

file

OGXResources LLC

P.O. Box 2064 • Midland, TX 79702 • (432) 685-1287 Fax (432) 686-7109

Certified Mail #7010 1870 0000 8950 4110

February 7, 2011

Mr. Trey Fowlkes
P.O. Box 23416
Waco, Texas 76702

Re: Well Proposal
Momba "24" Fed Com #1H Well
T-26-S, R-28-E, N.M.P.M.
Section 24: E $\frac{1}{2}$ E $\frac{1}{2}$
Eddy County, New Mexico

Dear Mr. Fowlkes:

According to the records of Eddy County, New Mexico you own unleased minerals under the E $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 24, T-26-S, R-28-E, N.M.P.M.

OGX Resources LLC ("OGX") hereby proposes to drill the above referenced horizontal well at a surface hole location of 660' FNL and 990' FEL and a bottom hole location of 330' FSL and 990' FEL of Section 24, T-26-S, R-28-E, N.M.P.M., Eddy County, New Mexico. This well will be drilled to a true vertical depth of 7,300' then horizontally 3,806' for a total measured depth of 11,106' to adequately test the Avalon portion of the Bone Spring Formation. The proration unit for this well will be the E $\frac{1}{2}$ E $\frac{1}{2}$ of said Section 24.

Enclosed for your review is an AFE (in duplicate), showing the estimated drilling and completion costs for the subject well.

OGX invites you to participate in this well. If you wish to participate in the drilling of this well, please execute both copies of the AFE, after which return one copy to the undersigned. Upon receipt of the AFE, OGX will mail you an Operating Agreement for your execution covering the E $\frac{1}{2}$ E $\frac{1}{2}$ of said Section 24, which will supersede all existing operating agreements, naming OGX as the Operator.

In the event you do not wish to participate, OGX would be interested in obtaining an oil and gas lease from you under the following terms:

treyfowlkesmomba24fedcom#1hwellproposal_020711

Oil Conservation Division
Case No. 3 14639
Exhibit No.

Trey Fowlkes Well Proposal
Momba "24" Fed Com #1H Well
February 7, 2011
Page 2

- A. As to your mineral interest covering the E $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 24, T-26-S, R-28-E, N.M.P.M, being 3.125% (1.25 net acres) in SE $\frac{1}{4}$ SE $\frac{1}{4}$ and 1.5625% (.625 net acre) in the NE $\frac{1}{4}$ SE $\frac{1}{4}$.

Term: Six (6) months
Royalty: 22%
Standard Lease Form
Cash Consideration: \$400.00 per net mineral acre.

OR

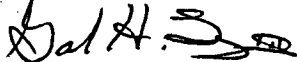
- B. As to your mineral interest covering all of your open acreage (see attached)

Term: Three (3) years
Royalty: 22%
Standard Lease Form with a Continuous Development Provision: 180 days (if well drilled within primary term, 180 days starts 180 days from end of primary term)
Cash Consideration: \$2,000.00 per net mineral acre.

Please let us know within thirty (30) days from receipt of this letter if you (1) want to participate in the subject well, (2) lease your unleased minerals under proposal (A) above or (3) lease your unleased minerals under proposal (B) above. If you have any questions, please contact the undersigned.

Sincerely,

OGX Resources LLC



Garland H. Lang III
Land Manager

Enclosures

OGX RESOURCES LLC
AUTHORIZATION FOR EXPENDITURE

DATE: 1/28/11

OGX AFE No.:
AFE Title: Avalon Horizontal
Well Name & No.: MOMBA 24 FED COM #1H

Field: DELAWARE RIVER SOUTH - BONE SPRING
County: EDDY

State: NEW MEXICO

Exploratory XX Development:
Proposed Formation: AVALON
Descriptor SHL: 660'FNL & 990'FEL / SEC.24-T26S-R28E
BHL: 990' FEL & 330' FSL, SEC. 24, T26S, R28E

Oil: XX GAS
Proposed Depth: 7300 TVD / 11,106' MD

| | MAJ | SUB | DRY HOLE | MAJ | COMPLETION | TOTAL |
|--|-----|-----|-------------|-----|-------------|-------------|
| DEVELOPMENTAL DRILLING: | | | | | | |
| Turnkey | 725 | 470 | \$0 | 726 | \$0 | \$0 |
| Mobilization/Demob. | | 471 | \$65,000 | | \$0 | \$65,000 |
| Location, Pits, Roads | | 472 | \$120,000 | | \$10,000 | \$130,000 |
| Cement and Cementing Services | | 473 | \$70,000 | | \$50,000 | \$120,000 |
| Mud Logging | | 474 | \$35,000 | | \$0 | \$35,000 |
| Mud Materials, Chemical & Water | | 475 | \$65,000 | | \$175,000 | \$240,000 |
| Logging and Sidewall Coring | | 478 | \$35,000 | | \$5,000 | \$40,000 |
| Perforating | | 479 | \$0 | | \$0 | \$0 |
| Stimulation | | 480 | \$0 | | \$2,000,000 | \$2,000,000 |
| Formation Testing | | 482 | \$0 | | \$32,000 | \$32,000 |
| Testing Tubular Goods | | 484 | \$0 | | \$5,500 | \$5,500 |
| Tool Rental DOWNHOLE | | 488 | \$55,000 | | \$3,500 | \$58,500 |
| Tool Rental INCLUDES CLOSED MUD SYSTEM | | 488 | \$225,000 | | | \$225,000 |
| Drilling Footage | | 489 | \$0 | | \$0 | \$0 |
| Drilling Day Work 21 days | | 490 | \$262,500 | | \$37,500 | \$300,000 |
| Float Equipment | | 491 | \$6,500 | | \$15,000 | \$21,500 |
| Bits, Core Barrells, etc. | | 492 | \$70,000 | | \$15,000 | \$85,000 |
| Other Special Well Services | | 494 | \$18,000 | | \$10,000 | \$28,000 |
| Contract Services & Equip | | 510 | \$12,000 | | \$20,000 | \$32,000 |
| Directional Drilling | | 511 | \$130,000 | | \$0 | \$130,000 |
| Completion Unit | | 528 | \$0 | | \$56,000 | \$56,000 |
| Fuel & Power | | 539 | \$72,000 | | \$0 | \$72,000 |
| Auto & Truck Expense | | 545 | \$15,000 | | \$2,500 | \$17,500 |
| Company Supervision 60 @ 1200 | | 501 | \$42,000 | | \$30,000 | \$72,000 |
| Miscellaneous & Contingencies | 8% | 599 | \$103,840 | | \$197,360 | \$301,200 |
| Subtotal | | | \$1,401,840 | | \$2,664,360 | \$4,066,200 |

