

DATE IN <b>8-9-10</b>	SUSPENSE	ENGINEER <b>WJ.</b>	LOGGED IN <b>8.9.10</b>	TYPE <b>DHC</b>	PTG-W APP NO. <b>1017428933</b>
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ABOVE THIS LINE FOR DIVISION USE ONLY

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



**OGX Res.**

**2010 AUG -9 P 1:21**

**Cooper 31 Fed #1**

**ADMINISTRATIVE APPLICATION COVERSHEET** **30-015-36282**

THIS COVERSHEET 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] [INSP-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]  
 ESWD-Salt Water Disposal] 11PI-Injection Pressure Increase]  
 EEOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

**4312**

- [I] TYPE OF APPLICATION - Check Those Which Apply for [A]  
 [A] Location - Spacing Unit - Simultaneous Dedication  
☐ NSL ☐ NSP ☐ SD

Check One Only for [13] or [C]

- [13] Commingling - Storage - Measurement  
☒ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM  
 [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery  
☐ WFX ☐ PMX ☒ SWD ☐ IPI ☐ EOR ☐ PPR

*Ann sent this  
copy of the  
original of  
TW*

- [2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or ☐ Does Not Apply

- [A] ☒ Working, Royalty or Overriding Royalty Interest Owners  
 [13] ☐ 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] INFORMATION / DATA SUBMITTED IS COMPLETE - Certification

I hereby certify that I, or personnel under my supervision, have reviewed the applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common,  
*I understand that any omission of data (including API numbers, pool codes, etc.), pertinent information and any required notification is cause to have the application package returned with no action taken.*

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

✓ Ann E. Ritchie		Regulatory Agent	6-15-10
Print or Type Name	Signature	Title	Date
		ann.wtor@gmail.com	
		e-mail Address	

District I  
1625 N. French Drive, Hobbs, NM 88240

District II  
1301 W. Grand Avenue, Artesia, NM 88210

District III  
1000 Rio Brazos Road, Aztec, NM 87410

District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-107A  
Revised June 10, 2003

Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, New Mexico 87505

APPLICATION TYPE  
☒ Single Well  
☐ Establish Pre-Approved Pools  
EXISTING WELLBORE  
☒ Yes ☐ No

APPLICATION FOR DOWNHOLE COMMINGLING

OGX Resources, LLC (217955), P.O. Box 2064, Midland, TX 79702  
Operator

Address

Cooper 31 Federal 1 (A), Sec 31, T25S, R29E Eddy  
Lease Well No. Unit Letter-Section-Township-Range County  
OGRID No. 217955 Property Code API No. 30-015-36282 Lease Type: ☒ Federal State

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Brushy Draw, Delaware		Rock Spur, Bone Spring
Pool Code	Oil - 8080 4778-5252'		Oil-52775
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)			7740-9130; 9330-10,700'
Method of Production (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 650		Not required 1200
Oil Gravity or Gas BTU (Degree API or Gas BTU)	38		40
Producing, Shut-In or New Zone	Producing		Packered off
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: 5-1-10 Rates: 20 oil and 179 mcf	Date: Rates:	Date: 11-01-09 Rates: 9 oil and 35 mcf
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil Gas 68 % 83 %	Oil Gas % %	Oil Gas 32 % 17 %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes ☒ No ☐  
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes ☐ No ☐  
Are all produced fluids from all commingled zones compatible with each other? Yes ☒ No ☐  
Will commingling decrease the value of production? Yes ☐ No ☒  
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? 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.
- C-105 for each pool attached
- For zones with no production history, estimated production rates and supporting data.
- Data to support allocation method or formula. Based on production history from each pool.
- Notification list of working, royalty and overriding royalty interests for uncommon interest cases. List attached.
- 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.

