



# New Mexico Energy, Minerals and Natural Resources Department

---

**Susana Martinez**  
Governor

**John H. Bemis**  
Cabinet Secretary-Designate

**Brett F. Woods, Ph.D.**  
Deputy Cabinet Secretary

**Jami Bailey**  
Division Director  
Oil Conservation Division



May 25, 2011

Mr. James Bruce  
P.O. Box 1056  
Santa Fe, NM 87504

**Administrative Order NSL-6375**

**Re: OGX Resources LLC  
Cottonmouth 24 Federal Com. Well No. 1H  
API No. 30-015-38507  
105 feet FSL & 745 feet FWL  
Unit M, Section 24-26S-28E  
Eddy County, New Mexico**

Dear Mr. Bruce:

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW11-11544531**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico, on behalf of OGX Resources LLC (OGX) [OGRID 217955], on April 25, 2011, and

(b) the Division's records pertinent to this request.

OGX has requested to drill the above-referenced well as a horizontal well in the Bone Spring formation, at a location that will be unorthodox under Division Rule 16.14.B(2) [19.15.16.14.B(2) NMAC]. The proposed surface location, point of penetration and terminus of the well are as follows:

Surface Location: 105 feet from the South line and 745 feet from the West line  
(Unit M) of Section 24, Township 26S, Range 28E, NMPM,  
Eddy County, New Mexico

Point of Penetration: same as surface location

Oil Conservation Division  
1220 South St. Francis Drive • Santa Fe, New Mexico 87505  
Phone (505) 476-3440 • Fax (505) 476-3462 • [www.emnrd.state.nm.us/OCD](http://www.emnrd.state.nm.us/OCD)



Terminus                      990 feet from the South line and 330 feet from the West line  
(Unit M) of Section 23-26S-28E

The S/2 S/2 of Section 23 and the SW/4 SW/4 of Section 24 will be dedicated to the proposed well to form a project area comprising five standard 40-acre wildcat oil spacing units in the Bone Spring formation. Spacing is governed by statewide Rule 15.9 [19.15.15.9 NMAC], which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary. This location is unorthodox because a portion of the producing interval will be less than 330 feet from the southern boundary of the project area, and therefore outside the producing area.

Your application has been duly filed under the provisions of Division Rules 15.13 [19.15.15.13 NMAC] and 4.12.A(2) [19.15.4.12.A(2) NMAC].

It is our understanding that you are seeking this location in order to comply with United States Bureau of Land Management surface siting requirements.

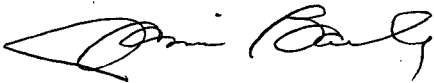
It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 4.12.A(2) [19.15.4.12.A(2) NMAC], in all adjoining units towards which the proposed location encroaches.

Pursuant to the authority conferred by Division Rule 15.13.B [19.15.15.13.B NMAC], the above-described unorthodox location is hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 5.9 [19.15.5.9 NMAC].

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

A handwritten signature in black ink, appearing to read "Jami Bailey", is written over a horizontal line.

Jami Bailey  
Director

JB/db

cc:     New Mexico Oil Conservation Division - Artesia  
        United States Bureau of Land Management