

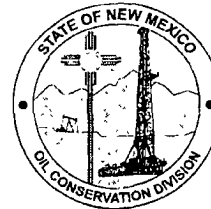
New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Jon Goldstein
Cabinet Secretary

Jim Noel
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



Administrative Order DHC-4260

Order Date: 2/12/2010

Application Reference Number: pWVJ1004350929

ENERVEST OPERATING L.L.C.
1001 FANNIN ST, STE 800,
HOUSTON, TX 77002

Attention: Bridget Helfrich

C T BATES Well No. 001
API No: 30-025-11969
Unit L, Section 10, Township 26 South, Range 37 East, NMPM
Lea County, New Mexico

Pool: UNDES LEONARD;QUEEN, SOUTH
Names: RHODES;YATES-SEVEN RIVERS (GAS)

Oil 38760
Gas 83810

Reference is made to your recent application for an exception to Rule 12.9A. of the Division Rules and Regulations to permit the above-described well to commingle production from the subject pools in the wellbore.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of Rule 12.11A., and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and any Division Order which authorized the dual completion or otherwise required separation of the zones is hereby placed in abeyance.

In accordance with Division 12.11A.(6), the production attributed to any commingled pool within the well shall not exceed the allowable applicable to that pool.

Assignment of allowable and percentage allocation of production from the well shall be supplied to the Division within 60 days following completion of this well or of this workover.

REMARKS: The operator shall notify the Division's district office upon implementation of commingling operations.



Pursuant to Rule 12.11B., the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.

A handwritten signature in black ink, appearing to read 'Mark E. Fesmire', is written over a horizontal line.

MARK E. FESMIRE, P.E.
Acting Director

MEF/wvjj

cc: Oil Conservation Division – Hobbs

DATE IN 2/9/10	SUSPENSE	ENGINEER WTS	LOGGED IN	TYPE DAC 1260	APP NO PWTJ 1004350929
-------------------	----------	-----------------	-----------	---------------------	---------------------------

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



RECEIVED OOD

2010 FEB 11 A 10:58

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 _____

RECEIVED

MAR 12 2010

HOBBSD

[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.

Bridget Helfrich
 Print or Type Name

Bridget Helfrich
 Signature

Regulatory Tech
 Title

2-10-10
 Date

bhelfrich@enervest.net
 E-Mail Address

February 10, 2010

HAND DELIVERED

Energy, Minerals and Natural Resources Department
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Attention: Mr. Mark E. Fesmire, Director


Re: Form C-107A
Enervest Operating, L.L.C.
C T Bates No. 1
API No. 30-025-11969
1980' FSL & 660' FWL (Unit L)
Section 10, T-26S, R-37E, NMPM,
Lea County, New Mexico

Dear Mr. Fesmire,

Enclosed please find a Division Form C-107A for the Enervest Operating, L.L.C. C T Bates Well No. 1. It is proposed to downhole commingle the Rhodes Yates-Seven Rivers and South Leonard-Queen Pools within the subject well. Approval of the application will allow Enervest Operating, L.L.C. to economically produce the oil and gas reserves in the Yates-Seven Rivers and Queen intervals, thereby preventing waste. Please note that the interest ownership between the commingled zones is common throughout. Consequently, the proposed downhole commingling will not violate correlative rights.

I believe that all the information necessary to approve the application is enclosed. If additional information is needed, please contact me at (713) 495-6537.

Sincerely,



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

Xc: OCD-Hobbs