SIGNATURE Ann E. Ritchie TITLE Regulatory Agent DATE 6-11-10  
TYPE OR PRINT NAME Ann E. Ritchie TELEPHONE NO. ( 432 ) 684-6381  
E-MAIL ADDRESS ann.wtor@gmail.com

Attachments and/or Supporting Data  
Application for Downhole Commingling  
OGX Resources, LLC  
Cooper 31 Federal, Well #1, API 30 015 36282  
660' FNL & 660' FEL; BHL 330' FWL & 660' FNL  
Section 31, T25S, R29E, NMPM  
Eddy County, New Mexico

**Production Data & Proposed Allocation**

The Cooper 31 Federal, Well #1 was drilled in May, 2008 and completed in August 2008. The well was completed in the Rock Spur; Bone Spring pool with perforations from 7740-10,700'. The initial production test was 152 bbls oil, 495 mcf gas and 386 bbls water. The well rapidly declined with the production test on 11-1-09 being 9 bbls/oil, 170 mcf/gas and 120 bbls/water. A RBP was set, as per Sundry Notice enclosed, on 1-2-10 the well was recompleted in the Brushy Draw (Delaware) through perforations from 4778-5252', with a production test on 1-11-2010 of 91 bbls/oil, 42 mcf/gas and 271 bbls/water.

OGX Resources, LLC proposes that the production from the Cooper 31 Federal, Well #1 be allocated on the basis of the production tests conducted on the subject well. Pursuant to the production test, production will be allocated as follows:

**Brushy Draw; Delaware**

Oil-68%  
Gas-83%

**Rock Spur; Bone Spring**

Oil-32%  
Gas-17%

**Interest Ownership**

Working Interest: OGX Resources, LLC  
Royalty Interest:

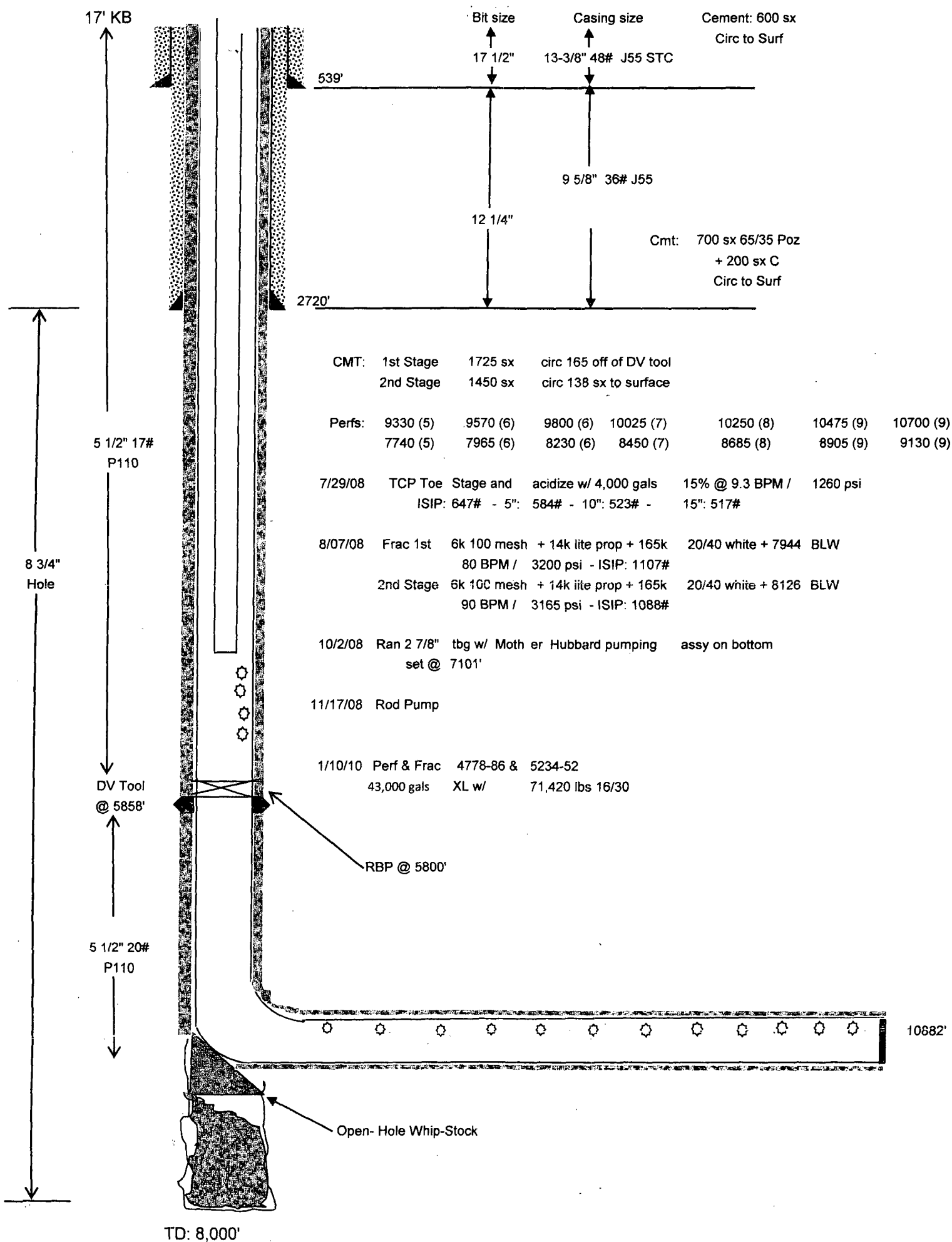
Overriding Royalty Interest:

100%  
Bureau of Land Management  
620 E. Greene St.  
Carlsbad, NM 88220  
EOG Resources, Inc.  
P.O. Box 4362  
Houston, TX 77210

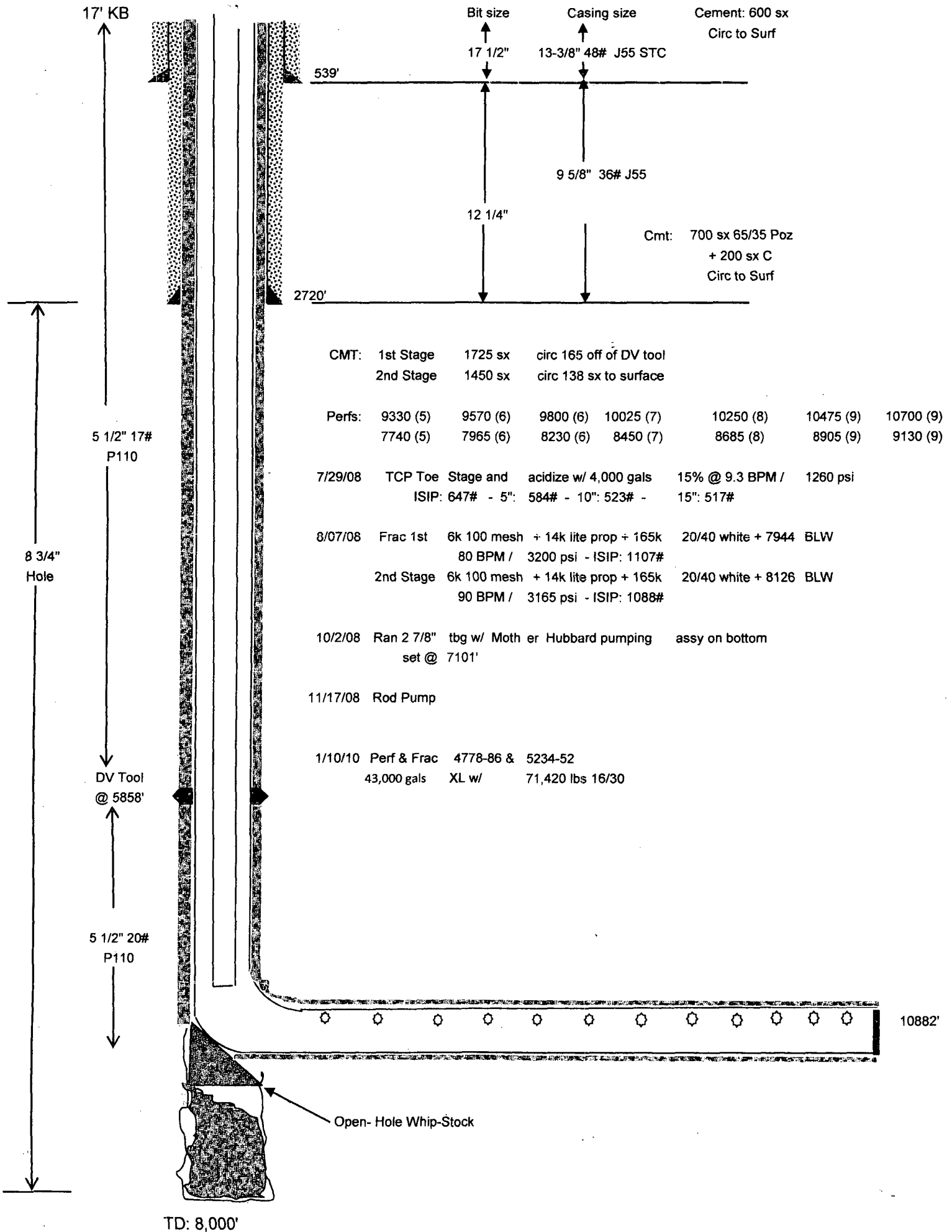
Copies of the C-107A application have been submitted to the BLM and EOG on June 16, 2010 by certified mailing. Certified Receipts attached.

