

DATE IN <u>9.21.10</u>	SUSPENSE	ENGINEER <u>DBL</u>	LOGGED IN <u>9.21.10</u>	TYPE <u>NSL</u>	APP NO. <u>1026453210</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



Ever Vest
Juculla #2M
30-039-29813

ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATION 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]

5379-B

Amend
NSL-5379-A

- [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 _____

2009 SEP 20 A 11:35
 RECEIVED OCD

- [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 Ronnie Young/bmh
 Print or Type Name Signature

 Compliance Supervisor Title

9-17-10
 Date

RYoung@EnerVest.net
 E-Mail Address



September 17, 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-5379-A
Jicarilla "A" No. 2M (30-039-29913)
2245' FSL & 305' FEL (Unit I)
Section 18, T-26 North, R-5 West, NMPM,
Rio Arriba County, New Mexico

Dear Mr. Fesmire,

By Order No. NSL-5379-A dated June 9, 2006, the Division authorized CDX Rio, L.L.C. to drill the Jicarilla "A" Well No. 2M at an unorthodox infill gas well location in both the Blanco-Mesaverde (72319) and Basin-Dakota (71599) Gas Pools 2245 feet from the South line and 305 feet from the East line (Unit I) of Section 18, 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-5379-A 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 plans to drill the Jicarilla "A" No. 2M in the near future and believes 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 (Order No. DHC-2881 AZ), however, due to the addition of the Gallup interval, Enervest is preparing an amended downhole commingling application to add the Tapacito Gallup-Associated Pool.

Enervest currently operates the Jicarilla "A" No. 2E (30-039-22581) located 1120 feet from the South line and 1520 feet from the East line (Unit O) of Section 18. This well is currently classified as a gas well in the Tapacito-Gallup Associated Pool and is currently dedicated to a standard 320-acre spacing and proration unit comprising the E/2 of Section 18.

In the event the Jicarilla "A" No. 2M is determined to be an oil well, the E/2 SE/4 of Section 18 will be dedicated to the well forming a standard 80-acre spacing and proration unit in the Tapacito-Gallup Associated Pool. In that scenario, Enervest will apply to form a non-standard 240-acre gas spacing and proration unit for the Jicarilla "A" No. 2E comprising the NE/4 and W/2 SE/4 of Section 18. In the event the Jicarilla "A" No. 2M is determined to be a gas well, the well will be dedicated to the existing 320-acre gas spacing and proration unit comprising the E/2 of Section 18, along with the Jicarilla "A" No. 2E.

Prior to testing to determine whether the well will be classified as oil or gas, the Jicarilla "A" No. 2M will be dedicated to the E/2 of Section 18 in the Tapacito-Gallup Associated 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 8, T-26N, R-5W:	Noble Energy: Jicarilla No. 3E (Unit F) W/2 Dedication
Section 17, T-26N, R-5W:	Enervest Operating, L.L.C.: Jicarilla "A" No. 8 (Unit H) E/2 Dedication
Section 20, T-26N, R-5W:	Enervest Operating, L.L.C.: Jicarilla "A" No. 5 (Unit G) E/2 Dedication
Section 19, T-26N, R-5W:	Enervest Operating, L.L.C.: Jicarilla "A" No. 3 (Unit A) E/2 Dedication

Additional offset operators include:

Section 18:	Enervest
Section 7:	Energen Resources Corporation
Section 8:	Noble Energy & Energen Resources Corporation
Section 17:	Enervest
Section 20:	Enervest
Section 19:	Enervest

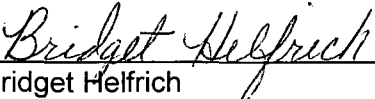
Enervest has provided notice of this application to all operators of proration or spacing units offsetting the E/2 of Section 18. These offset operators include Energen Resources Corporation and Noble Energy. Please note that Enervest also operates offset acreage in Sections 17, 18, 19 and 20, and that the interest ownership in this offset acreage and in E/2 of Section 18 is common throughout.

Attached is a plat showing the proposed spacing unit(s), unorthodox well location and adjoining spacing units and a Division Form C-102.

