

DATE IN 3.8.11	SUSPENSE	ENGINEER DKB	LOGGED IN 3.8.11	TYPE NSL	APP NO 1106756541
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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 B# 2M

ADMINISTRATIVE APPLICATION CHECKLIST

30-039-29914

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

6360

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]

- [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.

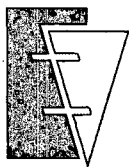
Ronnie Young
 Print or Type Name

Ronnie Young/bmh
 Signature

Compliance Supervisor
 Title

3-2-11
 Date

ryoung@enervest.net
 E-Mail Address



ENERVEST

March 2, 2011

Hand Delivered

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 B No. 2M (**API No. 30-039-29914**)
1190' FSL & 2630' FEL (Unit O)
Section 16, T-26 North, R-5 West, NMPM,
Rio Arriba County, New Mexico

Dear Mr. Sanchez,

On January 11, 2007 CDX Rio, LLC obtained approval to drill the Jicarilla B Well No. 2M as a Blanco-Mesaverde/Basin-Dakota Pool test at a standard location for both pools 1190 feet from the South line and 2630 feet from the East line (Unit O) of Section 16, 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 16. The Jicarilla B No. 2M was to be the third infill well within this spacing unit for the Basin-Dakota Gas Pool and the second infill well within this spacing unit for the Blanco-Mesaverde Gas Pool. The drilling permit was subsequently approved for an extension on January 12, 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 B No. 2M 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-2885AZ), however, due to the addition of the Gallup interval, Enervest is preparing an amended downhole commingling application to add the Tapacito Gallup-Associated Pool.

In the event the Jicarilla B No. 2M is determined to be an oil well, the S/2 SE/4 of Section 16 will be dedicated to the well forming a standard 80-acre oil spacing and proration unit in the Tapacito-Gallup Associated Pool. In the event the Jicarilla B No. 2M is determined to be a gas well, the well will be dedicated to a standard 320-acre gas spacing and proration unit comprising the S/2 of Section 16.

Prior to testing to determine whether the well will be classified as oil or gas, the Jicarilla B No. 2M will be dedicated to the S/2 of Section 16 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 oil or gas wells from the Gallup formation in offset units:

Section 16, T-26N, R-5W: **Enervest Operating, LLC:**
Jicarilla B No. 7 (Unit H) Oil Unit: E/2 NE/4 Dedication

Section 21, T-26N, R-5W: **Enervest Operating, LLC:**
Jicarilla B No. 4 (Unit H) E/2 Dedication

Jicarilla B No. 5E (Unit E) W/2 Dedication

Section 20, T-26N, R-5W: **Enervest Operating, LLC:**
Jicarilla A No. 5 (Unit G) E/2 Dedication

Section 17, T-26N, R-5W **Enervest Operating, LLC**
Jicarilla A No. 8 (Unit H) E/2 Dedication

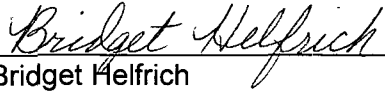
Enervest also operates offset acreage in Sections 15, 16 and 22. Please note that the interest ownership between the S/2 of Section 16 and all offsetting tracts in Sections 15, 16, 17, 20, 21 and 22 is common throughout. Consequently, Enervest owns or operates all offset acreage, therefore notice is not required and has not been provided to any other party.

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 SE/4 or the S/2 of Section 16, 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

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 30-039-29914		² Pool Code 58090		³ Pool Name Tapacito-Gallup Associated Pool	
⁴ Property Code		⁵ Property Name Jicarilla B			⁶ Well Number 2M
⁷ OGRID No. 143199		⁸ Operator Name Enervest Operating L.L.C.			⁹ Elevation 6614' GR