DEVELOPMENTAL LWE "DRILLING"

| | | | | | | |
|------------------------------------|-----|-----|-----------|-----|-----------|-----------|
| Surface Casing 13 3/8 @ 625' | 727 | 441 | \$21,875 | 727 | \$0 | \$21,875 |
| Conductor Pipe | | 442 | \$20,000 | | \$0 | \$20,000 |
| Intermediate Casing 8 5/8" @ 2750' | | 443 | \$60,500 | | \$0 | \$60,500 |
| Production Casing 5 1/2" @ 11,106' | | 443 | \$0 | | \$211,000 | \$211,000 |
| Drilling Liner | | 450 | \$0 | | \$0 | \$0 |
| Production Liner | | 460 | \$0 | | \$0 | \$0 |
| Casing Head | | 445 | \$34,000 | | \$30,000 | \$64,000 |
| X-Mas Tree | | 446 | \$0 | | \$16,000 | \$16,000 |
| Completion Equipment | | 447 | \$0 | | \$5,000 | \$5,000 |
| Retrievable Packers | | 448 | \$0 | | \$5,000 | \$5,000 |
| Tubing | | 449 | \$0 | | \$55,000 | \$55,000 |
| Other Material & Equipment | | 469 | \$1,000 | | \$1,500 | \$2,500 |
| Subtotal | | | \$137,375 | | \$323,500 | \$460,875 |

ONSHORE FACILITIES

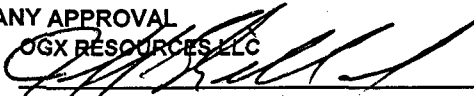
| | | | | | | |
|-------------------------------|-----|-----|--|--|----------|----------|
| Location, Pits, Roads | 745 | 472 | | | \$45,000 | \$45,000 |
| Contract Services & Equip | | 510 | | | \$35,000 | \$35,000 |
| Engineering Surveys | | 516 | | | \$4,500 | \$4,500 |
| Auto & Truck Expense | | 545 | | | \$1,000 | \$1,000 |
| Welding Services | | 566 | | | \$7,500 | \$7,500 |
| Instal Elect/Pneu System | | 567 | | | \$0 | \$0 |
| Painting Service | | 568 | | | \$0 | \$0 |
| Miscellaneous & Contingencies | | 599 | | | \$1,500 | \$1,500 |
| Subtotal | | | | | \$94,500 | \$94,500 |

ONSHORE FACILITIES

| | | | | | | |
|---|-----|-----|--|--|-----------|-----------|
| Misc Valves & Fittings | 746 | 153 | | | \$55,000 | \$55,000 |
| Corrosion or Chemical Treating Equip | | 438 | | | \$0 | \$0 |
| Pumping Equipment | | 451 | | | \$135,000 | \$135,000 |
| Gas Engines & Electric Motors | | 452 | | | \$15,000 | \$15,000 |
| Electric Lines, Poles, Transformers, etc. | | 453 | | | \$0 | \$0 |
| Bottom Hole Pump | | 454 | | | \$0 | \$0 |
| Field Lines | | 456 | | | \$375,000 | \$375,000 |
| Tanks, Stairs, Walkways, etc. | | 457 | | | \$48,000 | \$48,000 |
| Separator & Fittings | | 458 | | | \$10,500 | \$10,500 |
| Heaters, Treaters & Connections | | 459 | | | \$12,000 | \$12,000 |
| Power & Circulating Pumps | | 460 | | | \$55,000 | \$55,000 |
| Meters | | 463 | | | \$23,000 | \$23,000 |
| Other Material & Equipment | | 469 | | | \$45,000 | \$45,000 |
| Subtotal | | | | | \$773,500 | \$773,500 |

TOTAL WELL COST: 1,539,215 3,855,860 5,395,075

COMPANY APPROVAL

NAME: OGX RESOURCES LLC
By: 
Title: ENGINEERING MANAGER
Date: 28-Jan-11

PARTICIPANT APPROVAL

NAME: _____
By: _____
Title: _____
Date: _____
WI%: _____

| Fowlkes | | | Christine | | Christine | | Janet Renee | | Janet Renee | | |
|---------|--------------|------------|------------|---------|-----------|---------|--------------|---------|-------------|-------|--|
| Gross | Family | Frank Blow | Frank Blow | Speidel | Speidel | Trey | Fowlkes | Fowlkes | Fowlkes | Total | |
| Acreage | Mineral Int. | Fowlkes | Fowlkes | Fowlkes | Fowlkes | Fowlkes | Trey Fowlkes | Murrey | Murrey | Net | |

Lease No. 1

T-26-S, R-28-E, N.M.P.M

| | | | | | | | | | | | | |
|---|--------|-----|------|-------|------|-------|------|-------|------|-------|--|--------|
| Sec. 21: S/2SE/4 | 80.00 | 1/2 | 1/16 | 5.00 | 1/16 | 5.00 | 1/32 | 2.50 | 1/32 | 2.50 | | |
| Sec. 22: W/2SW/4, NE/4SW/4, N/2SE/4 | 200.00 | 1/2 | 1/16 | 12.50 | 1/16 | 12.50 | 1/32 | 6.25 | 1/32 | 6.25 | | |
| Sec. 28: S2NW/4 | 80.00 | 1/2 | 1/16 | 5.00 | 1/16 | 5.00 | 1/32 | 2.50 | 1/32 | 2.50 | | |
| Sec. 29: E/2SE/4, NW/4SE/4, SE/4NE/4 | 160.00 | 1/2 | 1/16 | 10.00 | 1/16 | 10.00 | 1/32 | 5.00 | 1/32 | 5.00 | | |
| Sec. 32: NE/4NE/4 | 40.00 | 1/2 | 1/16 | 2.50 | 1/16 | 2.50 | 1/32 | 1.25 | 1/32 | 1.25 | | |
| Sec. 33: W/2NW/4 (aka NW/4NW/4 + Lot 1) | 63.79 | 1/2 | 1/16 | 3.99 | 1/16 | 3.99 | 1/32 | 1.99 | 1/32 | 1.99 | | |
| Total | 623.79 | | | 38.99 | | 38.99 | | 19.49 | | 19.49 | | 118.96 |