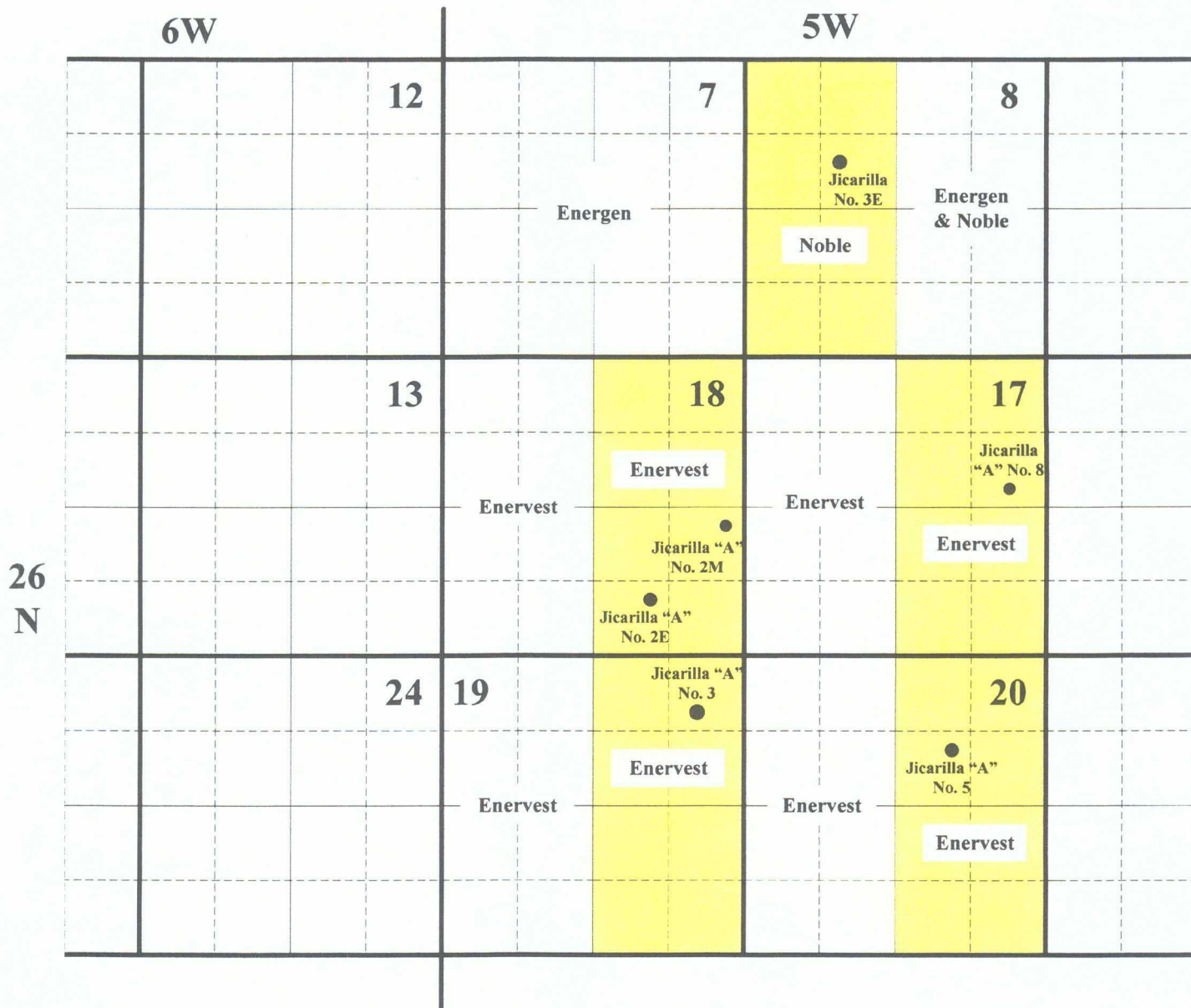
Approval of the requested amendment will provide Enervest the opportunity to recover Gallup reserves underlying the E/2 SE/4 or the E/2 of Section 18, thereby preventing waste, and will not violate correlative rights.

