

2/6/09 DATE IN	SUSPENSE	W. Jones ENGINEER	2/6/09 LOGGED IN	SWD TYPE	PKAA 0903755802 APP NO.
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -

2009 FEB 6 PM 2:26 1220 South St. Francis Drive, Santa Fe, NM 87505



30-015-24658
OAS 34 #1
OGX Resources LLC
219955

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.

Ann Ritchie
Print or Type Name

Signature

Regulatory Agent
Title

Date

ann.wtor@gmail.com
E-Mail Address

January 27, 2009

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-108
OGX Resources, LLC
Otis "34" Well No. 1
API No. 30-015-24658
1829' FNL & 1980' FWL, Unit F
Section 34, T-22S, R-27E, NMPM,
Eddy County, New Mexico

Dear Mr. Fesmire,

Enclosed please find a Division Form C-108 (Application for Authorization to Inject) for the OGX Resources, LLC Otis "34" Well No. 1. This well was originally drilled by Read & Stevens, Inc. in November, 1983 and produced for a time from the Wolfcamp and Morrow intervals. The well was plugged and abandoned in April, 1997. OGX Resources, LLC has acquired this wellbore, and proposes to utilize the well for disposal of produced water from the Morrow formation originating from OGX Resources, LLC wells in this area. Injection is proposed to occur into the Bell Canyon and Cherry Canyon members of the Delaware formation through the perforated intervals from 2,732'-2,795' and 2,984'-3,030'. There are currently no wells in Section 34 that produce from the Delaware interval. An examination of Division records also shows that there is no Delaware production in any section offsetting Section 34. Approval of the application will prevent the drilling of unnecessary wells and will not cause waste.

I believe that all the information necessary to approve the application is enclosed. If additional information is needed, please contact me at (432) 684-6381.


Sincerely,



Ann Ritchie
Regulatory Agent

Xc: OCD-Artesia

APPLICATION FOR AUTHORIZATION TO INJECT

- I. PURPOSE: Secondary Recovery Pressure Maintenance X Disposal Storage
Application qualifies for administrative approval? X Yes No
- II. OPERATOR: OGX Resources, LLC
ADDRESS: c/o P.O. Box 953 Midland, Texas 79702
CONTACT PARTY: Ann Ritchie, Regulatory Agent PHONE: (432) 684-6381
- III. WELL DATA: Complete the data required on the reverse side of this form for each well proposed for injection.
Additional sheets may be attached if necessary.
- IV. Is this an expansion of an existing project? Yes X No
If yes, give the Division order number authorizing the project: _____
- V. Attach a map that identifies all wells and leases within two miles of any proposed injection well with a one-half mile radius circle drawn around each proposed injection well. This circle identifies the well's area of review.
- VI. Attach a tabulation of data on all wells of public record within the area of review which penetrate the proposed injection zone. Such data shall include a description of each well's type, construction, date drilled, location, depth, record of completion, and a schematic of any plugged well illustrating all plugging detail.
- VII. Attach data on the proposed operation, including:
1. Proposed average and maximum daily rate and volume of fluids to be injected;
 2. Whether the system is open or closed;
 3. Proposed average and maximum injection pressure;
 4. Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and,
 5. If injection is for disposal purposes into a zone not productive of oil or gas at or within one mile of the proposed well, attach a chemical analysis of the disposal zone formation water (may be measured or inferred from existing literature, studies, nearby wells, etc.).
- *VIII. Attach appropriate geologic data on the injection zone including appropriate lithologic detail, geologic name, thickness, and depth. Give the geologic name, and depth to bottom of all underground sources of drinking water (aquifers containing waters with total dissolved solids concentrations of 10,000 mg/l or less) overlying the proposed injection zone as well as any such sources known to be immediately underlying the injection interval.
- IX. Describe the proposed stimulation program, if any.
- *X. Attach appropriate logging and test data on the well. (If well logs have been filed with the Division, they need not be resubmitted).
- *XI. Attach a chemical analysis of fresh water from two or more fresh water wells (if available and producing) within one mile of any injection or disposal well showing location of wells and dates samples were taken.
- XII. Applicants for disposal wells must make an affirmative statement that they have examined available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the disposal zone and any underground sources of drinking water.
- XIII. Applicants must complete the "Proof of Notice" section on the reverse side of this form.
- XIV. Certification: I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.
- NAME: Ann Ritchie TITLE: Regulatory Agent
SIGNATURE:  DATE: 1-29-09
E-MAIL ADDRESS: ann.wtor@gmail.com
- * If the information required under Sections VI, VIII, X, and XI above has been previously submitted, it need not be resubmitted. Please show the date and circumstances of the earlier submittal: _____

III. WELL DATA

A. The following well data must be submitted for each injection well covered by this application. The data must be both in tabular and schematic form and shall include:

- (1) Lease name; Well No.; Location by Section, Township and Range; and footage location within the section.
- (2) Each casing string used with its size, setting depth, sacks of cement used, hole size, top of cement, and how such top was determined.
- (3) A description of the tubing to be used including its size, lining material, and setting depth.
- (4) The name, model, and setting depth of the packer used or a description of any other seal system or assembly used.

Division District Offices have supplies of Well Data Sheets which may be used or which may be used as models for this purpose. Applicants for several identical wells may submit a "typical data sheet" rather than submitting the data for each well.

B. The following must be submitted for each injection well covered by this application. All items must be addressed for the initial well. Responses for additional wells need be shown only when different. Information shown on schematics need not be repeated.

- (1) The name of the injection formation and, if applicable, the field or pool name.
- (2) The injection interval and whether it is perforated or open-hole.
- (3) State if the well was drilled for injection or, if not, the original purpose of the well.
- (4) Give the depths of any other perforated intervals and detail on the sacks of cement or bridge plugs used to seal off such perforations.
- (5) Give the depth to and the name of the next higher and next lower oil or gas zone in the area of the well, if any.

XIV. PROOF OF NOTICE

All applicants must furnish proof that a copy of the application has been furnished, by certified or registered mail, to the owner of the surface of the land on which the well is to be located and to each leasehold operator within one-half mile of the well location.

Where an application is subject to administrative approval, a proof of publication must be submitted. Such proof shall consist of a copy of the legal advertisement which was published in the county in which the well is located. The contents of such advertisement must include:

- (1) The name, address, phone number, and contact party for the applicant;
- (2) The intended purpose of the injection well; with the exact location of single wells or the Section, Township, and Range location of multiple wells;
- (3) The formation name and depth with expected maximum injection rates and pressures; and,
- (4) A notation that interested parties must file objections or requests for hearing with the Oil Conservation Division, 1220 South St. Francis Dr., Santa Fe, New Mexico 87505, within 15 days.

