



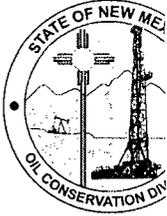
New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John H. Bemis
Cabinet Secretary-Designate

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Daniel Sanchez
Acting Division Director
Oil Conservation Division



April 6, 2011

Enervest Operating, LLC
Attn: Ms. Bridget Hrlfrich
1001 Fannin St., Suite 800
Houston, TX 77002-6707

Administrative Order NSL-6360

Re: Jicarilla B Well No. 2M
API No. 30-039-29914
1190 feet FSL & 2630 Feet FEL
Unit O, Section 16-26N-5W
Rio Arriba County, New Mexico

Dear Ms. Helfrich:

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW11-06756541**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on March 8, 2011, and

(b) the Division's records pertinent to this request.

Enervest Operating, LLC (Enervest) [OGRID143199] has requested to drill the above-referenced well to an unorthodox location in the Tapacito Gallup Associated Pool (58090), described above in the caption of this letter. Unit size in this pool 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.

Initially, the S/2 of Section 16 will be dedicated to this well in order to form a standard 320-acre, more or less, gas spacing unit in the Tapacito Gallup Associated Pool. If the well tests



April 6, 2011

Page 2

as an oil well, the S/2 SE/4 of the Section 16 will be dedicated to the well to form a standard, 80-acre oil spacing unit. The proposed location is unorthodox in the Tapacito-Gallup in either case, since it is less than 330 feet from a quarter-quarter section boundary. Enervest also proposes to complete this well in the Blanco Mesaverde and Basin Dakota Pools. However, the proposed location is orthodox in those pools.

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

It is our understanding that you are seeking this location for geologic reasons, in order to drill the well at an optimal location for production from all three target formations.

It is also understood that notice of this application to offsetting operators or owners is unnecessary due to common ownership.

Pursuant to the authority conferred by Division Rule 15.13.B, the above-described unorthodox location is 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

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

Sincerely,



J. Daniel Sanchez
Acting Director

JDS/db

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