

DATE IN <u>4.4.11</u>	SUSPENSE	ENGINEER <u>DLB</u>	LOGGED IN <u>4.4.11</u>	TYPE <u>NSL</u>	APP NO. <u>1109435917</u>
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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



RECEIVED OGD
 2011 APR -4 A 9:16

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.

Ronnie L. Young
 Print or Type Name Signature

Compliance Supervisor
 Title

3-30-11
 Date

ryoung@enervest.net
 E-Mail Address

Enervest 143199
Jicarilla A 30-139-
 8M-03-29848
 8N-29839



March 30, 2011

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

Attn: Daniel Sanchez, Acting Division Director

RE: Request to Amend Administrative Order No. NSL-5397
Jicarilla A No. 8M
750' FNL & 2240' FEL (Unit B)
Jicarilla A No. 8N
1420' FSL & 2475' FEL (Unit J)
Section 17, T-26 North, R-5 West, NMPM,
Rio Arriba County, New Mexico

Dear Mr. Sanchez,

By Order No. NSL-5397 dated June 9, 2006, the Division authorized CDX Rio, L.L.C. to drill the Jicarilla A Wells No. 8M and 8N at unorthodox infill gas well locations in both the Blanco-Mesaverde (72319) and Basin-Dakota (71599) Gas Pools 750 feet from the North line and 2240 feet from the East line (Unit B), and 1420 feet from the South line and 2475 feet from the East line (Unit J), respectively, both in Section 17, Township 26 North, Range 5 West, NMPM, Rio Arriba County, New Mexico. The E/2 of Section 24 was dedicated to both wells in the Blanco-Mesaverde and Basin-Dakota Gas Pools.

Enervest Operating, L.L.C. ("Enervest"), the successor operator of these wells, hereby requests an amendment to Order No. NSL-5397 to authorize non-standard location approval for both wells in the Tapacito-Gallup Associated Pool (58090). The Tapacito-Gallup Associated Pool is currently governed by the "Special Rules and Regulations for the Tapacito-Gallup Associated Pool/General Rules and Regulations for Associated Oil and Gas Pools in Northwest and Southeast New Mexico", as established by Division Order No. R-5353, as amended. These rules provide that:

- 1) A standard oil proration unit shall be 80 acres. A standard gas proration unit shall be 320 acres;
- 2) Wells shall be located no closer than 790 feet to any quarter section line nor closer than 330 feet to any quarter-quarter section line or subdivision inner boundary;
- 3) A well shall be classified as a gas well if it has a gas-liquid ratio of 30,000 or more cubic feet of gas per barrel of liquid hydrocarbons. If the gas-liquid ratio is less than 30,000:1, it shall be classified as an oil well.

Enervest has not yet drilled the subject wells, but recent activity in this area indicates that the Gallup interval may be commercially productive. The wells are proposed to be completed as downhole commingled completions in the Blanco-Mesaverde, Basin-Dakota and Tapacito-Gallup Associated Pools. The Aztec District Office of the Division has already approved the downhole commingling of the Basin-Dakota and Blanco-Mesaverde Gas Pools within the subject wells, however, due to the addition of the Gallup interval, Enervest is preparing amended downhole commingling applications to add the Tapacio Gallup-Associated Pool.

In the event the Jicarilla A No. 8M is determined to be an oil well, the W/2 NE/4 of Section 17 will be dedicated to the well forming a standard 80-acre oil spacing and proration unit in the Tapacito-Gallup Associated Pool.

In the event the Jicarilla A No. 8N is determined to be an oil well, the W/2 SE/4 of Section 17 will be dedicated to the well forming a standard 80-acre oil spacing and proration unit in the Tapacito-Gallup Associated Pool.

In the event one or both wells are determined to be gas wells, the well(s) will be dedicated to an existing 320-acre gas spacing and proration unit in the Tapacito-Gallup Associated Pool comprising the E/2 of Section 17. This unit is currently dedicated to the Enervest Jicarilla A Well No. 8 (API No. 30-039-08163) located 2365 feet from the North line and 790 feet from the East line (Unit H) of Section 17.

