



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson

Governor

Jim Noel

Cabinet Secretary

Karen W. Garcia

Deputy Cabinet Secretary

Mark Fesmire

Division Director

Oil Conservation Division



October 12, 2010

Enervest Operating, L.L.C.
Attn: Bridget Helfrich
1001 Fannin Street, Suite 800
Houston, TX 77002-6707

Administrative Order NSL-5379-B

**Re: Jicarilla A Well No. 2M
API No. 30-039-29913
2245 feet FSL and 305 feet FEL
Unit I, Section 18-26N-5W
Rio Arriba County, New Mexico**

Dear Ms Helfrich:

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW10-26453210**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on September 20, 2010, and

(b) the Division's records pertinent to this request, including the Division's records pertaining to Administrative Orders NSL-5379 and NSL-5379-A.

In Order NSL-5379-A, the Division authorized Enervest Operating, L.L.C. (Enervest) to drill and complete above-referenced well in the Blanco-Mesaverde Gas Pool and the Basin-Dakota Gas Pool at an unorthodox oil well location described above in the caption of this letter. Enervest now seeks approval to also complete this well in the Gallup formation. If the well produces as an oil well from the Gallup formation, the E/2 SE/4 of Section 18 will be dedicated it to form a standard 80-acre oil spacing unit in the Tapacito-Gallup Associated Pool (58090). Unit size in this pool is governed by Rule 2.(a), Special Rules and Regulations for the Tapacito-Gallup Associated Pool, as adopted by Order R-5353, adopted on January 17, 1977, which provides for 80-acre oil units and 320-acre gas units. Setbacks are governed by Rule 2(b) of the General Rules and Regulations for the Associated Oil and Gas Pools of Northwest New Mexico and Southeast New Mexico, adopted by the same Order, which provides for wells to be no

Oil Conservation Division

1220 South St. Francis Drive • Santa Fe, New Mexico 87505

Phone (505) 476-3440 • Fax (505) 476-3462 • www.emnrd.state.nm.us/OCD



closer than 790 feet to any quarter section line, nor closer than 330 feet to any quarter-quarter section line.

This location is unorthodox in either the proposed oil unit or in a 320-acre, E/2 of Section 18, gas unit, to which it would be dedicated if it produces as a gas well in the Tapacito. There is another, existing producing gas well in the E/2 of Section 18; so if this well produces as a gas well, Enervest will apply to simultaneously dedicate the E/2 of Section 18 to this well and to its existing Jicarilla A Well No. 2E.

Your application has been duly filed under the provisions of Division Rules 15.13 and 4.12.A(2).

It is our understanding that you are seeking this approval in order to utilize a location which has already been approved for other formations.

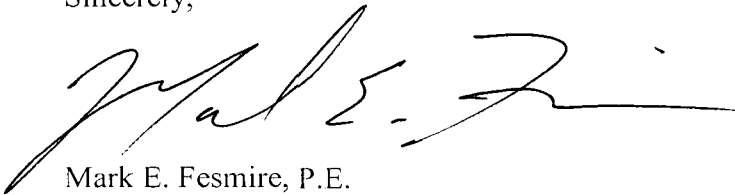
It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 4.12.A(2), in all adjoining units towards which the proposed location encroaches.

Pursuant to the authority conferred by Division Rule 15.13.B, the above-described unorthodox location is hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 5.9.

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', with a long horizontal flourish extending to the right.

Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Aztec
United States Bureau of Land Management