Lease No. 2

T-26-S, R-28-E, N.M.P.M

| | | | | | | | | | | | | |
|--|--------|-----|------|-------|------|-------|------|-------|------|-------|--|--------|
| Sec. 23: E/2E/2, SW/4SE/4, SE/4SW/4, N/2SW/4 | 320.00 | 1/2 | 1/16 | 20.00 | 1/16 | 20.00 | 1/32 | 10.00 | 1/32 | 10.00 | | |
| Sec. 24: N/2NW/4, NW/4NE/4, SE/4SE/4 | 160.00 | 1/2 | 1/16 | 10.00 | 1/16 | 10.00 | 1/32 | 5.00 | 1/32 | 5.00 | | |
| Sec. 24: SW/4NE/4, N/2SE/4 | 120.00 | 1/4 | 1/32 | 3.75 | 1/32 | 3.75 | 1/64 | 1.88 | 1/64 | 1.88 | | |
| T-26-S, R-29-E, N.M.P.M | | | | | | | | | | | | |
| Sec. 19: Lots 2,3,4 & E/2NW/4 | 199.93 | 1/4 | 1/32 | 6.25 | 1/32 | 6.25 | 1/64 | 3.124 | 1/64 | 3.124 | | |
| Total | 799.93 | | | 40.00 | | 40.00 | | 20.00 | | 20.00 | | 119.99 |

Lease No. 3

T-26-S, R-29-E, N.M.P.M

| | | | | | | | | | | | | |
|--------------------|---------|-----|------|-------|------|-------|------|-------|------|-------|--|-------|
| Sec. 7: S/2NE/4 | 80.00 | 1/2 | 1/16 | 5.00 | 1/16 | 5.00 | 1/32 | 2.50 | 1/32 | 2.50 | | |
| Total | 80.00 | | | 5.00 | | 5.00 | | 2.50 | | 2.50 | | 15.00 |
| Total all 3 leases | 1503.72 | | | 83.98 | | 83.98 | | 41.99 | | 41.99 | | 83.98 |

| Bonus Consideration | | Net Acres | Bonus @\$2000/ac |
|----------------------------|--|-----------|------------------|
| Frank Blow Fowlkes | | 83.98 | \$167,960.00 |
| Christine Speidel Fowlkes | | 83.98 | \$167,960.00 |
| Trey Fowlkes | | 41.99 | \$83,980.00 |
| Janet Renee Fowlkes Murrey | | 41.99 | \$83,980.00 |
| Total | | 251.94 | \$503,880.00 |

U.S. Postal ServiceTM
CERTIFIED MAILTM RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)
 For delivery information visit our website at www.usps.com[®]

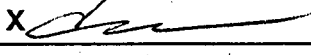
OFFICIAL USE

Postage \$
 Certified Fee 2.80
 Return Receipt Fee (Endorsement Required) 2.30
 Restricted Delivery Fee (Endorsement Required) 1.20
 Total Postage & Fees \$ 6.30

Sent To
 Street, Apt. No.,
 or PO Box No.
 City, State, ZIP+4[®]
 Mr. Trey Fowlkes
 P.O. Box 23416
 Waco, Texas 76702

Postmark Here
 KA

PS Form 3800

| SENDER: COMPLETE THIS SECTION | | COMPLETE THIS SECTION ON DELIVERY | |
|--|--|--|--|
| <ul style="list-style-type: none"> ■ Complete Items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. ■ Print your name and address on the reverse so that we can return the card to you. ■ Attach this card to the back of the mailpiece, or on the front if space permits. | | <p>A. Signature </p> <p>B. Received by (Printed Name) Trey Fowlkes</p> <p>C. Date of Delivery FEB 11 2004</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p> | |
| <p>1. Article Addressed to:</p> <p>Mr. Trey Fowlkes P.O. Box 23416 Waco, Texas 76702</p> | | <p>3. Service Type</p> <p><input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p> | |
| <p>2. Article Number (Transfer from service label)</p> <p>7010 1870 0000 8950 4110</p> | | <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p> | |

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

OGXResources LLC

P.O. Box 2064 • Midland, TX 79702 • (432) 685-1287 Fax (432) 686-7109

Certified Mail #7010 1870 0000 8950 4103

February 7, 2011

Ms. Janet Renee Fowlkes Murrey
P.O. Box 23416
Waco, Texas 76702

Re: Well Proposal
Momba "24" Fed Com #1H Well
T-26-S, R-28-E, N.M.P.M.
Section 24: E $\frac{1}{2}$ E $\frac{1}{2}$
Eddy County, New Mexico

Dear Ms. Murrey:

According to the records of Eddy County, New Mexico you own unleased minerals under the E $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 24, T-26-S, R-28-E, N.M.P.M.

OGX Resources LLC ("OGX") hereby proposes to drill the above referenced horizontal well at a surface hole location of 660' FNL and 990' FEL and a bottom hole location of 330' FSL and 990' FEL of Section 24, T-26-S, R-28-E, N.M.P.M., Eddy County, New Mexico. This well will be drilled to a true vertical depth of 7,300' then horizontally 3,806' for a total measured depth of 11,106' to adequately test the Avalon portion of the Bone Spring Formation. The proration unit for this well will be the E $\frac{1}{2}$ E $\frac{1}{2}$ of said Section 24.

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Janet Renee Fowlkes Murrey Well Proposal
Momba "24" Fed Com #1H Well
February 7, 2011
Page 2

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Term: Six (6) months

Royalty: 22%

Standard Lease Form

Cash Consideration: \$400.00 per net mineral acre.

OR

B. As to your mineral interest covering all of your open acreage (see attached)

Term: Three (3) years

Royalty: 22%

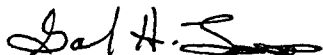
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Garland H. Lang III
Land Manager

Enclosures

OGX RESOURCES LLC
AUTHORIZATION FOR EXPENDITURE

DATE: 1/28/11

OGX AFE No.:
AFE Title: Avalon Horizontal
Well Name & No.: MOMBA 24 FED COM #1H

Field: DELAWARE RIVER SOUTH - BONE SPRING
County: EDDY

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Exploratory XX Development:
Proposed Formation: AVALON
Descriptor SHL: 660'FNL & 990'FEL / SEC.24-T26S-R28E
BHL: 990' FEL & 330' FSL, SEC. 24, T26S, R28E

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ONSHORE FACILITIES


| | | | | | | |
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| Heaters, Treaters & Connections | | 459 | | | \$12,000 | \$12,000 |
| Power & Circulating Pumps | | 460 | | | \$55,000 | \$55,000 |
| Meters | | 463 | | | \$23,000 | \$23,000 |
| Other Material & Equipment | | 469 | | | \$45,000 | \$45,000 |
| Subtotal | | | | | \$773,500 | \$773,500 |

| | | | |
|-------------------------|-----------|-----------|-----------|
| TOTAL WELL COST: | 1,539,215 | 3,855,860 | 5,395,075 |
|-------------------------|-----------|-----------|-----------|