¹⁰ Surface Location

UL or lot no. O	Section 16	Township 26 North	Range 5 West	Lot Idn	Feet from the 1190	North/South line South	Feet from the 2630	East/West line East	County Rio Arriba
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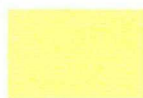
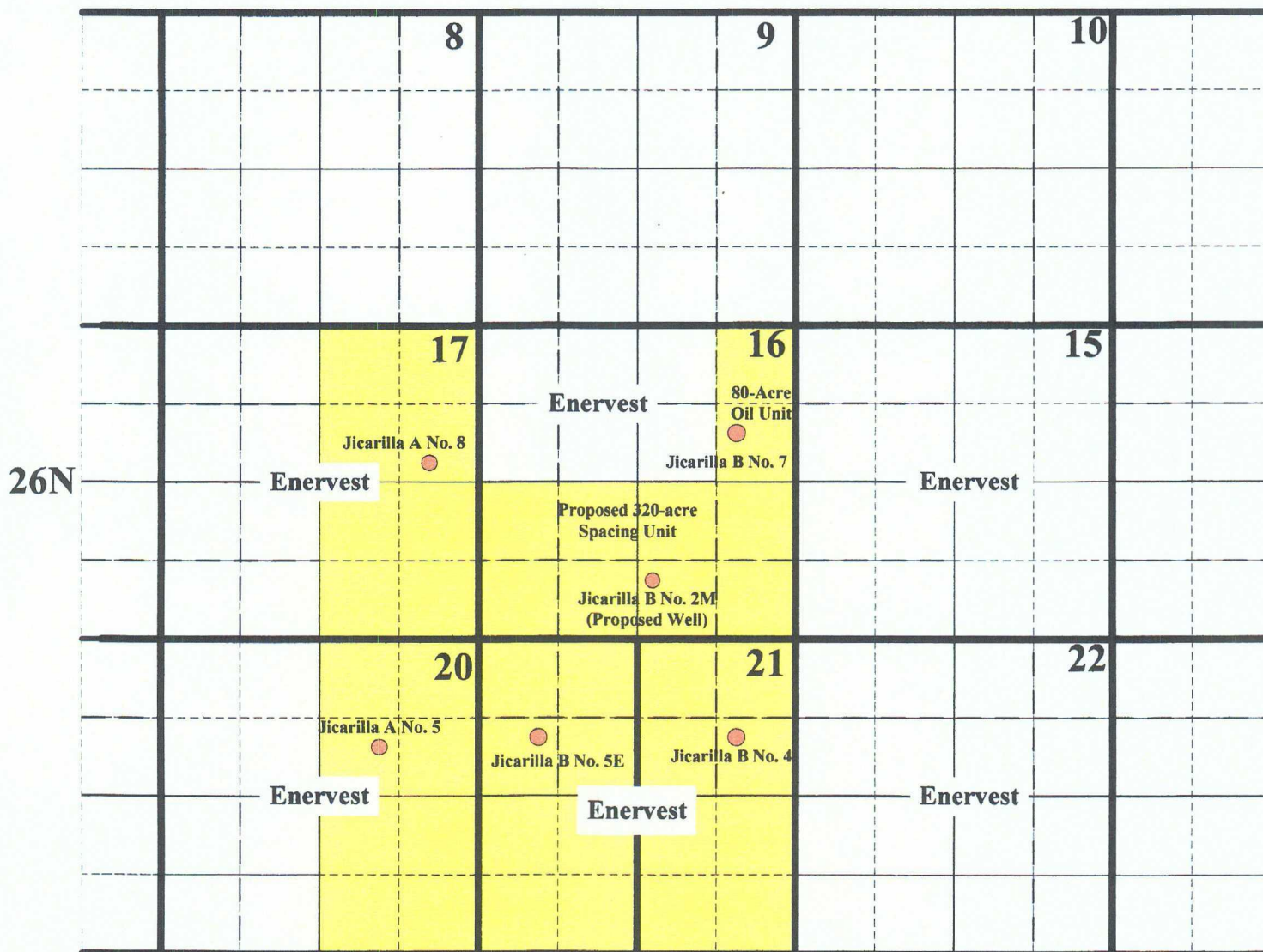
¹¹ Bottom Hole Location If Different From Surface

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 S/2		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.

<div style="border: 1px solid black; height: 100px; width: 100%; position: relative;"> <div style="position: absolute; top: 0; left: 0; width: 100%; height: 100%; border: 1px solid black;"></div> <div style="position: absolute; top: 50%; left: 50%; transform: translate(-50%, -50%);"> <p>Jicarilla B No. 2M</p> <p style="text-align: center;">2630'</p> <p style="text-align: center;">1190'</p> </div> </div>	<p>¹⁷ OPERATOR CERTIFICATION</p> <p><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></p> <p style="text-align: right;"> <i>Bridget Helfrich 3-2-11</i> Signature Date </p> <p>Bridget Helfrich Printed Name</p>
	<p>¹⁸ SURVEYOR CERTIFICATION</p> <p><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></p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p> <p>Certificate Number</p>

5 West



Existing Tapacito-Gallup Associated Pool
Oil or Gas Spacing Units

Enervest Operating, L.L.C.
Application for Unorthodox Well Location
Jicarilla B No. 2M
Offset Operator Identification Plat