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

Thank you,


Bridget Helfrich
Regulatory Tech.

xc: OCD-Aztec



Existing Tapacito-Gallup Associated Pool
Gas Spacing Units

Enervest Operating, L.L.C.
Application to Amend NSL-5379-A
Jicarilla "A" No. 2M
Offset Operator Identification Plat

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 30-039-29913	² Pool Code 58090	³ Pool Name Tapacito-Gallup Associated Pool
⁴ Property Code 306750	⁵ Property Name Jicarilla "A"	⁶ Well Number 2M
⁷ OGRID No. 143199	⁸ Operator Name Enervest Operating L.L.C.	⁹ Elevation 6,611' GR

¹⁰ Surface Location

UL or lot no. I	Section 18	Township 26 North	Range 5 West	Lot Idn	Feet from the 2245	North/South line South	Feet from the 305	East/West line East	County Rio Arriba
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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
¹² Dedicated Acres 320 Acres	¹³ Joint or Infill	¹⁴ Consolidation Code			¹⁵ Order No.				

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.

16	<div style="border: 1px solid black; height: 100px; position: relative;"> <div style="position: absolute; top: 0; right: 0; width: 50px; height: 50px; border: 1px solid black; border-radius: 50%;"></div> </div>	<div style="border: 1px solid black; height: 100px; position: relative;"> <div style="position: absolute; top: 0; right: 0; width: 50px; height: 50px; border: 1px solid black; border-radius: 50%;"></div> </div>
17	<div style="border: 1px solid black; padding: 5px;"> <h3 style="text-align: center; margin: 0;">OPERATOR CERTIFICATION</h3> <p style="font-size: small; margin: 5px 0;">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> <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div style="width: 60%;"> <p style="font-size: large; font-family: cursive; margin: 0;">Bridget Helfrich</p> <p style="font-size: small; margin: 0;">Signature</p> </div> <div style="width: 35%;"> <p style="font-size: large; margin: 0;">9-17-10</p> <p style="font-size: small; margin: 0;">Date</p> </div> </div> <div style="margin-top: 10px;"> <p style="font-size: small; margin: 0;">Bridget Helfrich</p> <p style="font-size: x-small; margin: 0;">Printed Name</p> </div> </div>	
18	<div style="border: 1px solid black; padding: 5px;"> <h3 style="text-align: center; margin: 0;">SURVEYOR CERTIFICATION</h3> <p style="font-size: small; margin: 5px 0;">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> <div style="margin-top: 10px;"> <p style="font-size: small; margin: 0;">Date of Survey</p> <p style="font-size: small; margin: 0;">Signature and Seal of Professional Surveyor:</p> </div> </div>	

Jicarilla "A"

No. 2M

Jicarilla "A"

No. 2E

305'

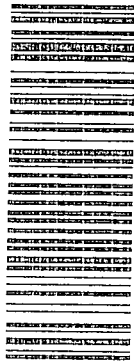
2245'

1120'

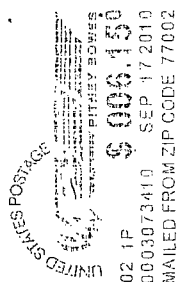
1520'

Certificate Number

EnerVest Operating, L.L.C.
1001 Fannin Street, Suite 800
Houston, Texas 77002-6707
ATTN: Bridget Helfrich



7008 1300 0000 4237 2269



Noble Energy, Inc.
1625 Broadway, Suite 2200
Denver, Colorado 80202
Attn: Mary Ann Adams

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:

Noble Energy, Inc.
1625 Broadway, Suite 2200
Denver, Colorado 80202
Attn: Mary Ann Adams

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 ☐ No
If YES, enter delivery address below:

3. Service Type

- ☒ Certified Mail
- ☐ Registered
- ☐ Insured Mail
- ☐ Express Mail
- ☐ Return Receipt for Merchandise
- ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number

(Transfer from service)

7008 1300 0000 4237 2269

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-15-0

September 17, 2010

CERTIFIED MAIL
RETURN RECEIPT REQUESTED



TO: Noble Energy, Inc.
1625 Broadway, Suite 2200
Denver, Colorado 80202
Attn: Mary Ann Adams