NO ACTION WILL BE TAKEN ON THE APPLICATION UNTIL PROPER PROOF OF NOTICE HAS BEEN SUBMITTED.

NOTICE: Surface owners or offset operators must file any objections or requests for hearing of administrative applications within 15 days from the date this application was mailed to them.

C-108 Application
OGX Resources, LLC
Otis "34" Well No. 1
API No. 30-015-24658 1829' FNL & 1980' FWL (Unit F)
Section 34, T-22S, R-27E, NMPM
Eddy County, New Mexico

- I. The purpose of the application is to request approval to convert the Otis "34" Well No. 1 to a produced water disposal well in the Bell Canyon and Cherry Canyon members of the Delaware formation.
- II. OGX Resources, LLC
c/o P.O. Box 953
Midland, Texas 79702
Contact Party: Ms. Ann Ritchie, Regulatory Agent
- III. Injection well data sheet is attached. In addition, wellbore schematic diagrams are attached showing the current and proposed wellbore configurations.
- IV. This is not an expansion of an existing project.
- V. A map showing all wells/leases within a 2-mile radius of the Otis "34" Well No. 1 is attached. Also attached is a map showing all wells within a ½ mile radius of the Otis "34" Well No. 1.
- VI. Area of review well data is attached. As shown in the table, there is only one existing well within the AOR, the OGX Resources, LLC Weems No. 1, which is a horizontal well currently producing from the Morrow formation. Well construction data for the Weems No. 1 is presented. This well is adequately cased and cemented so as to preclude the migration of injected fluid from the proposed injection interval.
- VII.
 1. The average injection rate is anticipated to be approximately 1,000 BWPD. The maximum rate will be approximately 2,000 BWPD. If the average or maximum rates increase in the future, the Division will be notified.
 2. This will be a closed system.
 3. The injection pressure will initially be in conformance with the Division's gradient of 0.2 psi/ft. or 546 psi. If a higher injection pressure is necessary, OGX Resources, LLC will conduct a step rate injection test to determine the fracture pressure of the injection interval.
 4. Produced water from the Morrow formation originating from

wells/leases that OGX Resources, LLC operates in this area will be injected into the subject well. A Morrow formation water analysis is attached for your review.

5. Injection is to occur into the Bell Canyon and Cherry Canyon members of the Delaware formation. There are currently no wells producing from the Delaware formation in Section 34, T-22 South, R-27 East. In addition, an examination of Division records shows that there is no Delaware production in any section offsetting Section 34.

- VIII. The Delaware Mountain Group, which is Guadalupian Age, consists of the Bell Canyon, Cherry Canyon and Brushy Canyon members. The top of the Bell Canyon interval occurs at a depth of 2200' and is approximately 680 feet thick. The Bell Canyon interval is composed of fine-grained thin-bedded sandstones with a number of limestone beds. The top of the Cherry Canyon interval occurs at a depth of 2,880'. The Cherry Canyon interval is composed of sandstones with some thin dark gray limestone beds.

According to data obtained from the New Mexico Office of the State Engineer, there are approximately twenty-seven (27) fresh water wells within Section 34, T-22 South, R-27 East. This data shows water depths ranging from 21 feet to 122 feet below the surface. Generally, fresh water sources are shallow in this area and are alluvial fill from the surface to a depth of approximately 122 feet.

- IX. No stimulation is planned.

- X. Togs were filed at the time of drilling Attached is a Compensated Neutron Litho Density Log that shows the portion of the Delaware formation that OGX Resources, LLC proposes to utilize for injection.

- XI. A water analysis from a fresh water well located within one-mile of the Otis "34" Well No. 1 is attached. This well shows a total dissolved solids value of 7,128 mg/l.

- XII. Affirmative statement is attached.

- XIII. Proof of Notice is attached.

not
on web
SITE

INJECTION WELL DATA SHEET

OPERATOR: OGX Resources, LLC

WELL NAME & NUMBER: Otis "34" No. 1

WELL LOCATION: 1829' FNL & 1980' FWL
FOOTAGE LOCATION

UNIT LETTER F SECTION 34 TOWNSHIP 22 South RANGE 27 East

WELLBORE SCHEMATIC

See Attached Wellbore Schematic

WELL CONSTRUCTION DATA

Surface Casing

Hole Size: 17 1/2" Casing Size: 13 3/8" @ 460'
Cemented with: 475 Sx. or ft³
Top of Cement: Surface Method Determined: Circulated

Intermediate Casing

Hole Size: 12 1/4" Casing Size: 9 5/8" @ 5,550'
Cemented with: 2200 Sx. or ft³
Top of Cement: Surface Method Determined: Circulated

Intermediate Casing

Hole Size: 8 5/8" (?) Casing Size: 7 5/8" 5,147' - 10,353'
Cemented with: 700 Sx. + 430 Sx. or ft³
Top of Cement: Liner Top Method Determined: Calculated

Production Casing

Hole Size: 6 1/2" Casing Size: 5" 10,298' - 12,180'
Cemented with: 225 Sx. or ft³
Top of Cement: Liner Top Method Determined: Calculated

Total Depth: 12,180'

Injection Interval

Delaware (Bell Canyon): 2,732' - 2,795'
Delaware (Cherry Canyon): 2,984' - 3,030'

INJECTION WELL DATA SHEET

Tubing Size: 2 7/8" Lining Material: Internally Plastic Coated

Type of Packer: Baker AD-1 or similar type IPC injection packer

Packer Setting Depth: 2,690' or within 100' of the uppermost injection perforations

Other Type of Tubing/Casing Seal (if applicable): None

Additional Data

1. Is this a new well drilled for injection: Yes X No

If no, for what purpose was the well originally drilled: Well was initially drilled as a Wolfcamp and Morrow producing well. The well depleted these producing intervals and was P.A'd in April, 1997.

2. Name of the Injection Formation: Bell Canyon and Cherry Canyon members of the Delaware formation.

3. Name of Field or Pool (if applicable):

4. Has the well ever been perforated in any other zone(s)? List all such perforated intervals and give plugging detail, i.e. sacks of cement or plug(s) used.

Morrow-11,738'-11,818'; Atoka-11,002'-11,015' Squeezed w/ 50 Sx. Wolfcamp-10,030'-10,202' Squeezed w/ 300 Sx. Wolfcamp-9,789'-9,817' Squeezed w/ 125 Sx. Delaware-4,803'-5,506' Cement plug-4,744'-5,200'

5. Give the name and depths of any oil or gas zones underlying or overlying the proposed injection zone in this area:

Wolfcamp @ 9,789'-10,202'; Morrow @ 11,738'-11,818' Delaware-4,803'-5,506' (Tested non-commercial).