Spud 05/24/08

API: 30-015-36282



API: 30-015-36282



District I  
1625 N. French Dr., Hobbs, NM 88240

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1301 W. Grand Avenue, Artesia, NM 88210

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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 October 12, 2005  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

☐ AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

<sup>1</sup> API Number 30-015-36282		<sup>2</sup> Pool Code 8080		<sup>3</sup> Pool Name Brushy Draw Delaware	
<sup>4</sup> Property Code		<sup>5</sup> Property Name Cooper "31" Federal			<sup>6</sup> Well Number IH
<sup>7</sup> OGRID No. 217955		<sup>8</sup> Operator Name OGX Resources LLC			<sup>9</sup> Elevation 2976'

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	31	25S	29E		660	North	660	East	Eddy

<sup>11</sup> 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
D	31	25S	29E		660	North	330	West	Eddy

<sup>12</sup> Dedicated Acres	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
-------------------------------	-------------------------------	----------------------------------	-------------------------

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.

	<p><sup>17</sup> <b>OPERATOR CERTIFICATION</b> 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 bottom hole 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 heretofore entered by the division.</p> <p><i>Jeff Burkelbach</i> 7/16/09 Signature Date</p> <p>Jeff Burkelbach Printed Name</p>
	<p><sup>18</sup> <b>SURVEYOR CERTIFICATION</b> 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.</p> <p>Date of Survey Signature and Seal of Professional Surveyor.</p> <p>Certificate Number</p>

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1301 W. Grand Avenue, Artesia, NM 88210

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1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.  
Santa Fe, New Mexico 87505

Form C-102  
Revised October 12, 2005

Submit to Appropriate District Office

State Lease - 4 Copies  
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 52775	Pool Name Rock Spur; Bone Spring
Property Code	Property Name COOPER "31" FEDERAL	Well Number 1
OGRID No. 217955	Operator Name OGX RESOURCES, L.L.C.	Elevation 2976'

Surface Location

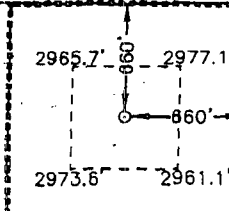
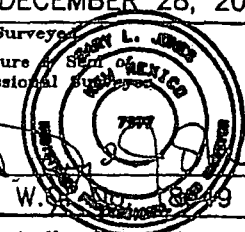
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	31	25 S	29 E		660	NORTH	660	EAST	EDDY

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 40	Joint or Infill	Consolidation Code	Order No.
-----------------------	-----------------	--------------------	-----------

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

<div style="text-align: center;"><p>LAT- N.: 32°05'30.61" LONG- W.: 104°01'01.51" SPC- N.: 397289.97 E.: 639273.12 (NAD-83)</p></div>	<b>OPERATOR CERTIFICATION</b> <p>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 bottom hole 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 heretofore entered by the Division.</p> <p><u>Angela Lightner 1-11-08</u> Signature Date</p> <p><u>Angela Lightner</u> Printed Name</p>	
	<b>SURVEYOR CERTIFICATION</b> <p>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.</p> <p>DECEMBER 28, 2007</p> <p>Date Surveyed Signature of Surveyor Professional Surveyor</p> <p></p> <p>W. J. [Signature]</p>	
	Certificate No. Gary L. Jones 7977	
	BASIN SURVEYS	