Energen Resources Corporation
605 Richard Arrington, Jr. Blvd. North
Birmingham, Alabama 35203-2707

Re: Enervest Operating, L.L.C.
Application for Unorthodox Well Location
Jicarilla "A" No. 2M
2245' FSL & 305' FEL (Unit I)
Section 18, T-26 North, R-5 West, NMPM,
Tapacito-Gallup Associated Pool
Ro Arriba County, New Mexico

Dear Sir:

Enclosed please find a copy of the application filed by Enervest Operating, L.L.C. for unorthodox location approval for its proposed Jicarilla "A" Well No. 2M to be drilled 2245 feet from the South line and 305 feet from the East line (Unit I) of Section 18, T-26 North, R-5 West, NMPM, to test the Tapacito-Gallup Associated Pool, Rio Arriba County, New Mexico. An existing 320-acre gas spacing and proration unit comprising the E/2 of Section 18 is to be dedicated to the well in the Tapacito-Gallup Associated Pool. This unit is currently dedicated to Enervest Operating, L.L.C.'s Jicarilla "A" Well No. 2E located in Unit O of Section 18.

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. If no objection is received within twenty days after the filing of this application and proof of notice with the Division, the application may be approved.

If you should have any questions, please call me at (713) 495-6537.

Sincerely,

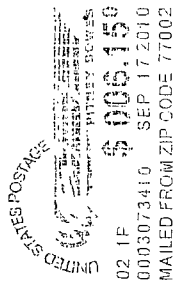
Bridget Helfrich
Regulatory Tech
Enervest Operating, L.L.C.
1001 Fannin Street
Suite 800
Houston, Texas 77002-6707

Enclosure

EnerVest Operating, L.L.C.
1001 Fannin Street, Suite 800
Houston, Texas 77002-6707
ATTN: Bridget Helfrich



7006 1300 0000 4237 2276



Energen Resources Corporation
605 Richard Arrington, Jr. Blvd. North
Birmingham, Alabama 35203-2707

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:

Energen Resources Corporation
605 Richard Arrington, Jr. Blvd. North
Birmingham, Alabama 35203-2707

COMPLETE THIS SECTION DELIVERY

- A. Signature ☒ Agent ☐ Addressee
- B. Received by (Printed Name) C. Date of Delivery
- D. Is delivery address different from item 1? ☐ Yes ☐ No
If YES, enter delivery address below:

- 3. Service Type ☐ Express Mail ☒ Certified Mail ☐ Registered ☐ Return Receipt for Merchandise ☐ Insured Mail ☐ C.O.D.
- 4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number 7006 1300 0000 4237 2276
(Transfer from se)

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

September 17, 2010



CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: Noble Energy, Inc. Energen Resources Corporation
1625 Broadway, Suite 2200 605 Richard Arrington, Jr. Blvd. North
Denver, Colorado 80202 Birmingham, Alabama 35203-2707
Attn: Mary Ann Adams

Re: Enervest Operating, L.L.C.
Application for Unorthodox Well Location
Jicarilla "A" No. 2M
2245' FSL & 305' FEL (Unit I)
Section 18, T-26 North, R-5 West, NMPM,
Tapacito-Gallup Associated Pool
Ro Arriba County, New Mexico

Dear Sir:

Enclosed please find a copy of the application filed by Enervest Operating, L.L.C. for unorthodox location approval for its proposed Jicarilla "A" Well No. 2M to be drilled 2245 feet from the South line and 305 feet from the East line (Unit I) of Section 18, T-26 North, R-5 West, NMPM, to test the Tapacito-Gallup Associated Pool, Rio Arriba County, New Mexico. An existing 320-acre gas spacing and proration unit comprising the E/2 of Section 18 is to be dedicated to the well in the Tapacito-Gallup Associated Pool. This unit is currently dedicated to Enervest Operating, L.L.C.'s Jicarilla "A" Well No. 2E located in Unit O of Section 18.

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. If no objection is received within twenty days after the filing of this application and proof of notice with the Division, the application may be approved.

If you should have any questions, please call me at (713) 495-6537.