COMPANY APPROVAL

NAME: OGX RESOURCES LLC
By: 
Title: ENGINEERING MANAGER
Date: 28-Jan-11

PARTICIPANT APPROVAL

NAME: _____
By: _____
Title: _____
Date: _____
WI%: _____

| Land Description | Fowlkes | | Christine | | Christine | | Janet Renee | | Janet Renee | | Total |
|------------------|---------------|---------------------|--------------------|--------------------|-----------------|-----------------|--------------|--------------|----------------|----------------|-------|
| | Gross Acreage | Family Mineral Int. | Frank Blow Fowlkes | Frank Blow Fowlkes | Speidel Fowlkes | Speidel Fowlkes | Trey Fowlkes | Trey Fowlkes | Fowlkes Murrey | Fowlkes Murrey | |
| Lease No. 1 | | | | | | | | | | | |

T-26-S, R-28-E, N.M.P.M

| | | | | | | | | | | |
|---|--------|-----|------|-------|------|-------|-------|------|-------|----------|
| Sec. 21: S/2SE/4 | 80.00 | 1/2 | 1/16 | 5.00 | 1/16 | 5.00 | 1/32 | 2.50 | 1/32 | 2.50 |
| Sec. 22: W/2SW/4, NE/4SW/4, N/2SE/4 | 200.00 | 1/2 | 1/16 | 12.50 | 1/16 | 12.50 | 1/32 | 6.25 | 1/32 | 6.25 |
| Sec. 28: S2NW/4 | 80.00 | 1/2 | 1/16 | 5.00 | 1/16 | 5.00 | 1/32 | 2.50 | 1/32 | 2.50 |
| Sec. 29: E/2SE/4, NW/4SE/4, SE/4NE/4 | 160.00 | 1/2 | 1/16 | 10.00 | 1/16 | 10.00 | 1/32 | 5.00 | 1/32 | 5.00 |
| Sec. 32: NE/4NE/4 | 40.00 | 1/2 | 1/16 | 2.50 | 1/16 | 2.50 | 1/32 | 1.25 | 1/32 | 1.25 |
| Sec. 33: W/2NW/4 (aka NW/4NW/4 + Lot 1) | 63.79 | 1/2 | 1/16 | 3.99 | 1/16 | 3.99 | 1/32 | 1.99 | 1/32 | 1.99 |
| Total | 623.79 | | | 38.99 | | 38.99 | 19.49 | | 19.49 | 116.96 |
| Lease No. 2 | | | | | | | | | | 18.7500% |
| T-26-S, R-28-E, N.M.P.M | | | | | | | | | | |

| | | | | | | | | | | |
|--|--------|-----|------|-------|------|-------|------|-------|------|-------|
| Sec. 23: E/2E/2, SW/4SE/4, SE/4SW/4, N/2SW/4 | 320.00 | 1/2 | 1/16 | 20.00 | 1/16 | 20.00 | 1/32 | 10.00 | 1/32 | 10.00 |
| Sec. 24: N/2NW/4, NW/4NE/4, SE/4SE/4 | 160.00 | 1/2 | 1/16 | 10.00 | 1/16 | 10.00 | 1/32 | 5.00 | 1/32 | 5.00 |
| Sec. 24: SW/4NE/4, N/2SE/4 | 120.00 | 1/4 | 1/32 | 3.75 | 1/32 | 3.75 | 1/64 | 1.88 | 1/64 | 1.88 |

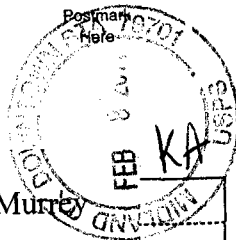
| | | | | | | | | | | |
|--------------------------------|--------|-----|------|-------|------|-------|-------|-------|-------|--------|
| T-26-S, R-29-E, N.M.P.M | | | | | | | | | | |
| Sec. 19: Lots 2-3-4 & E/2NW/4 | 199.93 | 1/4 | 1/32 | 6.25 | 1/32 | 6.25 | 1/64 | 3.124 | 1/64 | 3.124 |
| Total | 799.93 | | | 40.00 | | 40.00 | 20.00 | | 20.00 | 119.99 |
| Lease No. 3 | | | | | | | | | | 15.00% |
| T-26-S, R-29-E, N.M.P.M | | | | | | | | | | |

| | | | | | | | | | | |
|--------------------------------|---------|-----|------|-------|------|-------|-------|------|-------|--------|
| T-26-S, R-29-E, N.M.P.M | | | | | | | | | | |
| Sec. 7: S/2NE/4 | 80.00 | 1/2 | 1/16 | 5.00 | 1/16 | 5.00 | 1/32 | 2.50 | 1/32 | 2.50 |
| Total | 80.00 | | | 5.00 | | 5.00 | 2.50 | | 2.50 | 15.00 |
| Lease No. 3 | | | | | | | | | | 18.75% |
| T-26-S, R-29-E, N.M.P.M | | | | | | | | | | |
| Total all 3 leases | 1503.72 | | | 83.98 | | 83.98 | 41.99 | | 41.99 | 83.98 |

| | | |
|----------------------------|-----------|------------------|
| Bonus Consideration | Net Acres | Bonus @\$2000/ac |
| Frank Blow Fowkes | 83.98 | \$167,960.00 |
| Christine Speidel Fowkes | 83.98 | \$167,960.00 |
| Trey Fowkes | 41.99 | \$83,980.00 |
| Janet Renee Fowkes Murrey | 41.99 | \$83,980.00 |
| Total | 251.94 | \$503,880.00 |

7010 1870 0000 8950 4103

| | |
|--|--------------|
| U.S. Postal Service™ | |
| CERTIFIED MAIL™ RECEIPT | |
| <i>(Domestic Mail Only; No Insurance Coverage Provided)</i> | |
| For delivery information visit our website at www.usps.com | |
| OFFICIAL USE | |
| Postage \$ | |
| Certified Fee | 2.80 |
| Return Receipt Fee (Endorsement Required) | 2.30 |
| Restricted Delivery Fee (Endorsement Required) | 1.22 |
| Total Postage & Fees \$ | 6.32 |
| Sent To Street or P.O. City, State, ZIP+4® Ms. Janet Renee Fowlkes Murrey P.O. Box 23416 Waco, Texas 76702 | |
| PS Form 3811, February 2004 | Instructions |



SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

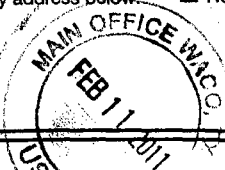
Ms. Janet Renee Fowlkes Murrey
P.O. Box 23416
Waco, Texas 76702

COMPLETE THIS SECTION ON DELIVERY

A. Signature  ☐ Agent
☒ Addressee

B. Received by (Printed Name) Trey Fowler C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
 If YES, enter delivery address below: ☒ No



3. Service Type
☒ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number
 (Transfer from service label)

7010 1870 0000 8950 4103

f:6

OGXResources LLC

P.O. Box 2064 • Midland, TX 79702 • (432) 685-1287 Fax (432) 686-7109

Certified Mail #7010 1870 0000 8950 4080

February 7, 2011

Ms. Christine Speidel Fowlkes
Mr. Christopher C. Fowlkes
404 Glenosa
El Paso, Texas 79928

Re: Well Proposal
Momba "24" Fed Com #1H Well
T-26-S, R-28-E, N.M.P.M.
Section 24: E $\frac{1}{2}$ E $\frac{1}{2}$
Eddy County, New Mexico

Dear Mr. and Ms. Fowlkes:

According to the records of Eddy County, New Mexico you own unleased minerals under the E $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 24, T-26-S, R-28-E, N.M.P.M.