Current Wellbore Configuration

Otis "34" No. 1

API Number 30-015-24658

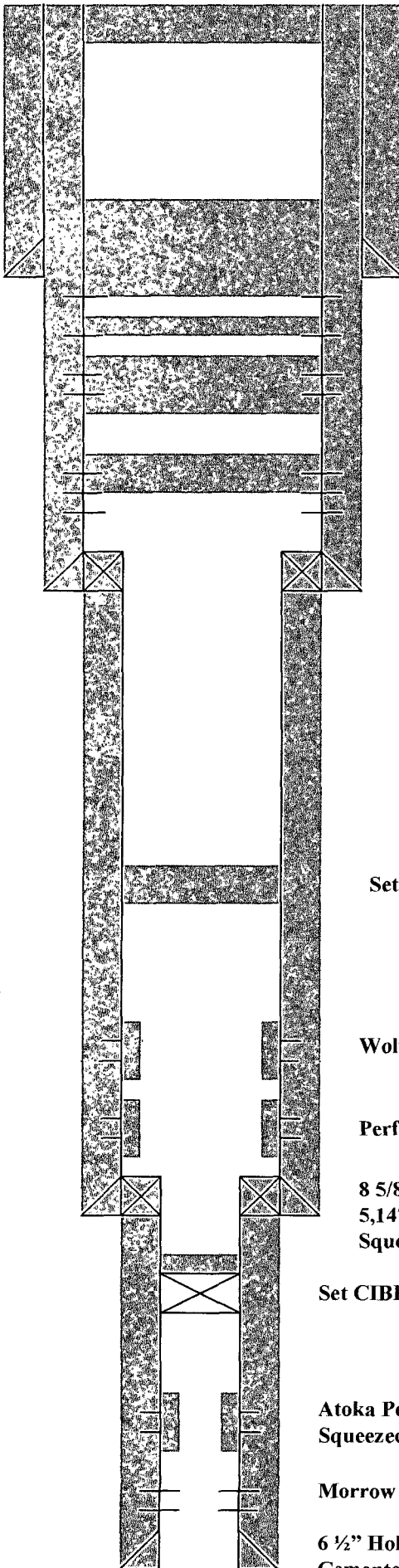
1829' FNL & 1980' FWL (Unit F)

Section 34, T-22 South, R-27 East,

Eddy County, New Mexico

Date Drilled-11/83

PA'd 4/97



Set 10 Sx. Surface plug

17 1/2" Hole. Set 13 3/8" 68#
Csg. @ 460'. Cemented w/ 475
Sx. Class C. Cement circulated
to surface.

Set 20 Sx. Cmt. 400'-460'

Perf @ 511'. Squeezed w/ 40 Sx. Tag @ 460'

Perf @ 1,000' Could not pump into perfs. Set 40 Sx. Cmt. 956'-1,056'

Perf @ 2,000' Could not pump into perfs. Set 100
Sx. Cmt. 1,907'-2,250'

Spot 160 Sx. Cmt. 4,744'-5,200' Tagged.

Delaware perfs. 4,803'-5,506'

12 1/4" Hole. Set 9 5/8" 40# S-95 & N-80
Csg. @ 5,550'. Cemented w/ 2200 Sx.
Class H. Cement circulated to surface.

Set 28 Sx. Cmt. Plug 8,000'-8,150'

Wolfcamp Perfs. 9,789'-9,817' Squeezed w/ 125 Sx.

Perfs. 10,030'-10,202'. Squeezed w/ 300 Sx.

8 5/8" Hole (?) Set 7 5/8" 39# L-80 Liner
5,147'-10,353'. Cemented w/ 700 Sx. Class H.
Squeezed liner top w/ 430 Sx. Class H.

Set CIBP @ 10,800' w/ 32' of cement on top

Atoka Perfs. 11,002'-11,015'. Set CR @ 10,945
Squeezed w/ 50 Sx.

Morrow Perfs. 11,738'-11,818'

6 1/2" Hole. Set 5" N-80 Liner 10,298'-12,180'.
Cemented w/ 225 Sx. Class H. Cement circulated by
calculation.

T.D. 12,180'

Proposed Wellbore Configuration

Otis "34" No. 1

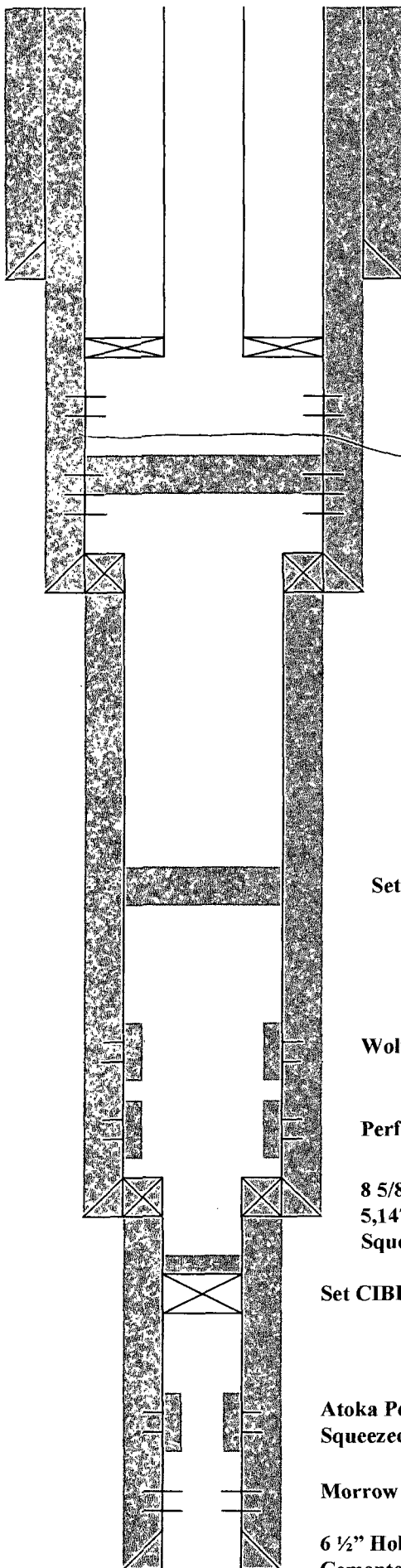
API Number 30-015-24658

1829' FNL & 1980' FWL (Unit F)

Section 34, T-22 South, R-27 East,

Eddy County, New Mexico

Date Drilled-11/83



Set 10 Sx. Surface plug

17 1/2" Hole. Set 13 3/8" 68#
Csg. @ 460'. Cemented w/ 475
Sx. Class C. Cement circulated
to surface.

