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June 16, 2006

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**HAND DELIVERED**

Mr. Mark E. Fesmire, Director  
Oil Conservation Division  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

Re: Application of OGX Resources LLC  
for compulsory pooling,  
Eddy County, New Mexico

*Case 13746*

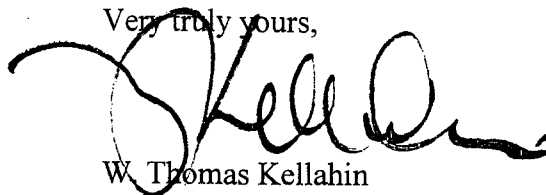
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C.N.B. Com Well No. 1  
Unit L of Section 11, T24S R28E  
API#30-015-21786  
Dedication: W/2  
Eddy County, New Mexico

Dear Mr. Fesmire:

On behalf of OXG Resources LLC, find enclosed our referenced application which we request be set for hearing on the Examiner's docket now scheduled for July 20, 2006. Also enclosed is our proposed advertisement of this case for the NMOCD docket.

Very truly yours,

  
W. Thomas Kellahin

cc: OCX Resources LLC  
Attn: Richard H. Coats

**CASE 13746** Application of OGX Resources LLC for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the W/2 of Section 11, T24S, R28E, NMPM, Eddy County, New Mexico, forming a standard 320-acre gas spacing and proration unit for production from any and all formation or pools developed on 320-acre spacing including but not limited to the Malaga-Morrow Gas Pool This unit is to be dedicated its C.N.B. Com Well No. 1 (**API# 30-015-21786**) an existing gas well located 1780 feet FSL and 660 feet FWL (Unit L) of this section. Also to be considered will be the costs of re-entry and additional drilling and completion this well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of OGX Resources LLC as the operator of the well and a 200% charge for risk involved in this well. This unit is located approximately 1/2 mile northeast from Malaga, New Mexico.

**STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE APPLICATION  
OF OGX RESOURCES LLC  
FOR COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO.**

CASE NO. 13746

**APPLICATION**

OGX Resources LLC ("OGX") by its attorneys, Kellahin & Kellahin, and in accordance with Section 70-2-17.C NMSA (1978) seeks compulsory pooling within Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the W/2 of Section 11, T24S, R28E, NMPM, Eddy County, New Mexico, forming a standard 320-acre gas spacing and proration unit for production from any and all formation or pools developed on 320-acre spacing including but not limited to the Malaga-Morrow Gas Pool. This unit is to be dedicated its C.N.B. Com Well No. 1 (API# 30-015-21786) an existing gas well located 1780 feet FSL and 660 feet FWL (Unit L) in this section. Also to be considered will be the costs of re-entry and further drilling and completion this well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of OGX Resources LLC as the operator of the well and a 200% charge for risk involved in this well.

In support of its application, OGX Resources LLC ("OGX") states:

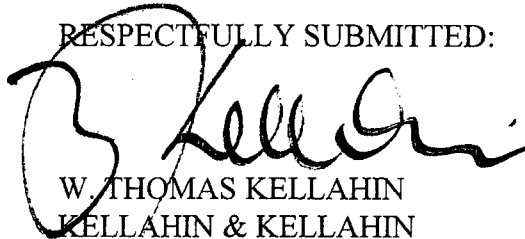
1. The subject well, C.N.B. Com Well No. 1, was originally drilled and operated by Burmah Oil and Gas Company being permitted on April 15, 1976 as a Morrow well to be drilled to a total depth of 13,500 feet and dedicated to a 320-acre spacing unit consisting of the W/2 of Section 11, T24S, R28W, Eddy County, New Mexico.
2. Effective July 1, 1976, Burmah Oil and Gas Company changed its name to Aminoil, USA, Inc.