OGX Resources LLC ("OGX") hereby proposes to drill the above referenced horizontal well at a surface hole location of 660' FNL and 990' FEL and a bottom hole location of 330' FSL and 990' FEL of Section 24, T-26-S, R-28-E, N.M.P.M., Eddy County, New Mexico. This well will be drilled to a true vertical depth of 7,300' then horizontally 3,806' for a total measured depth of 11,106' to adequately test the Avalon portion of the Bone Spring Formation. The proration unit for this well will be the E $\frac{1}{2}$ E $\frac{1}{2}$ of said Section 24.

Enclosed for your review is an AFE (in duplicate), for each of you, showing the estimated drilling and completion costs for the subject well.

OGX invites both of you to participate in this well. If one or both of you wish to participate in the drilling of this well, please execute both copies of the AFE, after which return one copy to the undersigned. Upon receipt of the AFE, OGX will mail you an Operating Agreement for your execution covering the E $\frac{1}{2}$ E $\frac{1}{2}$ of said Section 24, which will supersede all existing operating agreements, naming OGX as the Operator.

In the event either or both of you do not wish to participate, OGX would be interested in obtaining an oil and gas lease from you under the following terms:

Christine Speidel Fowlkes and Christopher C. Fowlkes Well Proposal
Momba "24" Fed Com #1H Well
February 7, 2011
Page 2

- A. As to your mineral interest covering the E $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 24, T-26-S, R-28-E, N.M.P.M, being 6.25% (2.5 net acres) in SE $\frac{1}{4}$ SE $\frac{1}{4}$ and 3.125% (1.25 net acres) in the NE $\frac{1}{4}$ SE $\frac{1}{4}$.

Term: Six (6) months

Royalty: 22%

Standard Lease Form

Cash Consideration: \$400.00 per net mineral acre.

OR

- B. As to your mineral interest covering all of your open acreage (see attached)

Term: Three (3) years

Royalty: 22%

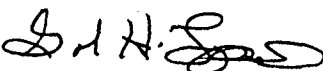
Standard Lease Form with a Continuous Development Provision: 180 days (if well drilled within primary term, 180 days starts 180 days from end of primary term)

Cash Consideration: \$2,000.00 per net mineral acre.

Please let us know within thirty (30) days from receipt of this letter if you (1) want to participate in the subject well, (2) lease your unleased minerals under proposal (A) above or (3) lease your unleased minerals under proposal (B) above. If you have any questions, please contact the undersigned.

Sincerely,

OGX Resources LLC



Garland H. Lang III
Land Manager

Enclosures

OGX RESOURCES LLC
AUTHORIZATION FOR EXPENDITURE

DATE: 1/28/11

OGX AFE No.:
AFE Title: Avalon Horizontal
Well Name & No.: MOMBA 24 FED COM #1H

Field: DELAWARE RIVER SOUTH - BONE SPRING
County: EDDY

State: NEW MEXICO

Exploratory XX Development:
Proposed Formation: AVALON
Descriptor SHL: 660'FNL & 990'FEL / SEC.24-T26S-R28E
BHL: 990' FEL & 330' FSL, SEC. 24, T26S, R28E

Oil: XX GAS
Proposed Depth: 7300 TVD / 11,106' MD

| | MAJ | SUB | DRY HOLE | MAJ | COMPLETION | TOTAL |
|--|-----|-----|-------------|-----|-------------|-------------|
| DEVELOPMENTAL DRILLING: | | | | | | |
| Turnkey | 725 | 470 | \$0 | 726 | \$0 | \$0 |
| Mobilization/Demob. | | 471 | \$65,000 | | \$0 | \$65,000 |
| Location, Pits, Roads | | 472 | \$120,000 | | \$10,000 | \$130,000 |
| Cement and Cementing Services | | 473 | \$70,000 | | \$50,000 | \$120,000 |
| Mud Logging | | 474 | \$35,000 | | \$0 | \$35,000 |
| Mud Materials, Chemical & Water | | 475 | \$65,000 | | \$175,000 | \$240,000 |
| Logging and Sidewall Coring | | 478 | \$35,000 | | \$5,000 | \$40,000 |
| Perforating | | 479 | \$0 | | \$0 | \$0 |
| Stimulation | | 480 | \$0 | | \$2,000,000 | \$2,000,000 |
| Formation Testing | | 482 | \$0 | | \$32,000 | \$32,000 |
| Testing Tubular Goods | | 484 | \$0 | | \$5,500 | \$5,500 |
| Tool Rental DOWNHOLE | | 488 | \$55,000 | | \$3,500 | \$58,500 |
| Tool Rental INCLUDES CLOSED MUD SYSTEM | | 488 | \$225,000 | | | \$225,000 |
| Drilling Footage | | 489 | \$0 | | \$0 | \$0 |
| Drilling Day Work 21 days | | 490 | \$262,500 | | \$37,500 | \$300,000 |
| Float Equipment | | 491 | \$8,500 | | \$15,000 | \$21,500 |
| Bits, Core Barrels, etc. | | 492 | \$70,000 | | \$15,000 | \$85,000 |
| Other Special Well Services | | 494 | \$18,000 | | \$10,000 | \$28,000 |
| Contract Services & Equip | | 510 | \$12,000 | | \$20,000 | \$32,000 |
| Directional Drilling | | 511 | \$130,000 | | \$0 | \$130,000 |
| Completion Unit | | 528 | \$0 | | \$56,000 | \$56,000 |
| Fuel & Power | | 539 | \$72,000 | | \$0 | \$72,000 |
| Auto & Truck Expense | | 545 | \$15,000 | | \$2,500 | \$17,500 |
| Company Supervision 60 @ 1200 | | 501 | \$42,000 | | \$30,000 | \$72,000 |
| Miscellaneous & Contingencies | 8% | 599 | \$103,840 | | \$197,360 | \$301,200 |
| Subtotal | | | \$1,401,840 | | \$2,664,360 | \$4,066,200 |