Perforations @ 511', 1,000' & 2,000' will
be pressure tested.

Set 2 7/8" IPC Tbg. @ 2,690' in Baker
AD-1 or similar type injection packer

Injection Perforations: 2,732'-2,795' & 2,984'-3,030'

Spot 160 Sx. Cmt. 4,744'-5,200' Tagged.
Delaware perfs. 4,803'-5,506'

12 1/4" Hole. Set 9 5/8" 40# S-95 & N-80
Csg. @ 5,550'. Cemented w/ 2200 Sx.
Class H. Cement circulated to surface.

*Set PLUG
Closer To
inj Perfs*

Set 28 Sx. Cmt. Plug 8,000'-8,150'

Wolfcamp Perfs. 9,789'-9,817' Squeezed w/ 125 Sx.

Perfs. 10,030'-10,202'. Squeezed w/ 300 Sx.

8 5/8" Hole (?) Set 7 5/8" 39# L-80 Liner
5,147'-10,353'. Cemented w/ 700 Sx. Class H.
Squeezed liner top w/ 430 Sx. Class H.

Set CIBP @ 10,800' w/ 32' of cement on top

Atoka Perfs. 11,002'-11,015'. Set CR @ 10,945
Squeezed w/ 50 Sx.

Morrow Perfs. 11,738'-11,818'

6 1/2" Hole. Set 5" N-80 Liner 10,298'-12,180'.
Cemented w/ 225 Sx. Class H. Cement circulated by
calculation.

T.D. 12,180'

**New Mexico Office of the State Engineer
POD Reports and Downloads**

Township: 22S Range: 27E Sections: 34

NAD27 X: Y: Zone: Search Radius:

County: Basin: Number: Suffix:

Owner Name: (First) (Last) ☐ Non-Domestic ☐ Domestic ☒ All

POD / Surface Data Report

Avg Depth to Water Report

Water Column Report

Clear Form

iWATERS Menu

Help

WATER COLUMN REPORT 01/03/2009

(quarters are 1=NW 2=NE 3=SW 4=SE)
(quarters are biggest to smallest)

POD Number	Tws	Rng	Sec	q	q	q	Zone	X	Y	Depth Well	Depth Water	Water (in feet) Column
C 00356	22S	27E	34							145	45	100
C 00229	22S	27E	34	1	1	1				200		
C 00653	22S	27E	34	2	1	1				120	80	40
C 02458	22S	27E	34	2	2	2						
C 00455	22S	27E	34	2	2	2				86		
C 00455 RPR	22S	27E	34	2	2	2				133	70	63
C 00981	22S	27E	34	2	2	2				250	41	209
C 00880	22S	27E	34	2	2	4				190		
C 00030 CLW193040	22S	27E	34	2	3	1				220	69	151
C 00030 CLW193055	22S	27E	34	2	3	1				205		
C 00030 S	22S	27E	34	2	3	1				200	69	131
C 03006	22S	27E	34	2	3	4				250		
C 03201	22S	27E	34	2	4	3				250		
C 02342	22S	27E	34	2	4	4				110		
C 03073	22S	27E	34	2	4	4				150	122	28
C 03212	22S	27E	34	3	1	1				250		
C 00287	22S	27E	34	3	1	3						
C 00030 CLW193032	22S	27E	34	3	2	1				205		
C 00030	22S	27E	34	3	2	1				205	50	155
C 01700	22S	27E	34	3	3					205	118	87
C 01801	22S	27E	34	3	3					220		
C 03290 POD1	22S	27E	34	3	3	1				127	72	55
C 03043	22S	27E	34	3	3	2				118	68	50
C 01172	22S	27E	34	3	4	3				220		
C 00171	22S	27E	34	4	2	1				198	21	177
C 00171 CLW193980	22S	27E	34	4	2	1				265		
C 03061	22S	27E	34	4	4	2				200		

Record Count: 27

709 W. INDIANA
MIDLAND, TEXAS 79701
FAX (432) 682-8810

RESULT OF WATER ANALYSES

TO: Mr. Jeff Birkenbach
Box 11148, Midland, TX 79702

LABORATORY NO.	109-90
SAMPLE RECEIVED	1-8-09
RESULTS REPORTED	1-9-09

COMPANY OGX

LEASE _____ **Wimms**

"Otis 34"
offset

FIELD OR POOL

LEASE

SECTION _____ BLOCK _____ SURVEY _____ COUNTY Eddy STATE NM

SOURCE OF SAMPLE AND DATE TAKEN:

NO. 1 Fresh water. 1-6-09

NO. 2 Morrow water. 1-6-09

NO. 3

NO. 4

REMARKS:

[illegible]

Form No. 3

3.

Greg Ogden, B.S.

Form C-108
Affirmative Statement
OGX Resources, LLC
Otis "34" Well No. 1
API No. 30-015-24658 1829' FNL & 1980' FWL (Unit F)
Section 34, T-22S, R-27E, NMPM
Eddy County, New Mexico

Available geologic and engineering data have been examined and no evidence of open faults or hydrological connection between the disposal zone and any underground sources of drinking water has been found.



Ann Ritchie
Regulatory Agent
OGX Resources, LLC

1-29-09

Date

Affidavit of Publication

NO.

20441

STATE OF NEW MEXICO

County of Eddy:

GARY D. SCOTT

being duly

sworn, says: That he is the

PUBLISHER

of The

Artesia Daily Press, a daily newspaper of general

circulation, published in English at Artesia, said county

and county and state, and that the here to attached

Legal Notice

was published in a regular and entire issue of the said

Artesia Daily Press, a daily newspaper duly qualified

for that purpose within the meaning of Chapter 167 of

the 1937 Session Laws of the state of New Mexico for

1 Consecutive week/days on the same

day as follows:

First Publication

November 4, 2008

Second Publication

Third Publication

Fourth Publication

Fifth Publication

Subscribed and sworn to before me this

4 Day

November

2008



OFFICIAL SEAL

Jo Morgan

NOTARY PUBLIC-STATE OF NEW MEXICO

My commission expires:

6/6/2013

Jo Morgan

Notary Public, Eddy County, New Mexico

Copy of Publication:

LEGAL NOTICE

NOTICE OF INJECTION APPLICATION

OGX RESOURCES, LLC, c/o P.O. Box 953, Midland, Tx 79702 will file the New Mexico Oil Conservation Division Form C-108, Application for Authorization to Inject, with the NMOCD seeking administrative injection approval for the Otis 34, Well #1, located 1829' FNL & 1980' FWL of Sec. 34, T22S, R27E, Eddy County, NM, API number 30 015 24658. The proposed injection interval is from 2732-3030' into the Bell and Cherry Canyon formations. The proposed maximum surface pressure is 1200 psi., with a maximum injection rate of 2000 bbls water per day. The injection water will be sourced from the Morrow formation at approximately 9900' from OGX Resources, LLC area wells.

