Vew 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 Oil 38760 Names: RHODES;YATES-SEVEN RIVERS (GAS) 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.

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Pursuant to Rule 12.11B., the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.

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MARK E. FESMIRE, P.E. Acting Director

MEF/wvjj

cc: Oil Conservation Division – Hobbs

j.	10 -	- wV)	<u> </u>	DAC	12 WW KT 100 1350929			
DATE	SUSPENSE	ENGINEER	LOGGED IN	Theyeld	1001350707			
	NTE		THIS LINE FOR DIVISION USE ON					
NEW MEXICO OIL CONSERVATION DIVISION - Engineering Bureau - 1220 South St. Francis Drive, Santa Fe, NM 87505								
		DMINISTRATIVE		ION CHECK	19:58- KLIST			
	THIS CHECKLIST IS MAND	DATORY FOR ALL ADMINISTRAT	IVE APPLICATIONS FOR	EXCEPTIONS TO DIVIS	SION RULES AND REGULATIONS			
Appli	[DHC-Downho [PC-Pool [W	ard Location] [NSP-Non-S ole Commingling] [CTB	Standard Proration -Lease Commingli ff-Lease Storage])] [PMX-Pressure ()31] [IPI-Injectio	Unit] [SD-Simulta ng] [PLC-Pool/Le [OLM-Off-Lease Maintenance Exp	ease Commingling] Measurement] pansion] se]			
[1]		LICATION - Check Those Location - Spacing Unit - S			RECEIVED			
	[\square NSL \square NSP \square	SD		MAR 1 2 2010			
	[B] (ne Only for [B] or [C] Commingling - Storage - M DHC CTB	1easurement PLC PC		HOBBSUCD			
	[C] [Injection - Disposal - Press			PPR			
	[D] (Other: Specify			_			
[2]	NOTIFICATIO [A]	N REQUIRED TO: - Cha			Not Apply			
	[B]	Offset Operators, Lea	seholders or Surfac	e Owner				
	[C]	Application is One W	hich Requires Pub	ished Legal Notice				
	[D]	Notification and/or C U.S. Bureau of Land Manageme						
	[E]	For all of the above, I	Proof of Notification	n or Publication is A	Attached, and/or,			
	[F]	U Waivers are Attached						
[3]		URATE AND COMPLET ION INDICATED ABOV		ON REQUIRED T	O PROCESS THE TYPE			
[4] appro		ON: I hereby certify that t complete to the best of my			blication for administrative o action will be taken on this			

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Bridget Helfrich Print or Type Name

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Signature

application until the required information and notifications are submitted to the Division.

Regulatory Tech Title

<u>2-/0-/0</u> Date

bhelfrich@enervest.net E-Mail Address

District I 1625 N. French Drive, Habbs, NM 88240	State of New Mexico		Form C-107A	
District II	Energy, Minerals and Natural Resources Department		Revised June 10, 2003	RECEIVED MAR 12 2010 HOBBSOCD
1301 W Grand Avenue, Artesus, NM 88210	Oil Conservation Division		APPLICATION TYPE	RECENT
District III	1220 South St. Francis Dr.		<u>X</u> Single Well	VEN
1000 Run Brazos Road, Azzoc, NM 87410	Santa Fe, New Mexico 87505		Establish Pre-Approved Pools	MARIZO
District IV	A PRUCATION FOR DO	WNHOLE COMMINGLING	EXISTING WELLBORE	Ha. CUII
1220 S St Francis Dr., Santa Fe NM 87505	AFFEICATION FOR DU	WINHOLE COMMINGEING	X Yes No	HOBBNOC
· · · · · · · · · · · · · · · · · · ·				
Enervest Operating, L.L.C	. 1001 Fannin St			
Operator		dress	louston, Texas 77002	
<u>C T Bates</u>		& 660' FWL (L) 10-26S-3		
Lease	well No Unit Letter-	Section-Township-Range	County	
OGRID No. 143199 Property Cod	le API No30-0	25-11969 Lease Type:	FederalStateX_Fee	
	1	1		1
DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE	
			UNIZZ	
Pool Name	Rhodes Y-SR Pool (Gas)		• •	
			South Leonard-Queen	
Pool Code	Gas-83810		Oil-38760	
Top and Bottom of Pay Section				
(Perforated or Open-Hole Interval)	2,743'-2,989' (Perforated)	-	3,302'-3,492' (Proposed Perfs)	
(Flowing or Artificial Lift)	Artificial Lift		Artificial Lift	
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)	Not Required		Not Required	
Oil Gravity or Gas BTU	•			
(Degree API or Gas BTU)	1420		32.1° API	
Producing, Shut-In or	Producing; Well Re-Entered	······································		
New Zone	& Completed 3/1/2002		New Zone	
Date and Oil/Gas/Water Rates of				,
Last Production. (Note For new zones with no production history,	Date: 2009 Average:	Date [.]	Date: Estimated	
applicant shall be required to attach production	Rates 0 BOPD	1	Rates: 5 BOPD	
estimates and supporting data)	38 MCFGPD	Rates:	246 MCFGPD	
8	0 BWPD		39 BWPD	
Fixed Allocation Percentage (Note If allocation is based upon something other	Oil Gas	Oil Gas	Oil Gas	
than current or past production, supporting data or	To Be Provided After	% %	To Be Provided After	
explanation will be required)	Completion	% %	Completion	
explanation will be required)		/ / / / /	Completion	

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? If not, have all working, royalty and overriding royalty interest owners been notified by certified mail?	Yes <u>X</u> Yes	_No _No
Are all produced fluids from all commingled zones compatible with each other?	Yes X	No
Will commingling decrease the value of production?	Yes	No <u>X</u>
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? N/A	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.

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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

interest events that the information above is the and complete to the best of my knowledge and benefit.
SIGNATURE Bridget Helfrich TITLE Regulatory Tech DATE 2/10/2010
TYPE OR PRINT NAME Bridget Helfrich TELEPHONE NO(713) 495-6537
E-MAIL ADDRESS bhelfrich@enervest.net

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,

Helfrich

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

Xc: OCD-Hobbs