DEVELOPMENTAL LWE "DRILLING"

| | | | | | | |
|------------------------------------|-----|-----|-----------|-----|-----------|-----------|
| Surface Casing 13 3/8 @ 625' | 727 | 441 | \$21,875 | 727 | \$0 | \$21,875 |
| Conductor Pipe | | 442 | \$20,000 | | \$0 | \$20,000 |
| Intermediate Casing 8 5/8" @ 2750' | | 443 | \$60,500 | | \$0 | \$60,500 |
| Production Casing 5 1/2" @ 11,106' | | 443 | \$0 | | \$211,000 | \$211,000 |
| Drilling Liner | | 450 | \$0 | | \$0 | \$0 |
| Production Liner | | 460 | \$0 | | \$0 | \$0 |
| Casing Head | | 445 | \$34,000 | | \$30,000 | \$64,000 |
| X-Mas Tree | | 446 | \$0 | | \$16,000 | \$16,000 |
| Completion Equipment | | 447 | \$0 | | \$5,000 | \$5,000 |
| Retrievable Packers | | 448 | \$0 | | \$5,000 | \$5,000 |
| Tubing | | 449 | \$0 | | \$55,000 | \$55,000 |
| Other Material & Equipment | | 469 | \$1,000 | | \$1,500 | \$2,500 |
| Subtotal | | | \$137,375 | | \$323,500 | \$460,875 |

ONSHORE FACILITIES

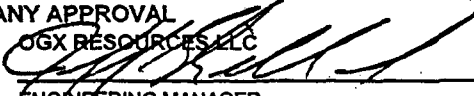
| | | | | | | |
|-------------------------------|-----|-----|--|--|----------|----------|
| Location, Pits, Roads | 745 | 472 | | | \$45,000 | \$45,000 |
| Contract Services & Equip | | 510 | | | \$35,000 | \$35,000 |
| Engineering Surveys | | 516 | | | \$4,500 | \$4,500 |
| Auto & Truck Expense | | 545 | | | \$1,000 | \$1,000 |
| Welding Services | | 566 | | | \$7,500 | \$7,500 |
| Instal Elect/Pneu System | | 567 | | | \$0 | \$0 |
| Painting Service | | 568 | | | \$0 | \$0 |
| Miscellaneous & Contingencies | | 599 | | | \$1,500 | \$1,500 |
| Subtotal | | | | | \$94,500 | \$94,500 |

ONSHORE FACILITIES

| | | | | | | |
|---|-----|-----|--|--|-----------|-----------|
| Misc Valves & Fittings | 746 | 153 | | | \$55,000 | \$55,000 |
| Corrosion or Chemical Treating Equip | | 438 | | | \$0 | \$0 |
| Pumping Equipment | | 451 | | | \$135,000 | \$135,000 |
| Gas Engines & Electric Motors | | 452 | | | \$15,000 | \$15,000 |
| Electric Lines, Poles, Transformers, etc. | | 453 | | | \$0 | \$0 |
| Bottom Hole Pump | | 454 | | | \$0 | \$0 |
| Field Lines | | 456 | | | \$375,000 | \$375,000 |
| Tanks, Stairs, Walkways, etc. | | 457 | | | \$48,000 | \$48,000 |
| Separator & Fittings | | 458 | | | \$10,500 | \$10,500 |
| Heaters, Treaters & Connections | | 459 | | | \$12,000 | \$12,000 |
| Power & Circulating Pumps | | 460 | | | \$55,000 | \$55,000 |
| Meters | | 463 | | | \$23,000 | \$23,000 |
| Other Material & Equipment | | 469 | | | \$45,000 | \$45,000 |
| Subtotal | | | | | \$773,500 | \$773,500 |

TOTAL WELL COST: 1,539,215 3,855,860 5,395,075

COMPANY APPROVAL

NAME: OGX RESOURCES LLC
By: 
Title: ENGINEERING MANAGER
Date: 28-Jan-11

PARTICIPANT APPROVAL

NAME: _____
By: _____
Title: _____
Date: _____
W1%: _____

| Land Description | Fowlkes | | | | Christine Speidel Fowlkes | Christine Speidel Fowlkes | Trey Fowlkes | Trey Fowlkes | Janet Renee Fowlkes Murrey | Janet Renee Fowlkes Murrey | Total Net |
|--|---------------|---------------------|--------------------|--------------------|---------------------------|---------------------------|--------------|--------------|----------------------------|----------------------------|-----------|
| | Gross Acreage | Family Mineral Int. | Frank Blow Fowlkes | Frank Blow Fowlkes | | | | | | | |
| Lease No. 1 | | | | | | | | | | | |
| T-26-S, R-28-E, N.M.P.M | | | | | | | | | | | |
| Sec. 21: S/2SE/4 | 80.00 | 1/2 | 1/16 | 5.00 | 1/16 | 5.00 | 1/32 | 2.50 | 1/32 | 2.50 | |
| Sec. 22: W/2SW/4, NE/4SW/4, N/2SE/4 | 200.00 | 1/2 | 1/16 | 12.50 | 1/16 | 12.50 | 1/32 | 6.25 | 1/32 | 6.25 | |
| Sec. 28: S2NW/4 | 80.00 | 1/2 | 1/16 | 5.00 | 1/16 | 5.00 | 1/32 | 2.50 | 1/32 | 2.50 | |
| Sec. 29: E/2SE/4, NW/4SE/4, SE/4NE/4 | 160.00 | 1/2 | 1/16 | 10.00 | 1/16 | 10.00 | 1/32 | 5.00 | 1/32 | 5.00 | |
| Sec. 32: NE/4NE/4 | 40.00 | 1/2 | 1/16 | 2.50 | 1/16 | 2.50 | 1/32 | 1.25 | 1/32 | 1.25 | |
| Sec. 33: W/2NW/4 (aka NW/4NW/4 + Lot 1) | 63.79 | 1/2 | 1/16 | 3.99 | 1/16 | 3.99 | 1/32 | 1.99 | 1/32 | 1.99 | |
| Total | 623.79 | | | 38.99 | | 38.99 | | 19.49 | | 19.49 | 116.96 |
| Lease No. 2 | | | | | | | | | | | |
| T-26-S, R-28-E, N.M.P.M | | | | | | | | | | | |
| Sec. 23: E/2E/2, SW/4SE/4, SE/4SW/4, N/2SW/4 | 320.00 | 1/2 | 1/16 | 20.00 | 1/16 | 20.00 | 1/32 | 10.00 | 1/32 | 10.00 | |
| Sec. 24: N/2NW/4, NW/4NE/4, SE/4SE/4 | 160.00 | 1/2 | 1/16 | 10.00 | 1/16 | 10.00 | 1/32 | 5.00 | 1/32 | 5.00 | |
| Sec. 24: SW/4NE/4, N/2SE/4 | 120.00 | 1/4 | 1/32 | 3.75 | 1/32 | 3.75 | 1/64 | 1.88 | 1/64 | 1.88 | |
| T-26-S, R-29-E, N.M.P.M | | | | | | | | | | | |
| Sec. 19: Lots 2-3-4 & E/2NW/4 | 199.93 | 1/4 | 1/32 | 6.25 | 1/32 | 6.25 | 1/64 | 3.124 | 1/64 | 3.124 | |
| Total | 799.93 | | | 40.00 | | 40.00 | | 20.00 | | 20.00 | 119.99 |
| Lease No. 3 | | | | | | | | | | | |
| T-26-S, R-29-E, N.M.P.M | | | | | | | | | | | |
| Sec. 7: S/2NE/4 | 80.00 | 1/2 | 1/16 | 5.00 | 1/16 | 5.00 | 1/32 | 2.50 | 1/32 | 2.50 | |
| Total | 80.00 | | | 5.00 | | 5.00 | | 2.50 | | 2.50 | 15.00 |
| Total all 3 leases | 1503.72 | | | 83.98 | | 83.98 | | 41.99 | | 41.99 | 83.98 |
| Bonus Consideration | | | | | | | | | | | |
| Net Acres | 83.98 | Bonus @\$2000/ac | | | | | | | | | |
| Frank Blow Fowlkes | 83.98 | | | \$167,960.00 | | | | | | | |
| Christine Speidel Fowlkes | 41.99 | | | \$83,980.00 | | | | | | | |
| Trey Fowlkes | 41.99 | | | \$83,980.00 | | | | | | | |
| Janet Renee Fowlkes Murrey | 251.94 | | | \$503,880.00 | | | | | | | |
| Total | | | | | | | | | | | |

