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PATRICK H. LYONS
COMMISSIONER

Commissioner of Public Lands

310 OLD SANTA FE TRAIL
P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

COMMISSIONER'S OFFICE

Phone (505) 827-5760
Fax (505) 827-5766
www.nmstatelands.org

November 25, 2008

EnerVest, LTD
1001 Fannin Street, Suite 800
Houston, Texas 77002-6707

Attention: Mr. Dwain Blakley

Re: Application of EnerVest Operating LLC
To Amend the Unit Agreement and the
Unit Operating Agreement for the
West Loco Hills Grayburg No. 4 Sand Unit and
For Statutory Unitization,
Eddy County, New Mexico

7596?
~~South or West?~~

Dear Mr. Blakley:

We are in receipt of your letter of October 16, 2008 requesting preliminary approval to amend the unit agreement and the unit operating agreement for the West Loco Hills Grayburg No. 4 Sand Unit, Eddy County, New Mexico.

It is our understanding that the amended agreement updates the old unit form to our most current unit form and does not change the State's participation in the unit or our revenue interest in the proceeds.

The Commissioner of Public Lands hereby grants preliminary approval to your request to amend the West Loco Hills Grayburg No. 4 Sand Unit Agreement.

When submitting your application for final approval please include the following:

1. Application for final approval together with the amended agreement form.
2. All ratifications from the lessees of record and Working Interest Owners. All signatures should be acknowledged by a notary and one set must contain original signatures. Please note that our lessees of record are required to ratify the amendment.
3. Amended Order of the New Mexico Oil Conservation Division. Our approval will be conditioned upon subsequent favorable approval by the New Mexico Oil Conservation Division and the Bureau of Land Management.
4. A copy of your initial plan of operation.
5. A re-designation of well names and numbers or a current listing of all wells (and API's) in the unit.

-State Land Office Beneficiaries -

Carrie Tingley Hospital • Charitable Penal & Reform • Common Schools • Eastern NM University • Rio Grande Improvement • Miners' Hospital of NM • NM Boys School • NM Highlands University • NM Institute of Mining & Technology • New Mexico Military Institute • NM School for the Deaf • NM School for the Visually Handicapped • NM State Hospital • New Mexico State University • Northern NM Community College • Penitentiary of New Mexico • Public Buildings at Capital • State Park Commission • University of New Mexico • UNM Saline Lands • Water Reservoirs • Western New Mexico University

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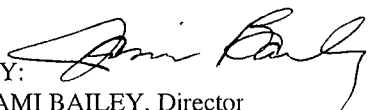
6. Our records reflect that Yates Petroleum Corporation is the operator of Record. Pursuant to Articles 8 and 9 of the current unit agreement please submit a resignation from Yates Petroleum Corporation and the designation of EnerVest, LTD as the successor unit operator.
7. Please submit a corrected Exhibit "B". On Exhibit "B" on Tract Nos. 23 through 42, the lessees of record are incorrect. Please correct the lessees of record to reflect what is in our files. Current State lease information can be obtained by visiting our web site at:
<http://octane.nmt.edu/slo/>.

Your \$90.00 filing fee has been received.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

PATRICK H. LYONS
COMMISSIONER OF PUBLIC LANDS

BY: 

JAMI BAILEY, Director
Oil, Gas and Minerals Division
(505) 827-5744

PH/JB/pm

pc: Reader File,
NMOCD – Attn: Mr. Ed Martin
BLM-Roswell Attn: Mr. John Simitz