Under the scenario in which either or both the Jicarilla A Wells No. 8M and 8N are classified as oil wells, Enervest will file an application to create a non-standard gas spacing and proration unit that will include acreage in the E/2 of Section 17 not dedicated to an 80-acre oil unit.

Pursuant to the general rules for the associated pools, Enervest is required to provide notice of this application to "all operators of proration or spacing units offsetting the unit for which the unorthodox location is sought". A search of Division records shows that the following-described wells are producing as gas or oil wells from the Gallup formation in offset units:

Section 8, T-26N, R-5W:	Noble Energy, Inc.: Jicarilla No. 3E (Unit F) W/2 Dedication
Section 16, T-26N, R-5W:	Enervest Operating, LLC: Jicarilla B No. 7 (Unit H) 80-Acre Oil Unit (E/2 NE/4) Jicarilla B No. 2M (Unit O) Proposed Well: S/2 Dedication
Section 21, T-26N, R-5W:	Enervest Operating, LLC: Jicarilla B No. 4 (Unit H) E/2 Dedication Jicarilla B No. 5E (Unit E) W/2 Dedication
Section 20, T-26N, R-5W:	Enervest Operating, LLC: Jicarilla A No. 5 (Unit G) E/2 Dedication

As indicated on the attached plat, Enervest will provide notice of this application to all operators of proration or spacing units offsetting the proposed Jicarilla A Wells No. 8M & 8N.

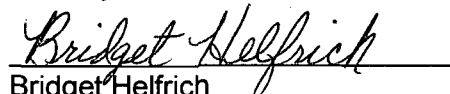
These offset operators include Noble Energy, Inc. and Energen Resources Corporation. Please note that Enervest also operates offset acreage in the W/2 of Section 17 and all of Sections 16, 20 and 21, T-26N, R-5W, and that the interest ownership in this offset acreage and in the E/2 of Section 17 is common throughout. Also please note that Enervest also operates offset acreage in Section 9, T-26N, R-5W. Since the working interest ownership between the E/2 of Section 17 and Section 9 is slightly different, Enervest is providing notice of this application to the Jicarilla Apache Nation, the only other working interest owner in Section 9.

Attached is a plat showing the proposed spacing unit, unorthodox well locations and adjoining spacing units and wells.

Approval of the requested amendment will provide Enervest the opportunity to recover Gallup reserves underlying the W/2 NE/4, W/2 SE/4 or the E/2 of Section 17, thereby preventing waste, and will not violate correlative rights.

If you have any questions, please contact me at 713-495-6537.

Thank you,



Bridget Helfrich
Regulatory Tech.

Xc: OCD-Aztec

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

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 30-039-29848 30-039-29839		Pool Code 58090	Pool Name Tapacito-Gallup Associated Pool
Property Code	Property Name Jicarilla A		Well Number 8M & 8N
OGRID No. 143199	Operator Name Enervest Operating, LLC		Elevation 6665'

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B J	17	26 North	5 West		750' 1420'	North South	2240' 2475'	East East	Rio Arriba