| | |
|----------------------------|--------|
| Bonus Consideration | |
| Frank Blow Fowlkes | 83.98 |
| Christine Speidel Fowlkes | 83.98 |
| Trey Fowlkes | 41.99 |
| Janet Renee Fowlkes Murrey | 41.99 |
| Total | 251.94 |

| | | | |
|------------------|--|-------------------------|--|
| Net Acres | | Bonus @\$2000/ac | |
| 83.98 | | \$167,960.00 | |
| 83.98 | | \$167,960.00 | |
| 41.99 | | \$83,980.00 | |
| 41.99 | | \$83,980.00 | |
| 251.94 | | \$503,880.00 | |

U.S. Postal ServiceTM
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 For delivery information visit our website at www.usps.com[®]

OFFICIAL USE

7010 1870 0000 8950 4080

| | | |
|---|----|------|
| Postage | \$ | 2.40 |
| Certified Fee | | 2.30 |
| Return Receipt Fee (Endorsement Required) | | 1.39 |
| Restricted Delivery Fee (Endorsement Required) | | 0.23 |
| Total Postage & Fees | \$ | 6.32 |

Sent To: Ms. Christine Speidel Fowlkes
 Mr. Christopher C. Fowlkes
 404 Glenosa
 El Paso, Texas 79928

PS Form 3800

MIDLAND TX 79701
 FEB 8
 USPS
 KA

| SENDER: COMPLETE THIS SECTION | | COMPLETE THIS SECTION ON DELIVERY | |
|--|--|--|--|
| <ul style="list-style-type: none"> Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. | | <p>A. Signature X <i>Chris Fowlkes</i> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> | |
| <p>1. Article Addressed to:</p> <p>Ms. Christine Speidel Fowlkes Mr. Christopher C. Fowlkes 404 Glenosa El Paso, Texas 79928</p> | | <p>B. Received by (Printed Name) Chris Fowlkes</p> <p>C. Date of Delivery 2-10-11</p> | |
| <p>2. Article Number (Transfer from service label) 7010 1870 0000 8950 4080</p> | | <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input type="checkbox"/> No If YES, enter delivery address below:</p> | |
| <p>3. Service Type</p> <p><input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p> | | <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p> | |

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

OGXResources LLC

P.O. Box 2064 • Midland, TX 79702 • (432) 685-1287 Fax (432) 686-7109

Certified Mail #7010 1870 0000 8950 4189

February 15, 2011

Mr. Frank Blow Fowlkes
316 Granda Ave.
El Paso, Texas 79912

Re: Well Proposal
Momba "24" Fed Com #1H Well
T-26-S, R-28-E, N.M.P.M.
Section 24: E $\frac{1}{2}$ E $\frac{1}{2}$
Eddy County, New Mexico

Dear Mr. Fowlkes:

According to the records of Eddy County, New Mexico you own unleased minerals under the E $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 24, T-26-S, R-28-E, N.M.P.M.

OGX Resources LLC ("OGX") hereby proposes to drill the above referenced horizontal well at a surface hole location of 660' FNL and 990' FEL and a bottom hole location of 330' FSL and 990' FEL of Section 24, T-26-S, R-28-E, N.M.P.M., Eddy County, New Mexico. This well will be drilled to a true vertical depth of 7,300' then horizontally 3,806' for a total measured depth of 11,106' to adequately test the Avalon portion of the Bone Spring Formation. The proration unit for this well will be the E $\frac{1}{2}$ E $\frac{1}{2}$ of said Section 24.

Enclosed for your review is an AFE (in duplicate), showing the estimated drilling and completion costs for the subject well.

OGX invites you to participate in this well. If you wish to participate in the drilling of this well, please execute both copies of the AFE, after which return one copy to the undersigned. Upon receipt of the AFE, OGX will mail you an Operating Agreement for your execution covering the E $\frac{1}{2}$ E $\frac{1}{2}$ of said Section 24, which will supersede all existing operating agreements, naming OGX as the Operator.

In the event you do not wish to participate, OGX would be interested in obtaining an oil and gas lease from you under the following terms:

Frank Blow Fowlkes Well Proposal
Momba "24" Fed Com #1H Well
February 15, 2011
Page 2

- A. As to your mineral interest covering the E $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 24, T-26-S, R-28-E, N.M.P.M, being 6.25% (2.5 net acres) in SE $\frac{1}{4}$ SE $\frac{1}{4}$ and 3.125% (1.25 net acres) in the NE $\frac{1}{4}$ SE $\frac{1}{4}$.

Term: Six (6) months

Royalty: 22%

Standard Lease Form

Cash Consideration: \$400.00 per net mineral acre.

OR

- B. As to your mineral interest covering all of your open acreage (see attached)

Term: Three (3) years

Royalty: 22%

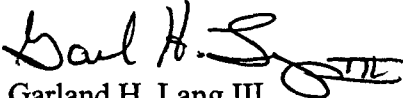
Standard Lease Form with a Continuous Development Provision: 180 days (if well drilled within primary term, 180 days starts 180 days from end of primary term)

Cash Consideration: \$2,000.00 per net mineral acre.

Please let us know within thirty (30) days from receipt of this letter if you (1) want to participate in the subject well, (2) lease your unleased minerals under proposal (A) above or (3) lease your unleased minerals under proposal (B) above. If you have any questions, please contact the undersigned.