All interested parties opposing the application must file objection with the New Mexico Oil Conservation Division, 1220 South St. Francis Dr., Santa Fe, NM 87505 within 15 days of this notice. Additional information can be obtained by contacting Ann Ritchie, Regulatory Agent, OGX Resources, LLC, c/o P.O. Box 953, Midland, TX 79702, (432)684-6381.

Published in the Artesia Daily Press, Artesia, NM November 4, 2008.

Legal No. 20441

OGX RESOURCES	OTIS 34 #1	1/2 mile radius	Operators	
CHESAPEAKE OPERATING, INC.	P. O. Box 18496		Oklahoma City	OK 73154
CHI OPERATING INC	P. O. Box 1799		Midland	TX 79702
DEVON ENERGY OPERATING CORP	20 N BROADWAY		OKLAHOMA CITY	OK 73102
MARBOB ENERGY CORP	PO Box 227		Artesia	NM 88211
LANEXCO INC	PO BOX 2730		MIDLAND	TX 79702
COG OPERATING LLC	550 W TEXAS	SUITE 1300	MIDLAND	TX 79701
KAISER-FRANCIS OIL CO	PO BOX 21468		TULSA	OK 74121
YATES PETROLEUM CORPORATION	105 S 4TH ST		ARTESIA	NM 88210
MERIT ENERGY CO	13727 Noel Road, Suite 500		Dallas	TX 75240
MEWBOURNE OIL CO	Po Box 5270		Hobbs	NM 88241
LANEXCO INC	PO BOX 2730		MIDLAND	TX 79702
WILLOW CREEK RESOURCES INC	PO BOX 1309		MIDLAND	TX 79702

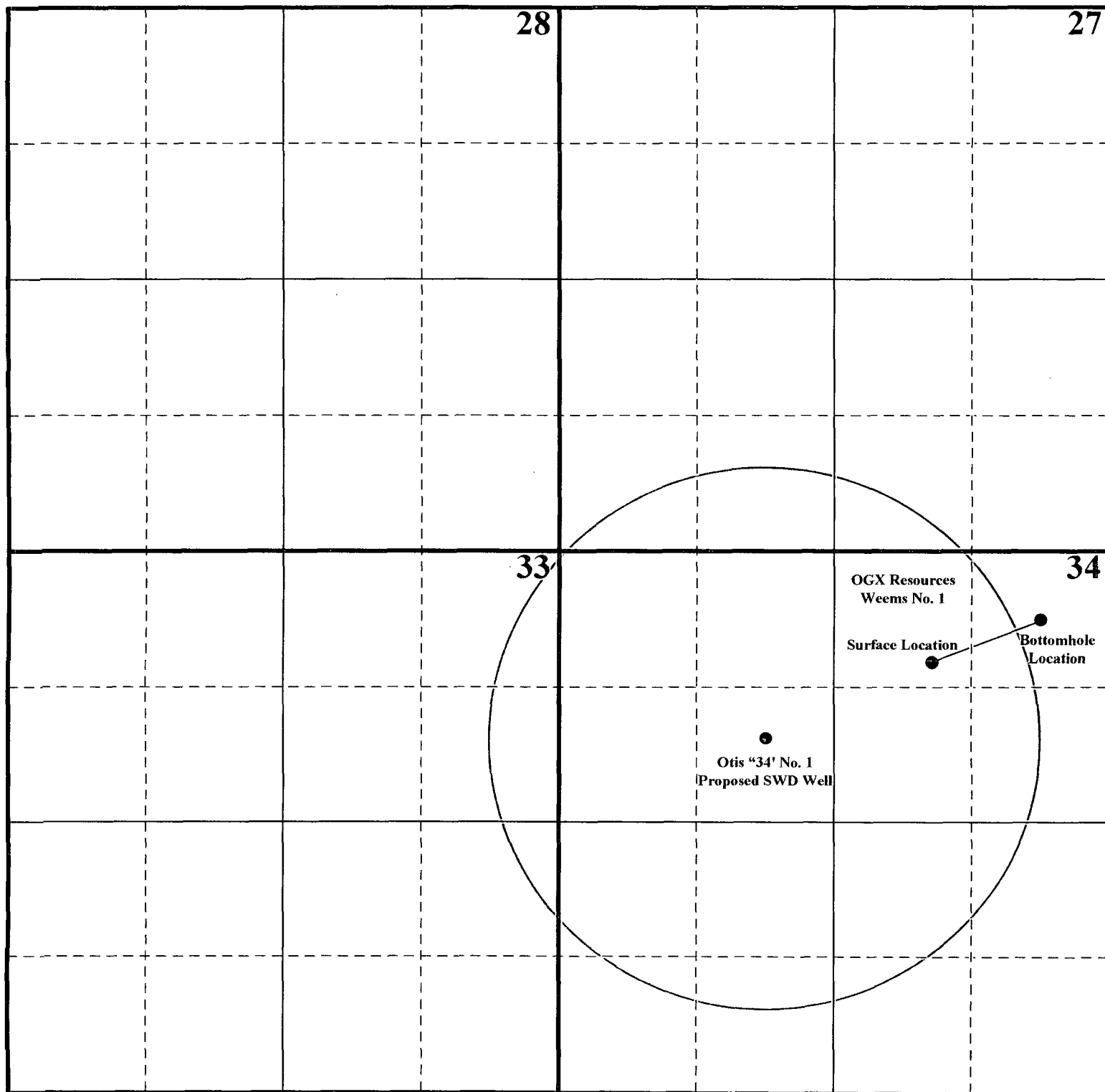
M M Hinkle, 105 W 3rd Street # 314, Roswell, NM 88201
 Carlsbad National Bank, 202 W. Stevens Street, Carlsbad, M 88220

Copies of the Application for Injection, NMOCD Form C-108 and data have been by certified mail to the above stated parties on February 3, 2009.



