

DATE IN 7/13	SUSPENSE	ENGINEER WJS	LOGGED IN 7/13	TYPE DHC	APPROVAL NO. DWNTJ1118447412
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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



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ADMINISTRATIVE APPLICATION CHECKLIST

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]

- [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.

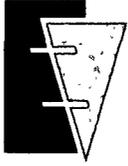
David Catanach
 Print or Type Name

David Catanach
 Signature

Agent-Enervest Operating, L.L.C.
 Title

7/13/11
 Date

drcatanach@netscape.com
 E-Mail Address



ENERVEST

July 13, 2011

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

Attn: Jami Bailey, CPG
Division Director

RE: Form C-107-A (Application to Downhole Commingle)
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 Ms. Bailey,

Attached is a Division Form C-107-A to request approval to downhole commingle the Blanco-Mesaverde Gas Pool, Tapacito-Gallup (Associated) Pool and Basin-Dakota Gas Pool within the Jicarilla B No. 2M. This well will be drilled in the near future and will be completed as a downhole commingled producer.

Also attached is a Form C-102 and offset well production data to support the proposed production allocation.

Please note that the Aztec District Office of the Division approved the downhole commingling of the Blanco-Mesaverde and Basin-Dakota Gas Pools within this well by Order No. DHC-2885-AZ. The proposed amendment is for the purpose of adding the Tapacito-Gallup (Associated) Pool.

A copy of this application is being provided to the Aztec District Office of the Division and notification of the proposed downhole commingling is being provided to the Bureau of Land Management.

If you have any questions, please contact me at (505) 690-9453.

Thank you,

David Catanach
Agent-Enervest Operating, L.L.C.

District I
1625 N. French Drive, Hobbs, NM 88240

District II
1301 W Grand Avenue, Artesia, NM 88210

District III
1000 Rio Brazos Road, Aztec, NM 87410

District IV
1220 S St Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised June 10, 2003

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

APPLICATION TYPE
 Single Well
 Establish Pre-Approved Pools
EXISTING WELLBORE
Yes No

APPLICATION FOR DOWNHOLE COMMINGLING

DAC-4438

Operator Enervest Operating, L.L.C. Address 1001 Fannin Street, Suite 800 Houston, Texas 77002

Lease Jicarilla B Well No. 2M Unit Letter-Section-Township-Range Unit O, Section 16, T-26 North, R-5 West County Rio Arriba

OGRID No. 143199 Property Code _____ API No. 30-039-29914 Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Blanco-Mesaverde	Tapacito-Gallup	Basin-Dakota
Pool Code	Prorated Gas-72319	Associated-58090	Prorated Gas-71599
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	5,084'-5,322' (Estimated)	6,785'-6,810' (Estimated)	7,328'-7,524' (Estimated)
Method of Production (Flowing or Artificial Lift)	Flowing	Flowing	Flowing
Bottomhole Pressure (Note Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)	N/A	N/A	N/A
Oil Gravity or Gas BTU (Degree API or Gas BTU)			
Producing, Shut-In or New Zone	New Zone-Not Yet Drilled	New Zone-Not Yet Drilled	New Zone-Not Yet Drilled
Date and Oil/Gas/Water Rates of Last Production. (Note For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: (See Attached Supporting Data) Rates:	Date: Rates:	Date: Rates:
Fixed Allocation Percentage (Note. If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil 0 % Gas 19 %	Oil 100 % Gas 15 %	Oil 0 % Gas 66 %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes No _____
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes _____ No _____

Are all produced fluids from all commingled zones compatible with each other? Yes No _____

Will commingling decrease the value of production? Yes _____ No

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes No _____

NMOCD Reference Case No. applicable to this well: _____

Attachments:

- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- Production curve for each zone for at least one year. (If not available, attach explanation.)
- For zones with no production history, estimated production rates and supporting data.
- Data to support allocation method or formula.
- Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
- Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE: David Catanach TITLE: Agent-Enervest Operating, L.L.C. DATE: 7/13/11

TYPE OR PRINT NAME: David Catanach TELEPHONE NO.: (505) 690-9453

E-MAIL ADDRESS: drcatanach@netscape.com

Form C-107-A
 Enervest Operating, L.L.C.
 Jicarilla B No. 2M
 API No. 30-039-29914
 1190' FSL & 2630' FEL (Unit O) Section 16, T-26N, R-5W

Proposed Allocation Percentages Based Upon Production From Offset Wells

<u>Well Name & No.</u>	<u>Well Location UL-S-T-R</u>	<u>Formation</u>	<u>2010 Average Oil Production</u>	<u>2010 Average Gas Production</u>	<u>Allocation %</u>	
					<u>Oil</u>	<u>Gas</u>
Jicarilla B No. 7 (30-039-08096)	H-16-26N-5W	Mesaverde	0.0 BOPD	16.0 MCFGPD	0%	19%
Jicarilla B No. 4 (30-039-82260)	H-21-26N-5W	Gallup	0.147 BOPD	12.46 MCFGPD	100%	15%
Jicarilla B No. 2E (30-039-22579)	J-16-26N-5W	Dakota	0.0 BOPD	55 MCFGPD	0%	66%

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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 July 16, 2010
 Submit one copy to appropriate
 District Office
 AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-039-29914	Pool Code 72319/58090/71599	Pool Name Blanco-Mesaverde/Tapacito-Gallup/Basin-Dakota
Property Code	Property Name Jicarilla B	Well Number 2M
OGRID No. 143199	Operator Name Enervest Operating, L.L.C.	Elevation 6614' G.L.

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
O	16	26 North	5 West		1190'	South	2630'	East	Rio Arriba

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

Dedicated Acres Mesaverde-S/2 Dakota-S/2 Gallup-S/2	Joint or Infill	Consolidate Code	Order No. <small>In the event the Jicarilla B No. 2M is completed as a gas well in the Tapacito-Gallup (Associated) Pool, the S/2 will be dedicated to the well. In the event the well is completed as an oil well, the S/2 SE/4 will be dedicated to the well forming a standard 80-acre oil spacing and proration unit.</small>
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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

				OPERATOR CERTIFICATION
				<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 bottomhole 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 _____
				E-mail Address _____
				SURVEYOR CERTIFICATION
				<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 _____

Mesaverde Spacing Unit: S/2
 Dakota Spacing Unit: S/2
 Gallup Spacing Unit S/2

← Jicarilla B No. 2M 2630'
 1190'