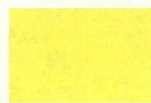
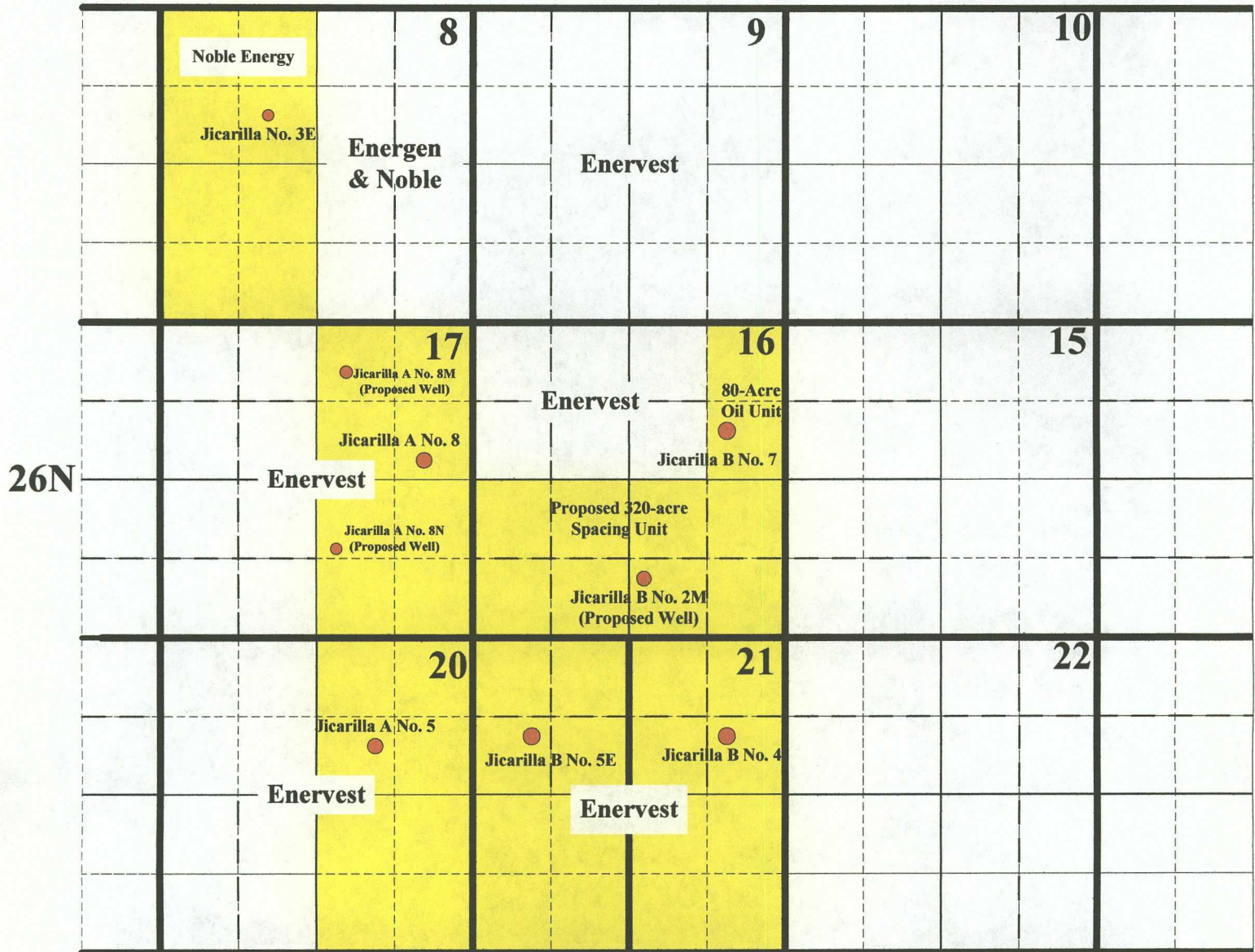
Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 320 Acres		Joint or Infill		Consolidate Code		Order No. NSL application filed for the Jicarilla "A" Wells No. 8M & 8N			

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	
	<p><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 heretofor entered by the Division.</i></p> <p><u>Bridget Helfrich 3-30-11</u> Signature Date</p> <p>Bridget Helfrich Printed Name</p> <p><u>Bhelfrich@Enervest.net</u> E-mail Address</p>	
	SURVEYOR CERTIFICATION	
	<p><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></p> <p>_____ Date of Survey</p> <p>_____ Signature and Seal of Professional Surveyor:</p> <p>_____ Certificate Number</p>	

5 West



Existing Tapacito-Gallup Associated Pool
Oil or Gas Spacing Units

Enervest Operating, L.L.C.
Application for Unorthodox Well Locations
Jicarilla A Wells No. 8M & 8N
Offset Operator Identification Plat

March 30, 2011

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: OFFSET OPERATORS/INTEREST OWNERS (SEE ATTACHED LIST)

Re: Enervest Operating, L.L.C.
Application to Amend NSL-5397
Jicarilla A No. 8M
750' FNL & 2240' FEL (Unit B)
Jicarilla A No. 8N
1420' FSL & 2475' FEL (Unit J)
Section 17, T-26 North, R-5 West, NMPM,
Tapacito-Gallup Associated Pool
Rio Arriba County, New Mexico