Ann E. Ritchie, Regulatory Agent
 OGX Resosources, LLC
 P.O. Box 2064
 Midland, TX 79702

Township 22 South, Range 27 East, NMPM



OGX Resources, LLC
Otis "34" Well No. 1
Form C-108: 1/2 Mile Area of Review Map

January 27, 2009

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: OFFSET LEASEHOLD OPERATORS & SURFACE OWNER

Re: OGX Resources, LLC
Form C-108 (Application for Authorization to Inject)
Otis "34" Well No. 1
API No. 30-015-24658
1829' FNL & 1980' FWL, Unit F, Section 34, T-22S, R-27E, NMPM,
Eddy County, New Mexico

Ladies & Gentlemen:

Enclosed please find a copy of Oil Conservation Division Form C-108 (Application for Authorization to Inject) for the OGX Resources, LLC Otis "34" Well No. 1. You are being provided a copy of the application as an offset operator, offset leaseholder or surface owner. OGX Resources, LLC proposes to re-enter this plugged and abandoned well and convert the well to a disposal well, injection to occur into the Bell Canyon and Cherry Canyon members of the Delaware formation through perforations from 2,732'-2,795' and 2,984'-3,030'.

Objections must be filed with the Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico 87505, within 15 days.

If you should have any questions, please contact me at (432) 684-6381.

Sincerely,



Ann Ritchie
Regulatory Agent, OGX Resources, LLC
P.O. Box 953
Midland, Texas 79702

Enclosure

OGX Resources, LLC
c/o Box 953
Midland, TX 79702

7007 0710 0003 0304 6691
7007 0710 0003 0304 6691

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or PO Box No. Chesapeake Operating, Inc.
PO Box 18496
City, State, ZIP+4 Oklahoma City, OK 73154

PS Form 3800, August 2006 See Reverse for Instructions

OGX Resources, LLC
c/o Box 953
Midland, TX 79702

7007 0710 0003 0304 6707
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or PO Box No. Chi. Operating, Inc.
PO Box 1799
City, State, ZIP+4 Midland TX 79702

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OGX Resources, LLC
c/o Box 953
Midland, TX 79702

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Street, Apt. No.,
or PO Box No. Devon Energy Operating Corp
20 North Broadway
City, State, ZIP+4 Oklahoma City, OK 73102

PS Form 3800, August 2006 See Reverse for Instructions

Corp.

02

OGX Resources, LLC
c/o Box 953
Midland, TX 79702

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Sent to: *Marbob Energy Corp.*
Street, Apt. No., or PO Box No. *P.O. Box 227*
City, State, ZIP+4[®] *Altesia, NM 88211*

PS Form 3800, August 2005 See Reverse for Instructions

OGX Resources, LLC
c/o Box 953
Midland, TX 79702

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Street, Apt. No., or PO Box No. *P.O. Box 2730*
City, State, ZIP+4[®] *Midland TX 79702*

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OGX Resources, LLC
c/o Box 953
Midland, TX 79702

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Sent to: *OGX Operating, LLC*
Street, Apt. No., or PO Box No. *550 W. Texas Ste. 1300*
City, State, ZIP+4[®] *Midland, TX 79701*

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Midland, TX 79702

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Street Apt. No. or PO Box No. **P.O. Box 21468**
City, State, ZIP+4[®] **Tulsa, OK 74121**

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c/o Box 953
Midland, TX 79702

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Street Apt. No. or PO Box No. **105 S. 4th St.**
City, State, ZIP+4[®] **Altesia, NM 88210**

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c/o Box 953
Midland, TX 79702

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Street Apt. No. or PO Box No. **13727 Nobel Dr. Ste 500**
City, State, ZIP+4[®] **Dallas, TX 75240**

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OGX Resources, LLC
c/o Box 953
Midland, TX 79702

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Street, Apt. No., or PO Box No.	P.O. Box 5270
City, State, ZIP+4	Hobbs, NM 88241
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OGX Resources, LLC
c/o Box 953
Midland, TX 79702

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Sent to: Lanxco, Inc.	
Street, Apt. No., or PO Box No.	P.O. Box 2730
City, State, ZIP+4	Midland, TX 79702
PS Form 3800, August 2005 See Reverse for Instructions	

OGX Resources, LLC
c/o Box 953
Midland, TX 79702

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Restricted Delivery Fee (Endorsement Required)	
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Postmark Here	
Sent to: Willow Creek Resources Inc.	
Street, Apt. No., or PO Box No.	P.O. Box 1309
City, State, ZIP+4	Midland, TX 79702
PS Form 3800, August 2005 See Reverse for Instructions	

February 11, 2009

Mr. William V. Jones, Engineering
New Mexico Oil Conservation Division
1220 South St. Francis
Santa Fe, NM 87505

RECEIVED

2009 FEB 17 PM 12 54

RE: OGX Resources, LLC, Otis, Well #1, 30 015 24658, Sec 34, T22S, R27E, Eddy County

Dear Mr. Jones,

Please see attached the 1/2 mile radius listing, along with the radius map. Chesapeake Operating, Inc., Chi Operating, Inc. and Devon Energy Operating Corp. were notified by certified mailing of February 4, 2009. Read & Stevens, Anadarko Petroleum Corp. were notified by certified mailing of February 11, 2009.

OGX Resources is the surface owner for this wellsite/location.

Concerning the prospective injection interval, there is no resistivity log over the injection interval, therefore OGX proposes to swab the injection zone and provide a productivity statement from their geologist, Bill Hardie.

Yours truly,



Ann E. Ritchie, Regulatory Agent
OGX Resources, LLC
P.O. box 2064
Midland, TX 79702
ann.wtor@gmail.com
432 684-6381
432 682-1458-fax

OGX Resources, LLC, Otis 34, Well #1, 30 015 24658, Eddy County, NM

Operators within a 1/2 mile radius:

Chi Operating
P.O. Box 1799
Midland, TX 79702

Read & Stevens
P.O. Box 1518
Roswell, NM 88201

Devon Energy Operating Corp.
20 N. Broadway
Oklahoma City, OK 73102

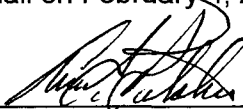
Anadarko Petroleum Corp.
P.O. Box 2497
Midland, TX 79702