Sincerely,

Bridget Helfrich
Regulatory Tech
Enervest Operating, L.L.C.
1001 Fannin Street
Suite 800
Houston, Texas 77002-6707

Enclosure



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

June 9, 2006

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

CDX Rio, L.L.C.
2010 Afton Place
Farmington, New Mexico 87401

Attention: **Richard Corcoran**
Land Manager
Rich.Corcoran@cdxgas.com

Administrative Order NSL-5379-A

Dear Mr. Corcoran:

Reference is made to the following: (i) your application dated May 17, 2006 that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on May 19, 2006 (*administrative application reference No. pTDS0-613956394*); and (ii) the Division's records in Aztec and Santa Fe, including the file on Division Administrative Order NSL-5379 (*administrative application reference No. pTDS0-612332907*): all concerning CDX Rio, L.L.C.'s ("CDX") request for exceptions to the well location requirements provided within the:

(A) "*Special Rules for the Blanco-Mesaverde Pool*," as promulgated by Division Order No. R-10987-A, issued in Case No. 12069 and dated February 1, 1999, as amended by Division Order No. R-10987-A (1), dated December 2, 2002; and

(B) "*Special Rules for the Basin-Dakota Pool*," as promulgated by Division Order No. R-10987-B, issued in Case No. 12290 and dated June 30, 2000, as amended by Division Orders No. R-10987-B (1), dated August 10, 2000; and R-10987-B (2), dated January 29, 2002.

CDX proposes to drill its Jicarilla "A" Well No. 2-M at an unorthodox infill gas well location in both the Blanco-Mesaverde (72319) and Basin-Dakota (71599) Pools 2245 feet from the South line and 305 feet from the East line (Unit I) of Section 18, Township 26 North, Range 5 West, NMPM, Rio Arriba County, New Mexico.

Gas production from the deeper Basin-Dakota Pool is to be included within an existing standard 320-acre stand-up gas spacing and proration unit ("GPU") comprising the E/2 of Section 18, which is currently dedicated to CDX's three: (i) Jicarilla "A" Well No. 2 (API No. 30-039-08136), located at a standard gas well location 790 feet from the North line and 1850 feet from the East line (Unit B) of Section 18; (ii) Jicarilla "A" Well No. 2-E (API No. 30-039-22581), located at a standard infill gas well location 1120 feet from the South line and 1520 feet from the East line (Unit O) of Section 18; and (iii) Jicarilla "A" Well No. 2-F (API No. 30-039-29690), located at an unorthodox infill gas well location 540 feet from the North line and 665 feet from the East line (Unit A) of Section 18.

CDX Rio, L.L.C.

June 9, 2006

Page 2

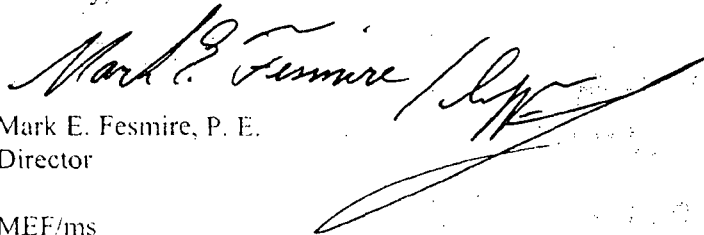
Division Administrative Order NSL-5379-A

Gas production from the shallower Blanco-Mesaverde Pool is to be included within an existing standard 320-acre stand-up GPU that also comprises the E/2 of Section 18 and is currently dedicated to CDX's two above-described Jicarilla "A" Wells No. 2 and 2-F.

This application has been duly filed under the provisions of Division Rules 104.F and 605.B and the applicable rules governing both pools.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox Basin-Dakota/Blanco-Mesaverde infill gas well location for CDX's proposed Jicarilla "A" Well No. 2-M is hereby approved. All of the aforementioned wells and both spacing units will be subject to all existing rules, regulations, policies, and procedures applicable to prorated gas pools in Northwest New Mexico.

Sincerely,



Mark E. Fesmire, P. E.
Director

MEF/ms

cc: U. S. Bureau of Land Management – Farmington
New Mexico Oil Conservation Division – Aztec
File: NSL-5379