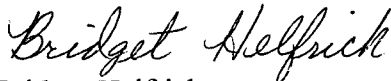
Dear Sir:

Enclosed please find a copy of the application filed by Enervest Operating, L.L.C. for unorthodox location approval for its proposed Jicarilla A Wells No. 8M and 8N to be drilled, respectively, 750 feet from the North line and 2240 feet from the East line (Unit B), and 1420 feet from the South line and 2475 feet from the East line (Unit J), both in Section 17, T-26 North, R-5 West, NMPM, to test the Tapacito-Gallup Associated Pool, Rio Arriba County, New Mexico. An existing 320-acre gas spacing and proration unit comprising the E/2 of Section 17 is to be dedicated to the subject wells in the Tapacito-Gallup Associated Pool. This unit is currently dedicated to Enervest Operating, L.L.C.'s Jicarilla A Well No. 8 located in Unit H of Section 17.

As the owner of an interest that may be affected by the proposed unorthodox locations, you are being provided notice as per Division rules and regulations. Objections must be filed in writing at the Division's Santa Fe office within 20 days from the date this notice was sent to you. If no objection is received within twenty days after the filing of this application and proof of notice with the Division, the application may be approved.

If you should have any questions, please call me at (713) 495-6537.

Sincerely,



Bridget Helfrich
Regulatory Tech
Enervest Operating, L.L.C.
1001 Fannin Street
Suite 800
Houston, Texas 77002-6707

Enclosure

Notice List
Application to Amend NSL-5397
Enervest Operating, LLC
Jicarilla A Wells No. 8M & 8N
Tapacito-Gallup Associated Pool
Rio Arriba County, New Mexico

Noble Energy, Inc.
1625 Broadway, Suite 2000
Denver, Colorado 80202

Energen Resources Corporation
2010 Afton Place
Farmington, New Mexico 87401

Holland Knight
2099 Pennsylvania Ave., NW
Suite 100
Washington, DC 20006

Mr. Levi Pesata, President
Jicarilla Apache Nation
P.O. Box 507
Dulce, New Mexico 87528

7010 0780 0002 0835 0261

U.S. Postal Service

CERTIFIED MAIL RECEIPT

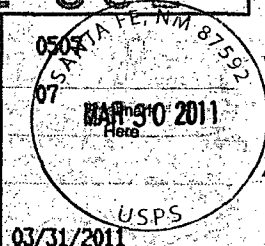
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

DENVER CO 80202

OFFICIAL USE

Postage	\$ 1.05
Certified Fee	\$2.80
Return Receipt Fee (Endorsement Required)	\$2.30
Restricted Delivery Fee (Endorsement Required)	\$0.00
Total Postage & Fees	\$ 6.15



Sent To *Note Energy, Inc.*
 Street, Apt. No.,
 or PO Box No. *1625 Broadway, Suite 200*
 City, State, ZIP+4 *Denver, Colorado 80202*

PS Form 3800, August 2006

See Reverse for Instructions

7010 0780 0002 0835 0254

U.S. Postal Service

CERTIFIED MAIL RECEIPT

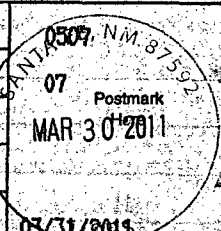
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

FARMINGTON NM 87401

OFFICIAL USE

Postage	\$ 1.22
Certified Fee	\$2.80
Return Receipt Fee (Endorsement Required)	\$2.30
Restricted Delivery Fee (Endorsement Required)	\$0.00
Total Postage & Fees	\$ 6.32



Sent To *Energren Resources Corp*
 Street, Apt. No.,
 or PO Box No. *2010 Afton Place*
 City, State, ZIP+4 *Farmington, New Mexico 87401*

PS Form 3800, August 2006

See Reverse for Instructions

7010 0780 0002 0835 0247

U.S. Postal Service

CERTIFIED MAIL RECEIPT

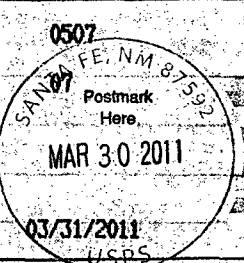
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

