

DATE IN <u>1/21/11</u>	SUSPENSE	ENGINEER <u>DKB</u>	LOGGED IN <u>1/21/11</u>	TYPE <u>NSL</u>	APP NO. <u>1102142439</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*  
 RECEIVED OOD

2011 JAN 21 A 10:56

**ADMINISTRATIVE APPLICATION CHECKLIST**

30-039-30042

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]

6336

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication  
☒ NSL ☐ NSP ☐ SD

Jicarilla C No. 3M

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 Signature

Compliance Supervisor  
 Title

1-20-11  
 Date

ryoung@enervest.net  
 E-Mail Address



**ENERVEST**

January 20, 2011

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

Attn: Daniel Sanchez, Acting Division Director

RE: Request for Unorthodox Location Approval  
Jicarilla C No. 3M (**API No. 30-039-30042**)  
1275' FSL & 2255' FWL (Unit N)  
Section 23, T-26 North, R-5 West, NMPM,  
Rio Arriba County, New Mexico

Dear Mr. Sanchez,

On February 21, 2007 CDX Rio, L.L.C. obtained approval to drill the Jicarilla C Well No. 3M as a Blanco-Mesaverde/Basin-Dakota Pool test at a standard location for both pools 1275 feet from the South line and 2255 feet from the West line (Unit N) of Section 23, Township 26 North, Range 5 West, NMPM, Rio Arriba County, New Mexico. The well was to be dedicated to existing 320-acre spacing units in the Blanco-Mesaverde and Basin-Dakota Gas Pools comprising the S/2 of Section 23. The Jicarilla C No. 3M was to be the fourth infill well within these spacing units for both the Blanco-Mesaverde and Basin-Dakota Gas Pools. The drilling permit was subsequently approved for an extension on January 8, 2009. Effective September 10, 2009, Enervest Operating, LLC ("Enervest") assumed ownership of this lease from CDX Rio, LLC.

Enervest plans to commence drilling the Jicarilla C No. 3M in the near future, and in preparation thereof has examined geologic data in this area. Based upon this evaluation, Enervest believes that the Gallup interval may be productive in the wellbore. Enervest therefore requests administrative approval for an unorthodox Tapacito-Gallup Associated Pool (58090) completion. 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.

The well is proposed to be completed as a downhole commingled completion in the Blanco-Mesaverde, Basin-Dakota and Tapacito-Gallup Associated Pool. 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-2880AZ), 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 C No. 3 (30-039-08098) located 1650 feet from the South line and 990 feet from the East line (Unit I) of Section 23. 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 S/2 of Section 23.

In the event the Jicarilla C No. 3M is determined to be an oil well, the S/2 SW/4 of Section 23 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 C No. 3 comprising the SE/4 and N/2 SW/4 of Section 23. In the event the Jicarilla C No. 3M is determined to be a gas well, the well will be dedicated to the existing 320-acre gas spacing and proration unit comprising the S/2 of Section 23, along with the Jicarilla C No. 3.

Prior to testing to determine whether the well will be classified as oil or gas, the Jicarilla C No. 3M will be dedicated to the S/2 of Section 23 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 24, T-26N, R-5W: **Enervest Operating, L.L.C.:**  
Jicarilla C No. 5N (Unit O) E/2 Dedication

Section 26, T-26N, R-5W: **Burlington Resources Oil & Gas Company:**  
Jicarilla 153 No. 9E (Unit D) N/2 Dedication

Section 27, T-26N, R-5W: **XTO Energy, Inc.:**  
Jicarilla Apache No. 10 (Unit B) N/2 Dedication

Additional offset operators include:

Section 23: Enervest Operating, L.L.C.  
Section 24: Enervest Operating, L.L.C.  
Section 25: Burlington Resources Oil & Gas Company  
Section 22: Enervest Operating, L.L.C.


Enervest has provided notice of this application to XTO Energy, Inc. and Burlington Resources Oil & Gas Company. Please note that Enervest also operates offset acreage in Sections 22, 23 and 24, and that the interest ownership in this offset acreage and in the S/2 of Section 23 is common throughout.

Attached is a plat showing the proposed spacing unit, 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 S/2 SW/4 or the S/2 of Section 23, 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.

