

New Mexico Energy, Minerals and Natural Resources Department

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Jami Bailey
Division Director
Oil Conservation Division



May 4, 2011

Enervest Operating, LLC
Attn: Ms. Bridget Helfrich
1001 Fannin St., Suite 800
Houston, TX 77002

Administrative Order NSL-5397-A

Re: Jicarilla A Well No. 8M
API No. 30-039-29848
750 feet FNL & 2240 feet FEL
Unit B, Section 17-26N-5W
Rio Arriba County, New Mexico

Jicarilla A Well No. 8N
API No. 30-039-29839
1420 feet FSL & 2475 feet FEL
Unit J, Section 17-26N-5W
Rio Arriba County, New Mexico

Dear Ms. Helfrich:

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW11-1109435917**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on April 4, 2011, and

(b) the Division's records pertinent to this request, including the Division's records pertinent to Administrative Order NSL-5397, issued on June 9, 2006.

Enervest Operating, LLC (Enervest) has requested to drill the above-referenced wells at unorthodox locations, described above in the caption of this letter. The proposed locations were approved as unorthodox gas well locations in the Blanco Mesaverde and Basin Dakota Pools in Order

Oil Conservation Division
1220 South St. Francis Drive • Santa Fe, New Mexico 87505
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NSL-5397. By this application, Enervest seeks approval of these locations as unorthodox gas or oil well locations in the Tapacito Gallup Associated Pool (58090). If both of these wells test as gas wells in the Gallup, the E/2 of Section 17 will be dedicated thereto in order to form a standard 320-acre gas spacing unit, and if both wells test as oil wells, the E/2 NE/4 of Section 17 will be dedicated to the Jicarilla A No. 8M, and the E/2 SE/4 will be dedicated to the Jicarilla A No. 8N. If one of the wells is a gas well and the other is an oil well, a separate non-standard unit (NSP) application will be required. In the Tapacito Gallup Associated Pool, unit size 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. Spacing is 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 closer than 790 feet to any quarter section line, nor closer than 330 feet to any quarter-quarter section line.

These locations are less than 790 feet from the quarter section line.

Your application has been duly filed under the provisions of Division Rules 15.13 [19.15.15.13 NMAC] and 4.12.A(2) [19.15.4.12.A(2) NMAC].

It is our understanding that you are seeking these locations in order to utilize wellbores to be drilled at locations already approved and believed to be optimal for other formations.

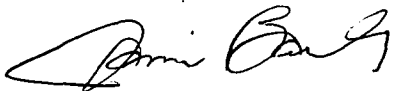
It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 4.12.A(2) [19.15.4.12.A(2) NMAC], in all adjoining units towards which the proposed locations encroach.

Pursuant to the authority conferred by Division Rule 15.13.B [19.15.15.13.B NMAC], the above-described unorthodox locations are 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 [19.15.5.9 NMAC].

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,



Jami Bailey
Director

JB/db

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