WASHINGTON DC 20006

OFFICIAL USE

Postage	\$ 1.22
Certified Fee	\$2.80
Return Receipt Fee (Endorsement Required)	\$2.30
Restricted Delivery Fee (Endorsement Required)	\$0.00
Total Postage & Fees	\$ 6.32



Sent To *Holland Knight*
 Street, Apt. No.,
 or PO Box No. *2099 Pennsylvania Ave, NW, Suite 100*
 City, State, ZIP+4 *Washington, DC 20006*

PS Form 3800, August 2006

See Reverse for Instructions

7010 0780 0002 0835 0230

U.S. Postal Service

CERTIFIED MAIL RECEIPT

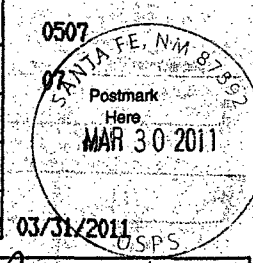
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

DULCE NM 87528

OFFICIAL USE

Postage	\$ 1.05
Certified Fee	\$2.80
Return Receipt Fee (Endorsement Required)	\$2.30
Restricted Delivery Fee (Endorsement Required)	\$0.00
Total Postage & Fees	\$ 6.15



Sent To *Levi Pesata, Jicarilla Apache Nation*
 Street, Apt. No.,
 or PO Box No. *P.O. Box 507*
 City, State, ZIP+4 *Dulce, New Mexico 87528*

PS Form 3800, August 2006

See Reverse for Instructions

Brooks, David K., EMNRD

From: Brooks, David K., EMNRD
Sent: Wednesday, April 13, 2011 9:08 AM
To: 'ryoung@enervest.net'
Subject: Enervest - Jicarilla A #8M; NSL Application

Dear Mr. Young

Your recitation of ownership and parties noticed regarding this application does not address the offsetting section to the North, presumably Section 5. This is significant since the Jicarilla A #8M is apparently less than the required 790 feet from the north line of Section 8.

Can you advise us regarding the ownership of the land to the north, and whether there are additional affected persons to whom notice would be required?

Sincerely

David K. Brooks

Brooks, David K., EMNRD

From: David Catanach [drcatanach@netscape.com]
Sent: Wednesday, April 13, 2011 10:15 AM
To: Helfrich, Bridget; Brooks, David K., EMNRD
Cc: Ronnie Young
Subject: Re: FW: Enervest - Jicarilla A #8M; NSL Application

Mr. Brooks,

I am working with Enervest and I put together the subject application.

Please note that the Jicarilla A No. 8M is located in Unit B of Section 17. Since the well encroaches to the north, we have notified Energen and Noble Energy, the leasehold owners and/or operators in the affected offset acreage in Section 8.

As further explained in the application, the additional offset acreage in the W/2 of Section 17, all of Section 9, all of Section 16, W/2 of Section 21 and E/2 of Section 20 is either leased or operated by Enervest. In addition, the working interest ownership between the E/2 of Section 17 and all offset acreage operated or leased by Enervest is common, therefore no additional interest owners were required to be notified.

If you need additional information, please E-mail or call me at (505) 690-9453.

Thanks,

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

--- BHelfrich@EnerVest.net wrote:

From: "Helfrich, Bridget" <BHelfrich@EnerVest.net>
To: "drcatanach@netscape.com" <drcatanach@netscape.com>
Subject: FW: Enervest - Jicarilla A #8M; NSL Application
Date: Wed, 13 Apr 2011 11:00:41 -0500

From: Brooks, David K., EMNRD [<mailto:david.brooks@state.nm.us>]
Sent: Wednesday, April 13, 2011 10:08 AM
To: Young, Ronnie
Subject: Enervest - Jicarilla A #8M; NSL Application

Dear Mr. Young

Your recitation of ownership and parties noticed regarding this application does not address the offsetting section to the North, presumably Section 5. This is significant since the Jicarilla A #8M is apparently less than the required 790 feet from the north line of Section 8.

Can you advise us regarding the ownership of the land to the north, and whether there are additional affected persons to whom notice would be required?

Sincerely

David K. Brooks

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