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

Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

Submit one copy to appropriate  
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number <b>30-039-30042</b>	<sup>2</sup> Pool Code <b>58090</b>	<sup>3</sup> Pool Name <b>Tapacito-Gallup Associated Pool</b>
<sup>4</sup> Property Code	<sup>5</sup> Property Name <b>Jicarilla C</b>	<sup>6</sup> Well Number <b>3M</b>
<sup>7</sup> OGRID No. <b>143199</b>	<sup>8</sup> Operator Name <b>Enervest Operating L.L.C.</b>	<sup>9</sup> Elevation <b>6566' GR</b>

<sup>10</sup> Surface Location

UL or lot no. <b>N</b>	Section <b>23</b>	Township <b>26 North</b>	Range <b>5 West</b>	Lot Idn	Feet from the <b>1275</b>	North/South line <b>South</b>	Feet from the <b>2255</b>	East/West line <b>West</b>	County <b>Rio Arriba</b>
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<sup>11</sup> Bottom Hole Location If Different From Surface

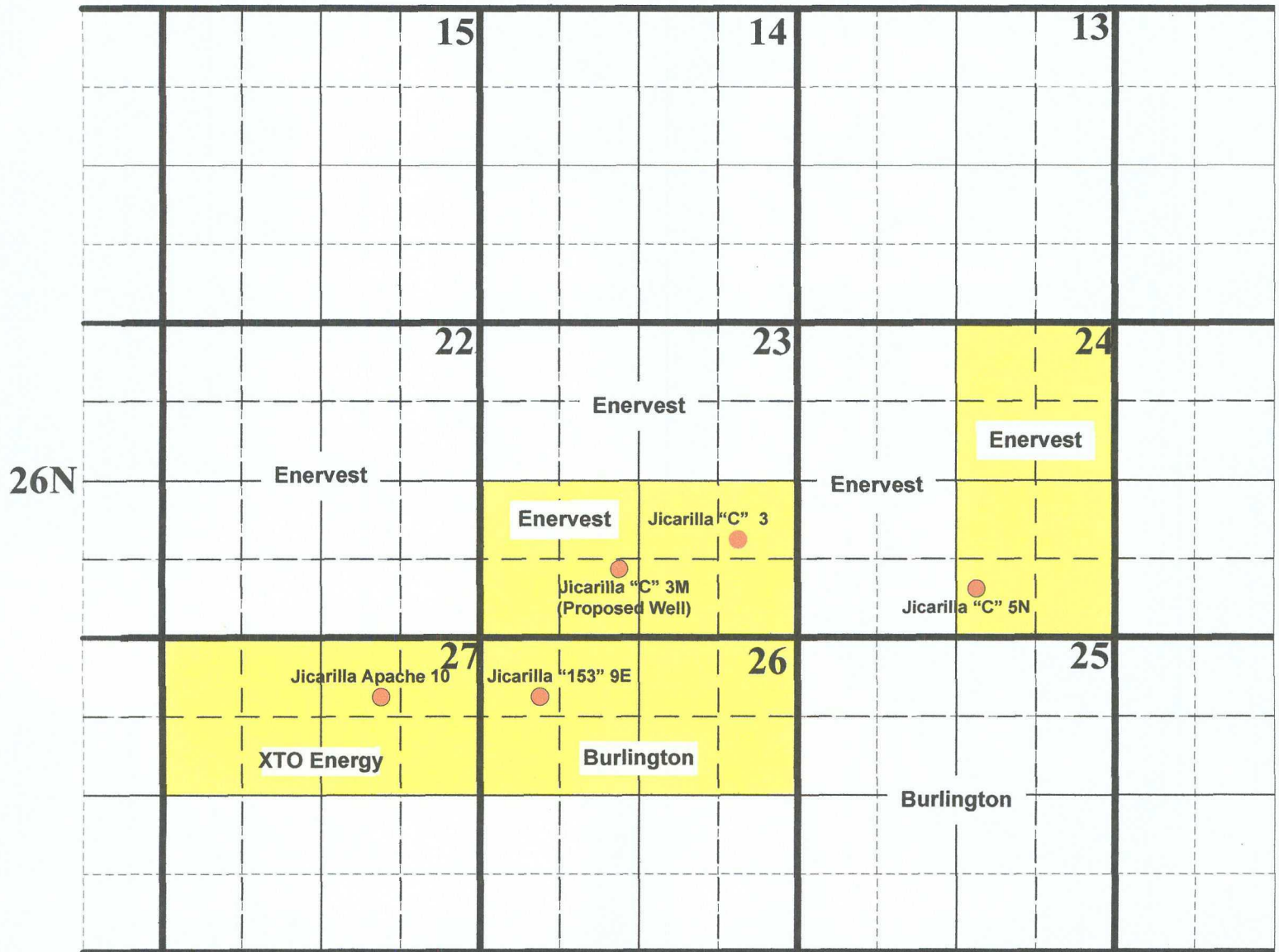
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<sup>12</sup> Dedicated Acres <b>320 Acres S/2</b>	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.						

