

SENDER: COMPLETE THIS SECTION

- ☐ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- ☐ Print your name and address on the reverse so that we can return the card to you.
- ☐ Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:
Conoco Phillips Company
C/O Ben Malone
3401 E. 30th Street
Farmington, New Mexico 87402

COMPLETE THIS SECTION ON DELIVERY

A. Signature ☒ Agent
☐ Addressee

B. Received by (Printed Name) C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type
☐ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number (Transfer from s) 7009 0080 0000 0442 4938

PS Form 3811, February 2004

Domestic Return Receipt

102596-02-M-1540



RECEIVED OCD

July 9, 2010

2010 JUL 22 P 1:32

Burlington Resources Oil & Gas Company, L.P.
3401 E. 30th Street
Farmington, New Mexico 87402
Attn: Ben Malone

Certified Mail

RE: Amendment to Administrative Order NSL-5395

Dear Mr. Malone,

EnerVest Operating, L.L.C. is in the process of filing an amendment to the approved Administrative Order NSL-5395, which granted us a location exception for the Jicarilla "C" No. 5-N well. Per this amendment, we will be requesting to add the Tapacito-Gallup Associated pool.

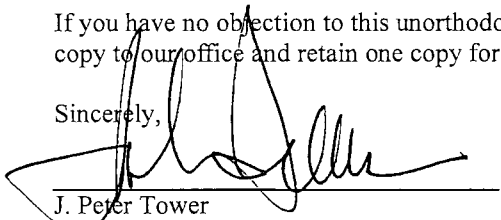
A copy of the amended application has been attached for your review.

As the owner of an interest that may be affected by the proposed unorthodox location, you are being provided notice as per Division rules and regulations. Objections must be filed in writing at the Division's Santa Fe office within 20 days from the date this notice was sent to you.

Per our records, ConocoPhillips has elected to participate in the completion of this well.

If you have no objection to this unorthodox location, please sign two copies of the attached waiver, return one executed copy to our office and retain one copy for your files. We will file with the NMOCD Santa Fe office.

Sincerely,


J. Peter Tower
Sr. Landman

WAIVER

Burlington Resources Oil & Gas Company, L.P. hereby waives objection to the above referenced amended Application for Unorthodox location for EnerVest Operating, L.L.C.'s Jicarilla "C" No. 5-N well.

Date: 7-16-10

By: 

New Mexico Oil Conservation Division
Attn: Mark Fesmire
1220 South St. Francis Drive
Santa Fe, NM 87505