7009 1680 0000 1709 8724

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JUN 17 2010  
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City, State, ZIP+4 Houston, TX 77210

PS Form 3800, August 2006 See Reverse for Instructions

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Restricted Delivery Fee (Endorsement Required)		\$0.00
Total Postage & Fees	\$	\$3.41

Postmark Here  
02  
JUN 17 2010  
CARLSBAD NM

Sent To Bureau of Land Management  
Street, Apt. No.,  
or PO Box No. 620 E. Greene St.  
City, State, ZIP+4 Carlsbad, NM 88220

PS Form 3800, August 2006 See Reverse for Instructions



**Brooks, David K., EMNRD**

---

**From:** Ann Ritchie [ann.wtor@gmail.com]  
**Sent:** Tuesday, September 07, 2010 9:48 AM  
**To:** Brooks, David K., EMNRD  
**Subject:** Fwd: OGX Resources - Cooper 31 Federal #1; DHC application

David,  
Please see below. Will this be sufficient?  
Thank you,  
Ann Ritchie

----- Forwarded message -----

**From:** **Jeff Birkelbach** <[JBirkelbach@ogxresources.com](mailto:JBirkelbach@ogxresources.com)>  
**Date:** Tue, Sep 7, 2010 at 10:17 AM  
**Subject:** RE: OGX Resources - Cooper 31 Federal #1; DHC application  
**To:** Ann Ritchie <[ann.wtor@gmail.com](mailto:ann.wtor@gmail.com)>

10700 is a Measured Depth which is not the True Vertical Depth (which that calculation is made) of +/- 7545'

---

----- Forwarded message -----

**From:** **Brooks, David K., EMNRD** <[david.brooks@state.nm.us](mailto:david.brooks@state.nm.us)>  
**Date:** Fri, Sep 3, 2010 at 4:01 PM  
**Subject:** OGX Resources - Cooper 31 Federal #1; DHC application  
**To:** [ann.wtor@gmail.com](mailto:ann.wtor@gmail.com)

Dear Ms. Ritchie

On this application you have entered "not required" for each formation on the line labeled "Bottomhole Pressure." However, it would seem that pressure data IS required for this application because the deepest perforation in the deeper formation (10,700') substantially exceed 150% of the top perforation in the shallower formation.

Sincerely

David K. Brooks

Legal Examiner

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**Brooks, David K., EMNRD**

---

**From:** Brooks, David K., EMNRD  
**Sent:** Friday, September 03, 2010 3:02 PM  
**To:** 'ann.wtor@gmail.com'  
**Subject:** OGX Resources - Cooper 31 Federal #1; DHC application

Dear Ms. Ritchie

On this application you have entered "not required" for each formation on the line labeled "Bottomhole Pressure." However, it would seem that pressure data IS required for this application because the deepest perforation in the deeper formation (10,700') substantially exceed 150% of the top perforation in the shallower formation.

Sincerely

David K. Brooks  
Legal Examiner

**Brooks, David K., EMNRD**

---

**From:** Ann Ritchie [ann.wtor@gmail.com]  
**Sent:** Tuesday, September 07, 2010 8:54 AM  
**To:** Brooks, David K., EMNRD  
**Subject:** Re: OGX Resources - Cooper 31 Federal #1; DHC application

David,  
I will forward this on to OGX engineering and get the information for you.  
Thank you,  
Ann Ritchie

On Fri, Sep 3, 2010 at 4:01 PM, Brooks, David K., EMNRD <[david.brooks@state.nm.us](mailto:david.brooks@state.nm.us)> wrote:

Dear Ms. Ritchie

On this application you have entered "not required" for each formation on the line labeled "Bottomhole Pressure." However, it would seem that pressure data IS required for this application because the deepest perforation in the deeper formation (10,700') substantially exceed 150% of the top perforation in the shallower formation.