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.

<sup>16</sup>				<sup>17</sup> <b>OPERATOR CERTIFICATION</b> <i>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.</i>  Signature _____ Date _____  Printed Name _____
				<sup>18</sup> <b>SURVEYOR CERTIFICATION</b> <i>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.</i>  Date of Survey _____ Signature and Seal of Professional Surveyor: _____  Certificate Number _____

The diagram shows a well location plat with a grid. A well location is marked with a dot and labeled 'Jicarilla C No. 3M'. Another well location is marked with a dot and labeled 'Jicarilla C No. 3'. Dimensions are indicated: 2255' (horizontal distance from left edge to Jicarilla C No. 3M), 1275' (vertical distance from bottom edge to Jicarilla C No. 3M), 990' (horizontal distance from Jicarilla C No. 3M to Jicarilla C No. 3), and 1650' (vertical distance from Jicarilla C No. 3M to Jicarilla C No. 3).

# 5 West



Existing Tapacito-Gallup Associated Pool  
Gas Spacing Units

**Enervest Operating, L.L.C.**  
**Application for Unorthodox Well Location**  
**Jicarilla "C" No. 3M**  
**Offset Operator Identification Plat**

January 20, 2011

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

TO: XTO Energy, Inc. Burlington Resources Oil & Gas Company  
810 Houston Street 3401 E. 30<sup>th</sup> Street  
Fort Worth, Texas 76102-6298 Farmington, New Mexico 87402

Re: Enervest Operating, L.L.C.  
Application for Unorthodox Well Location  
Jicarilla C No. 3M  
1275' FSL & 2255' FWL (Unit N)  
Section 23, T-26 North, R-5 West, NMPM,  
Tapacito-Gallup Associated Pool  
Ro Arriba County, New Mexico

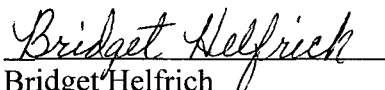
Dear Sir:

Enclosed please find a copy of the application filed by Enervest Operating, L.L.C. for unorthodox location approval for its proposed Jicarilla C Well No. 3M to be drilled 1275 feet from the South line and 2255 feet from the West line (Unit N) of Section 23, 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 S/2 of Section 23 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 C Well No. 3 located in Unit I of Section 23.

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

7010 0780 0002

Certified Fee	\$2.80
Return Receipt Fee (Endorsement Required)	\$2.30
Restricted Delivery Fee (Endorsement Required)	\$0.00
Total Postage & Fees	\$6.15

Sent To: *Burlington Resources Oil & Gas Co.*  
 Street, Apt. No., or PO Box No. *3401 E. 30th Street*  
 City, State, ZIP+4 *Farmington, New Mexico 87402*

PS Form 3800, August 2006 See Reverse for Instructions



7010 0780 0002 0835 0308

**U.S. Postal Service**  
**CERTIFIED MAIL RECEIPT**  
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**FORT WORTH TX 76102** **MAIL USE**

Postage	\$1.05
Certified Fee	\$2.80
Return Receipt Fee (Endorsement Required)	\$2.30
Restricted Delivery Fee (Endorsement Required)	\$0.00
Total Postage & Fees	\$6.15

Sent To: *XTO Energy, Inc.*  
 Street, Apt. No., or PO Box No. *810 Houston Street*  
 City, State, ZIP+4 *Fort Worth, Texas 76102-6298*

PS Form 3800, August 2006 See Reverse for Instructions