3. On July 15, 1976, the well reached a total depth of 12,790 feet and was completed as a Morrow formation gas well.
4. By December 8, 1978, Aminoil had plugged back the well and completed it in the Atoka formation for gas production dedicated to the W/2 of this section.
5. On May 10, 1984, Kaiser-Francis Oil Company became the designated operator in this well.
6. Effective May 1, 2006, OGX acquired this wellbore from Kaiser-Francis Oil Company and now desires to re-enter and deepen the wellbore to 13,500 feet and test for Morrow production and to again dedicate the W/2 of this section to this well.
7. Certain leases have expired and OGX has acquired new leases covering approximately 80% of the working interest ownership in the oil and gas minerals from the surface to the base of the Morrow formation underlying the W/2 of this section.
8. By letter dated May 24, 2006, OGX proposed to the uncommitted mineral interest owners in the W/2 of this section that this well be re-entered and deepened to 13,500 feet and dedicated to a standard 320-acre gas spacing and proration unit consisting of the W/2 of Section 11.
9. Despite its reasonable efforts, applicant has been unable to obtain a written voluntary agreement from all such owners.
10. Pursuant to Section 70-2-17.C NMSA (1978) and in order to obtain its just and equitable share of potential production underlying this spacing unit, OGX needs an order of the Division pooling the interest identified above in order to protect correlative rights and prevent waste.
11. Applicant, in the absence of timely objection, will present its evidence by affidavit as provided by Division Rule 1207.A (1) and request the 200% risk charge in accordance with Commission Order R-11992, effective August 15, 2003.
12. In accordance with the Division's notice requirements, a copy of this application has been sent to the parties whose interest is to be pooled as listed on Exhibit "A" notifying each of this case and of the applicant's request for a hearing of this matter before the Division on the next available Examiner's docket now scheduled for July 20, 2006.

WHEREFORE, OGX Resources LLC, as applicant, requests that this application be set for hearing on July 20, 2006 before the Division's duly appointed examiner, and that after notice and hearing as required by law, the Division enter its order pooling the mineral interest described in the appropriate spacing unit for this well at a standard well location upon terms and conditions which include:

- (1) OXG Resources LLC be named operator.
- (2) Provisions for applicant and all working interest owners to participate in the costs of re-entry and further drilling, completing, equipping and operating this well;
- (3) In the event a mineral interest or working interest owner fails to elect to participate, then provision be made to recover out of production, the costs of the re-entry and further drilling, completing, equipping and operating the well, including a risk factor penalty of 200%;
- (4) Provision for overhead rates per month drilling and per month operating and a provision providing for an adjustment method of the overhead rates as provided by COPAS;
- (5) For such other and further relief as may be proper.

RESPECTFULLY SUBMITTED:



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OGX Resources LLC  
CNB #1

<u>Owner</u>	<u>Last Name</u>	<u>1st Attempt</u> <u>Address</u>	<u>City</u>	<u>State &amp;</u> <u>Zip</u>
<u>First Name</u>				
<b>Uncommitted Mineral Owner</b>				
Thomas & Martha	Stribling	520 Ranchitos Rd NW	Albuquerque	NM 87114
Catherine V. Kilgore	Kilgore	115 Woodland RD	Kerrville	TX 78028
Hayes Land &	Production, LP	P.O. Box 51407	Midland	TX 79710
Anastacia R.	Blanco	P.O. Box 645 , CA 94083	South San Francisco	CA, 94083
Boys Club of	America	1230 Peachtree St. NE	Atlanta	GA 30309
Tammy & Thomas	Kearns	74 Gravey Pond Ln	Southern Shores	NC 27949
TL Rees	Rees	644 Chestnut St.	Colorado City	TX 79512
Mary Joe	Dickerson	510 S. Quaker Apt #220	Tulsa	OK 74105
John E. Hall III Account		unclaimed property	Austin	TX
James	Klipstine	1601 Turner St.	Hobbs	NM 88240
Klipstine & Hanratty		PO Drawer	Carlsbad	NM 88220
Thomas & Bonnie	Gregory	2111 La Huerta Dr.	Carlsbad	NM 88220
Clarence & Mary Ervin	Ervin	4016 Jones	Carlsbad	NM 88220
Louis M. Ratliff Jr.	Ratliff Jr.	8 Firwood Ct	Austin	TX 78738
Nevill	Manning	2112 Indiana Ave	Lubbock	TX 79410
Nolan	Greak	8008 Slide RD. STE 33	Lubbock	TX 79424
Virginia Lee	Davis	2519 W. Ohio	Carlsbad,	NM 88220



Dewie B.	Leach	P.O. Box 156	Hobbs	NM 88240
Bertha Lorene	Osborn	521 N. Ash	Calsbad	NM 88220
James Samuel	Osborn	1520 Altura Ave.	Las Cruces	NM 88220
John W.	Osborn	580 N Broadway	Tipton	OK 73570
Pamela Rae	Cummings	521 N. Ash St. (1004 Pinon Lane)	Carlsbad	NM 88220
Patricia Gae	Stamps	P.O. Box 249	Panhandle	TX 79068

Nadel and Gussman Permian, LLC    601 N. Marienfeld Ste. 508    Midland, Texas 79701