

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



June 5, 2008

Enervest Operating, L.L.C.
Attn: Ronnie L. Young
1001 Fannin St, Suite 800
Houston, TX 77002-6707

Administrative Order SD-200816

Re: J.W. Sherrell Well No. 12
API No. 30-025-38882
Unit O, Section 31, Twsp 24S, Range 37E
Lea County

Dear Mr. Young:

Reference is made to the following:

(a) your application (**administrative simultaneous dedication [SD] application reference No. pKVR08-12357881**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on May 2, 2008, and

(b) the Division's records pertinent to your request, including, but not limited to, the Division's records pertinent to Order R-5948, issued in Case No. 6465 on March 16, 1979.

Enervest Operating, L.L.C. (Enervest) has requested to simultaneously dedicate its proposed J.W. Sherrell Well No. 12, API No. 30-025-38882 (the proposed well), be drilled at a standard gas well location 660 feet from the South line and 1815 feet from the East line (Unit O) of Section 31, Township 24 South, Range 37 East, NMPM, in Lea County, along with the existing J.W. Sherrell Well No. 9 (API No. 30-025-26070), a gas well located 2250 feet from the South line and 1650 feet from the East line (Unit J) of the same section, to an existing, non-standard 160-acre gas spacing unit in the Jalmat-Tansill/Yates/Seven Rivers Gas Pool (79240), comprising the SE/4 of said Section 31. This 160-acre non-standard gas spacing unit was established by Order No.R-5984.



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Division approval of simultaneous dedication is required because Rule 3(C) of the Special Pool Rules for the Jalmat Gas Pool, as provided in Order R-8170-P, adopted December 14, 2001, prohibits the dedication of more than one gas well per 160 acres in that pool.

Your application has been duly filed under the provisions of Division Rules 104.D(3) and 1210.A, and Rule 4(B) of the Special Pool Rules for the Jalmat Gas Pool.

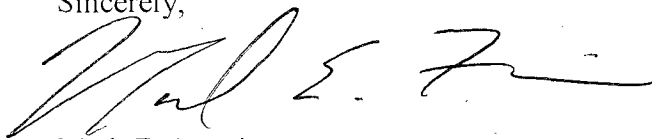
It is our understanding that you are seeking simultaneous dedication of this unit to the two wells described for geological reasons, in order to prevent waste and maximize production from this unit. As required by Rule 4(B) of the applicable pool rules, you have furnished evidence to support your conclusion that the granting of this application will prevent waste and will not impair correlative rights.

We also understand that you have given due notice of this application to all "affected persons," as defined in Rule 1210.A(2)(a), in all spacing units in the Jalmat adjoining the proposed unit.

Pursuant to the provisions of Division Rule 104.D(3) and Rule 4(B) of the Special Pool Rules for the Jalmat Gas Pool, the above-described simultaneous dedication is hereby approved.

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

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark E. Fesmire', with a stylized flourish at the end.

Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Hobbs