Sincerely

David K. Brooks

Legal Examiner

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## Brooks, David K., EMNRD

---

**From:** Brooks, David K., EMNRD  
**Sent:** Tuesday, September 07, 2010 4:22 PM  
**To:** 'Ann Ritchie'  
**Subject:** RE: OGX Resources - Cooper 31 Federal #1; DHC application

Dear Ms. Ritchie

Even if the lowest perforation depth is 7545, this application still cannot be granted without pressure data. A DHC application can only be granted without pressure data if the lowest perforation is within 150% of the depth of the highest perforation. Here, the highest perforation is reported to be 4778. 150% of 4778 is 7167.

Sincerely

David K. Brooks  
Legal Examiner

---

**From:** Ann Ritchie [mailto:ann.wtor@gmail.com]  
**Sent:** Tuesday, September 07, 2010 9:48 AM  
**To:** Brooks, David K., EMNRD  
**Subject:** Fwd: OGX Resources - Cooper 31 Federal #1; DHC application

David,  
Please see below. Will this be sufficient?  
Thank you,  
Ann Ritchie

----- Forwarded message -----

**From:** Jeff Birkelbach <[JBirkelbach@ogxresources.com](mailto:JBirkelbach@ogxresources.com)>  
**Date:** Tue, Sep 7, 2010 at 10:17 AM  
**Subject:** RE: OGX Resources - Cooper 31 Federal #1; DHC application  
**To:** Ann Ritchie <[ann.wtor@gmail.com](mailto:ann.wtor@gmail.com)>

10700 is a Measured Depth which is not the True Vertical Depth (which that calculation is made) of +/- 7545'

----- Forwarded message -----

**From:** Brooks, David K., EMNRD <[david.brooks@state.nm.us](mailto:david.brooks@state.nm.us)>  
**Date:** Fri, Sep 3, 2010 at 4:01 PM  
**Subject:** OGX Resources - Cooper 31 Federal #1; DHC application  
**To:** [ann.wtor@gmail.com](mailto:ann.wtor@gmail.com)

Dear Ms. Ritchie

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Sincerely

David K. Brooks

Legal Examiner

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**Brooks, David K., EMNRD**

---

**From:** Ann Ritchie [ann.wtor@gmail.com]  
**Sent:** Wednesday, September 08, 2010 10:35 AM  
**To:** Brooks, David K., EMNRD  
**Subject:** OGX Resources - Cooper 31 Federal #1; DHC application

David - please see as below, also please let me know if I need to put this in letter form and submit to you.  
Thank you,  
Ann Ritchie  
OGX Resources

----- Forwarded message -----

**From:** Jeff Birkelbach <JBirkelbach@ogxresources.com>  
**Date:** Wed, Sep 8, 2010 at 11:18 AM  
**Subject:** RE: OGX Resources - Cooper 31 Federal #1; DHC application  
**To:** Ann Ritchie <ann.wtor@gmail.com>

Current lower zone bottom hole reservoir pressure is 1200 psi

Current upper zone bottom hole reservoir pressure is 650 psi

There will be no chance for fluid cross flow as the well will be pumped (off) just above the lower zone

---

**From:** Ann Ritchie [mailto:ann.wtor@gmail.com]  
**Sent:** Tuesday, September 07, 2010 5:30 PM  
**To:** Jeff Birkelbach

**Subject:** Fwd: OGX Resources - Cooper 31 Federal #1; DHC application

Jeff - as per below, need more data.

Thank you,

Ann

----- Forwarded message -----

**From:** Brooks, David K., EMNRD <david.brooks@state.nm.us>  
**Date:** Tue, Sep 7, 2010 at 5:21 PM  
**Subject:** RE: OGX Resources - Cooper 31 Federal #1; DHC application  
**To:** Ann Ritchie <ann.wtor@gmail.com>

Dear Ms. Ritchie

Even if the lowest perforation depth is 7545, this application still cannot be granted without pressure data. A DHC application can only be granted without pressure data is the lowest perforation is within 150% of the depth of the highest perforation. Here, the highest perforation is reported to be 4778. 150% of 4778 is 7167.

Sincerely

David K. Brooks

Legal Examiner

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