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June 25, 2007

HAND DELIVERED

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

Case 13955

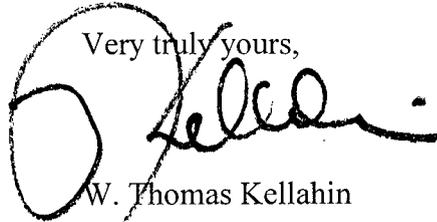
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Re: Browning Fed Com. Well No. 1 (Unit J)
Dedication: E/2 of Section 17, T24S, R28E
Application for compulsory pooling,
Applicant: OGX Production Ltd.
Designated Operator: OCX Resources LLC
Eddy County, New Mexico

Dear Mr. Fesmire:

On behalf of OGX Production Ltd. ("OGX"), please find enclosed our referenced application which we request be set for hearing on the Examiner's docket now scheduled for July 26, 2007. Also enclosed is our proposed advertisement of this case for the NMOCD docket.

Very truly yours,



W. Thomas Kellahin

cc: OGX Resources LLC
Attn: Kaye Smith

- **CASE 13955**: Application of OGX Production Ltd. 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 E/2 of Section 17, T24S, R28E, NMPM, Eddy County, New Mexico, forming a standard 320-acre gas spacing and proration unit for any production for any and all formations/pools developed on 320-acre spacing within that vertical extent, including but not limited to the Malaga-Morrow Gas Pool. This unit is to be dedicated to its Browning Federal Com Well No. 1 (API No 30-015-35638) which will be drilled at a standard well location in Unit J of this section. Also to be considered will be the costs of the drilling and completing this well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of OXG Resources LLC as the operator of the well and, pursuant to Commission Order R-11992, a risk charge of 200% for the risk involved in this well. This unit is located approximately 2 miles West of Malaga, New Mexico. **IN THE ABSENCE OF OBJECTION, THIS MATTER WILL BE TAKEN UNDER ADVISEMENT**

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

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IN THE MATTER OF THE APPLICATION
OF OGX PRODUCTION LTD.
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.

CASE NO.

APPLICATION

OGX PRODUCTION LTD. ("OGX") by its attorneys, Kellahin & Kellahin, and in accordance with Section 70-2-17.C NMSA (1978) seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the E/2 of Section 17, T24S, R28E, NMPM, Eddy County, New Mexico, forming a standard 320-acre gas spacing and proration unit for any production for any and all formations/pools developed on 320-acre spacing within that vertical extent, including but not limited to the Malaga-Morrow Gas Pool. This unit is to be dedicated to its Browning Federal Com Well No. 1 (**API No 30-015-35638**) which will be drilled at a standard well location in Unit J of this section. Also to be considered will be the costs of drilling and completing 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, pursuant to Commission Order R-11992, a risk charge of 200% for the risk involved in this well.

In support of its application OGX states:

- (1) OGX is a working interest owner in the oil and gas minerals underlying the E/2 of Section 17, T24S, R28E, NMPM, Eddy County, New Mexico, to be dedicated as a standard 320-acre gas proration and spacing unit consisting of the E/2 of this section for production from the Browning Federal Com Well No. 1 located in Unit J of this section.
- (2) On April 18, 2007, OGX Resources LLC sent to Occidental Permian Limited Partnership ("OXY"), and the other working interest owners in this spacing unit, its written well proposal, including an AFE, for its Browning Federal Com Well No. 1 to be drilled at a standard well location in Unit J of Section 17, T24S, R28E, Eddy County, New Mexico and dedicated to the E/2 of this section.

- (3) By email, dated June 19, 2007, OXY advised OGX to go ahead and file for compulsory pooling.
- (4) Despite reasonable efforts, OGX is not able to obtain the voluntary agreement of OXY
- (5) Pursuant to Commission Order R-11992, effective August 15, 2003, OGX requests that the 200% risk charge be applied.
- (6) This spacing unit is within 1 mile of the Malaga-Morrow Gas Pool and subject, among other things, to Division Rule 104 providing for standard 320-acre spacing unit.
- (7) 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 identified and described mineral interests involved in order to protect correlative rights and prevent waste.
- (8) 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 26, 2007.

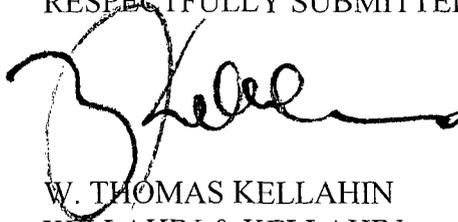
WHEREFORE, OGX Production Ltd., as applicant, requests that this application be set for hearing on July 26, 2007 before the Division's duly appointed examiner, and that after notice and hearing as required by law, the Division enter its order pooling the mineral interest described in the appropriate spacing unit for this well at a standard well location upon terms and conditions which include:

- (1) OGX Resources LLC be named operator.
- (2) Provisions for applicant and all working interest owners to participate in the costs of re-entering, completing, equipping and operating the 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 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:

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written over the typed name.

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EXHIBIT "A"

Occidental Permian Limited Partnership
P. O. Box 50250
Midland, TX 79710
Attn: David Evans