Chesapeake Operating, Inc.
P.O. Box 18496
Oklahoma City, OK 73154

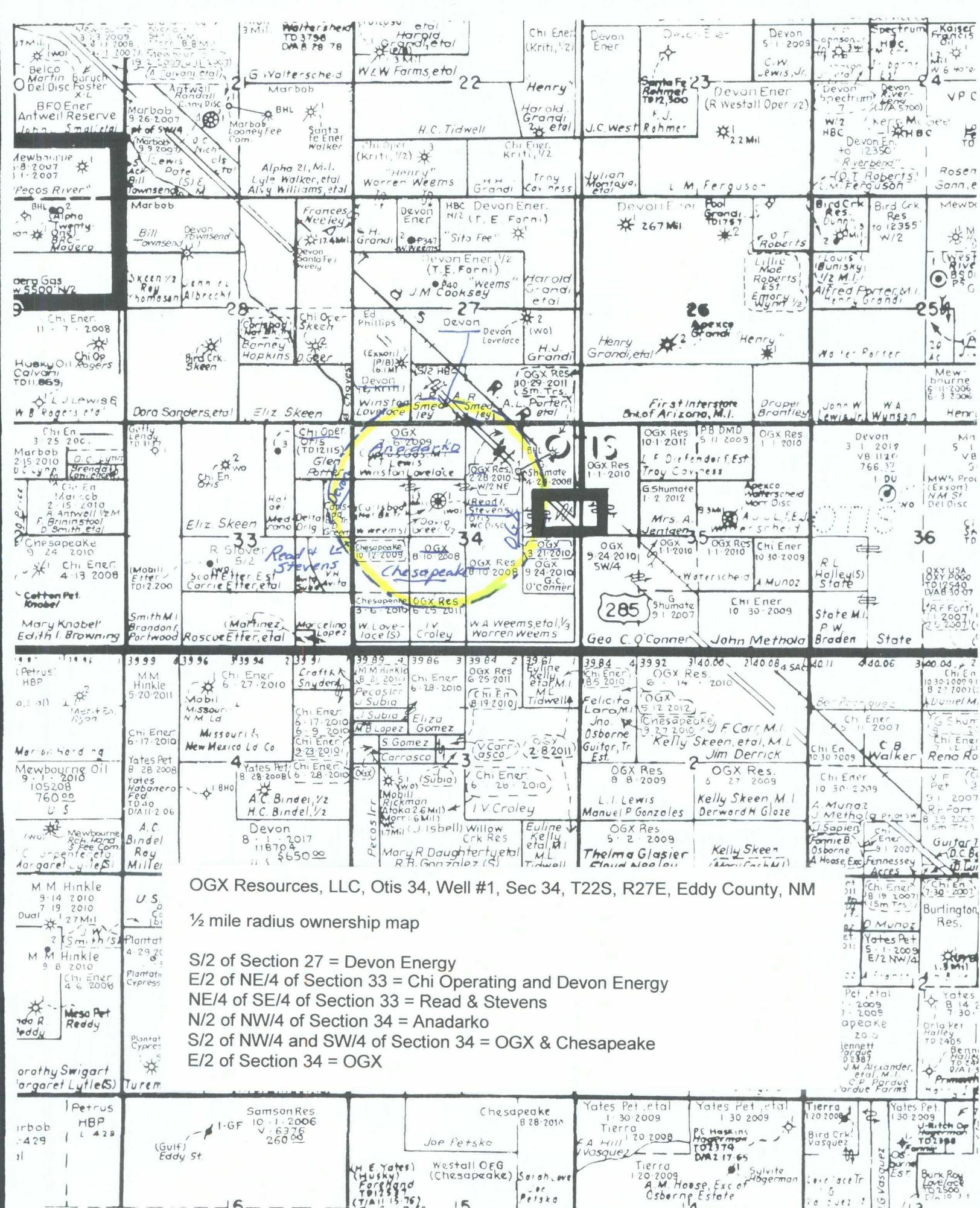
Surface Owner:

OGX Resources, LLC, P.O. Box 2064, Midland, TX 79702

Copies of the form C-108 and well data were sent to the above stated parties (excluding OGX) by certified mail on February 4, 2009 and February 11, 2009.



Ann E. Ritchie, Regulatory Agent
OGX Resources, LLC
ann.wtor@gmail.com
432 684-6381



7007 0710 0000 0304 6991

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Total Postage & Fees	\$ 3.12
02/04/2009	
Sent To: Chesapeake Operating, Inc.	
Street, Apt. No., or PO Box No.: P.O. Box 18496	
City, State, ZIP+4: Oklahoma City, OK 73154	
PS Form 3800, August 2006	



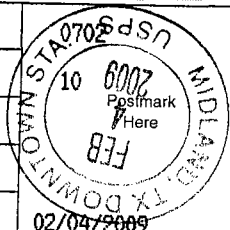
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02/04/2009	
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Street, Apt. No., or PO Box No.: P.O. Box 1799	
City, State, ZIP+4: Midland TX 79702	
PS Form 3800, August 2006	



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Sent To: Devon Energy Operating Corp.	
Street, Apt. No., or PO Box No.: 20 North Broadway	
City, State, ZIP+4: Oklahoma City, OK 73102	
PS Form 3800, August 2006	



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"Since 1948"
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Midland, TX 79702

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PS Form 3800, August 2006 See Reverse for Instructions	

orp.

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Sent to Street, Apt. No., or PO Box No. <i>Read + Stevens</i> City, State, ZIP+4 <i>Box 1518</i> <i>Roswell, NM 88261</i>	
PS Form 3800, August 2006 See Reverse for Instructions	

West Texas Oil Reports
"Since 1948"
P.O. Box 953
Midland, TX 79702

Jones, William V., EMNRD

From: Ann Ritchie [ann.wtor@gmail.com]
Sent: Tuesday, February 10, 2009 7:48 AM
To: Jones, William V., EMNRD
Subject: Re: SWD Application from OGX Resources, LLC: Otis 34 #1 30-015-24658 Unit F, Sec 34 T22S R27E

Will,

On this well, OGX is the surface owner, I failed to put that in the application, but will send you a letter, along with the verification of the area of review. I did "overnote" on the application, I got busy with that highlighter and went all the way out to 2 miles....I will send you a list of the leaseholds within a 1/2 mile radius.

I will get with OGX about the log.

Thank you!

Ann

On Mon, Feb 9, 2009 at 5:05 PM, Jones, William V., EMNRD <William.V.Jones@state.nm.us> wrote:

Hello Ann:

After reviewing this:

- 1) It seems this is a Fee area with hardly any wells. Who is the surface owner of the wellsite and have they been noticed? *OGX is* ✓
- 2) There are no Delaware producing wells, so there are no "operators of record in the Delaware formation" within this Area of Review. You noticed several oil companies and no mineral owners that I see, so I can assume that all tracts within the Area of Review are leased across the Delaware formation? If not, then the un-leased mineral owners must also be leased. *OK*
- 3) OGX will need to set a CIBP/Cement within 200 feet below the bottom of the injection interval – we can put that in the order. ✓
- 4) Thanks for sending the porosity log. Since a Density log does cover this interval (open hole logs were run), a resistivity log should also be available? *is not* ✓
- 5) The prospective injection interval is likely water bearing, but without a resistivity log or mudlog or reasonable statement of evaluation, we can't be sure. The order may have a requirement to swab the new injection perfs to verify the type of insitu fluids and to obtain a water sample from this interval unless you include a productivity statement from an engineer or geologist that indicates this interval has already been adequately evaluated. ✓

Thank You

William V. Jones PE

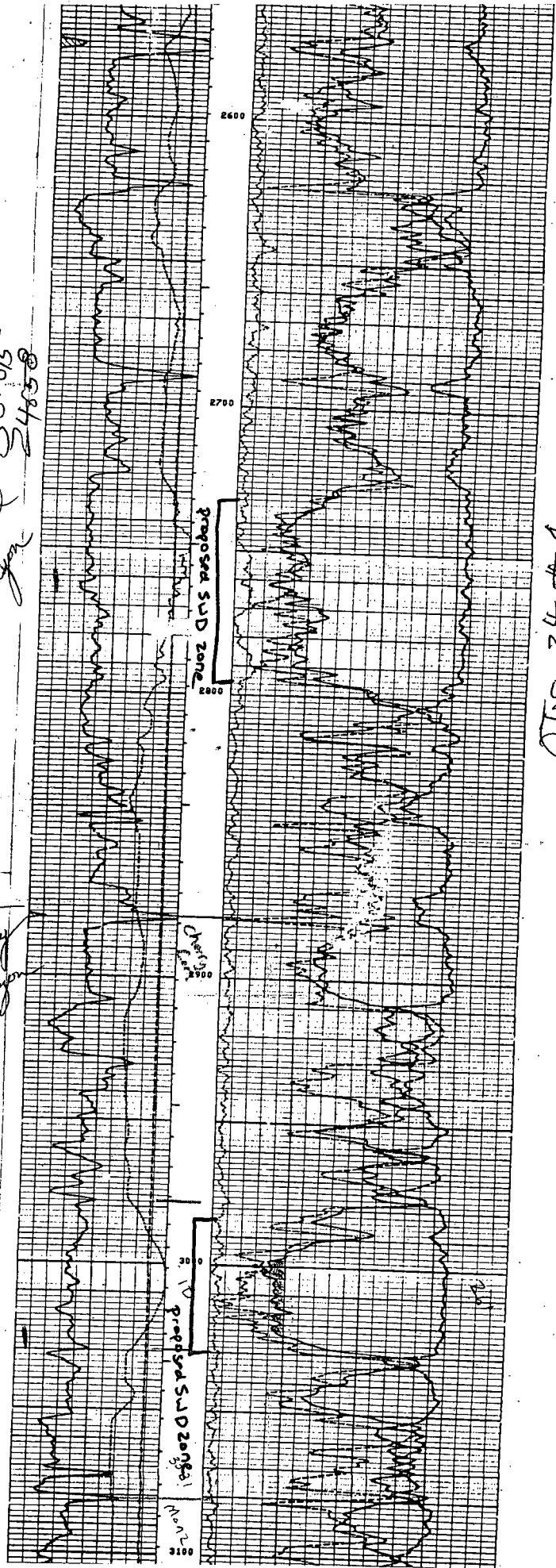
New Mexico Oil Conservation Division

1220 South St. Francis

Santa Fe, NM 87505

Bell Canyon 30-05 24858

Cherry Canyon



OTS 34-#1

Fee Lodged

Injection Permit Checklist (7/8/08)

Case _____ R- SWD 1162 WFX _____ PMX _____ IPI _____ Permit Date 3/6/09 UIC Qtr Jan/Feb/Mar

Wells _____ Well Name: OTS 34 #1

API Num: (30-) 015-24658 Spud Date: 11/1983 New/Old: N (UIC primacy March 7, 1982)

Footages 1829 FNL/1980 FWL Unit F Sec 34 Tsp 225 Rge 27E County Eddy

Operator: OGX Resources, LLC Contact ANN RITCHIE, agent

OGRID: 217955 RULE 40 Compliance (Wells) OK (Finan Assur) OK

Operator Address: PO BOX 953, Midland, TX 79702

Current Status of Well: old well / no more well Now P&AED

Planned Work to Well: Re-entry / inf Planned Tubing Size/Depth: 2 7/8 @ 2690'

	Sizes Hole.....Pipe	Setting Depths	Cement Sx or Cf	Cement Top and Determination Method
Existing _____ Surface	<u>17 1/2 13 3/8</u>	<u>460</u>	<u>475</u>	<u>CIRC</u>
Existing _____ Intermediate	<u>12 1/4 9 5/8</u>	<u>5550</u>	<u>2200</u>	<u>CIRC</u>
Existing _____ Long string	<u>9" 7 5/8</u>	<u>11305K</u>		

2 Liners

DV Tool _____ Liner 5147-10353 Open Hole _____ Total Depth 17180 PBDT _____

Well File Reviewed 10218-12180 ✓

Diagrams: Before Conversion ☒ After Conversion ☒ Elogs in Imaging File: None - sent w/approach

Intervals:	Depths	Formation	Producing (Yes/No)
Above (Name and Top)			
Above (Name and Top)	<u>2200</u>	<u>DM.G.</u>	
Injection.....			
Interval TOP:	<u>2732</u>	<u>bell c.</u>	<u>No</u>
Injection.....			
Interval BOTTOM:	<u>3030</u>	<u>cherty</u>	<u>No</u>
Below (Name and Top)			

546 PSI Max. WHIP

Open Hole (Y/N) _____

Deviated Hole? _____

Sensitive Areas: Capitan Reef Cliff House Salt Depths 440 - 1830

Polash Area (H-T-P) Polash Lessee _____ Noticed? _____

Fresh Water: Depths: 21' to 122' Wells (Y/N) Yes Analysis Included (Y/N): Yes Affirmative Statement ☒

Salt Water: Injection Water Types: Mineral Analysis? Yes

Injection Interval..... Water Analysis: Yes Hydrocarbon Potential ?

Notice: Newspaper (Y/N) _____ Surface Owner OGX Mineral Owner(s) _____

RULE 701B(2) Affected Parties: _____

Area of Review: Adequate Map (Y/N) ☒ and Well List (Y/N) ☒

Active Wells 1 Num Repairs 0 Producing in Injection Interval in AOR No

P&A Wells 0 Num Repairs 0 All Wellbore Diagrams Included? _____

Questions to be Answered:
Set CIBP 200' below (3030) inf interval
All land?
Surface owner?

Required Work on This Well: _____ Request Sent _____ Reply: _____

AOR Repairs Needed: _____ Request Sent _____ Reply: _____

Request Sent _____ Reply: _____