Sincerely,

OGX Resources LLC


Garland H. Lang III
Land Manager

Enclosures

OGX RESOURCES LLC
AUTHORIZATION FOR EXPENDITURE

DATE: 1/28/11

OGX AFE No.:
AFE Title: Avalon Horizontal
Well Name & No.: MOMBA 24 FED COM #1H

Field: DELAWARE RIVER SOUTH - BONE SPRING
County: EDDY

State: NEW MEXICO

Exploratory XX Development:
Proposed Formation: AVALON
Descriptor SHL: 660'FNL & 990'FEL / SEC.24-T26S-R28E
BHL: 990' FEL & 330' FSL, SEC. 24, T26S, R28E

Oil: XX GAS
Proposed Depth: 7300 TVD / 11,106' MD

| | MAJ | SUB | DRY HOLE | MAJ | COMPLETION | TOTAL |
|--|-----|-----|-------------|-----|-------------|-------------|
| DEVELOPMENTAL DRILLING: | | | | | | |
| Turnkey | 725 | 470 | \$0 | 726 | \$0 | \$0 |
| Mobilization/Demob. | | 471 | \$65,000 | | \$0 | \$65,000 |
| Location, Pits, Roads | | 472 | \$120,000 | | \$10,000 | \$130,000 |
| Cement and Cementing Services | | 473 | \$70,000 | | \$50,000 | \$120,000 |
| Mud Logging | | 474 | \$35,000 | | \$0 | \$35,000 |
| Mud Materials, Chemical & Water | | 475 | \$65,000 | | \$175,000 | \$240,000 |
| Logging and Sidewall Coring | | 478 | \$35,000 | | \$5,000 | \$40,000 |
| Perforating | | 479 | \$0 | | \$0 | \$0 |
| Stimulation | | 480 | \$0 | | \$2,000,000 | \$2,000,000 |
| Formation Testing | | 482 | \$0 | | \$32,000 | \$32,000 |
| Testing Tubular Goods | | 484 | \$0 | | \$5,500 | \$5,500 |
| Tool Rental DOWNHOLE | | 488 | \$55,000 | | \$3,500 | \$58,500 |
| Tool Rental INCLUDES CLOSED MUD SYSTEM | | 488 | \$225,000 | | | \$225,000 |
| Drilling Footage | | 489 | \$0 | | \$0 | \$0 |
| Drilling Day Work 21 days | | 490 | \$262,500 | | \$37,500 | \$300,000 |
| Float Equipment | | 491 | \$6,500 | | \$15,000 | \$21,500 |
| Bits, Core Barrells, etc. | | 492 | \$70,000 | | \$15,000 | \$85,000 |
| Other Special Well Services | | 494 | \$18,000 | | \$10,000 | \$28,000 |
| Contract Services & Equip | | 510 | \$12,000 | | \$20,000 | \$32,000 |
| Directional Drilling | | 511 | \$130,000 | | \$0 | \$130,000 |
| Completion Unit | | 528 | \$0 | | \$56,000 | \$56,000 |
| Fuel & Power | | 539 | \$72,000 | | \$0 | \$72,000 |
| Auto & Truck Expense | | 545 | \$15,000 | | \$2,500 | \$17,500 |
| Company Supervision 60 @ 1200 | | 501 | \$42,000 | | \$30,000 | \$72,000 |
| Miscellaneous & Contingencies | 8% | 599 | \$103,840 | | \$197,360 | \$301,200 |
| Subtotal | | | \$1,401,840 | | \$2,664,360 | \$4,066,200 |

DEVELOPMENTAL LWE "DRILLING"

| | | | | | | |
|------------------------------------|-----|-----|-----------|-----|-----------|-----------|
| Surface Casing 13 3/8 @ 625' | 727 | 441 | \$21,875 | 727 | \$0 | \$21,875 |
| Conductor Pipe | | 442 | \$20,000 | | \$0 | \$20,000 |
| Intermediate Casing 8 5/8" @ 2750' | | 443 | \$60,500 | | \$0 | \$60,500 |
| Production Casing 5 1/2" @ 11,106' | | 443 | \$0 | | \$211,000 | \$211,000 |
| Drilling Liner | | 450 | \$0 | | \$0 | \$0 |
| Production Liner | | 460 | \$0 | | \$0 | \$0 |
| Casing Head | | 445 | \$34,000 | | \$30,000 | \$64,000 |
| X-Mas Tree | | 446 | \$0 | | \$16,000 | \$16,000 |
| Completion Equipment | | 447 | \$0 | | \$5,000 | \$5,000 |
| Retrievable Packers | | 448 | \$0 | | \$5,000 | \$5,000 |
| Tubing | | 449 | \$0 | | \$55,000 | \$55,000 |
| Other Material & Equipment | | 469 | \$1,000 | | \$1,500 | \$2,500 |
| Subtotal | | | \$137,375 | | \$323,500 | \$460,875 |

ONSHORE FACILITIES

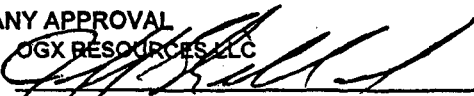
| | | | | | | |
|-------------------------------|-----|-----|--|--|----------|----------|
| Location, Pits, Roads | 745 | 472 | | | \$45,000 | \$45,000 |
| Contract Services & Equip | | 510 | | | \$35,000 | \$35,000 |
| Engineering Surveys | | 518 | | | \$4,500 | \$4,500 |
| Auto & Truck Expense | | 545 | | | \$1,000 | \$1,000 |
| Welding Services | | 566 | | | \$7,500 | \$7,500 |
| Instal Elect/Pneu System | | 567 | | | \$0 | \$0 |
| Painting Service | | 568 | | | \$0 | \$0 |
| Miscellaneous & Contingencies | | 599 | | | \$1,500 | \$1,500 |
| Subtotal | | | | | \$94,500 | \$94,500 |

ONSHORE FACILITIES

| | | | | | | |
|---|-----|-----|--|--|-----------|-----------|
| Misc Valves & Fittings | 746 | 153 | | | \$55,000 | \$55,000 |
| Corrosion or Chemical Treating Equip | | 438 | | | \$0 | \$0 |
| Pumping Equipment | | 451 | | | \$135,000 | \$135,000 |
| Gas Engines & Electric Motors | | 452 | | | \$15,000 | \$15,000 |
| Electric Lines, Poles, Transformers, etc. | | 453 | | | \$0 | \$0 |
| Bottom Hole Pump | | 454 | | | \$0 | \$0 |
| Field Lines | | 456 | | | \$375,000 | \$375,000 |
| Tanks, Stairs, Walkways, etc. | | 457 | | | \$48,000 | \$48,000 |
| Separator & Fittings | | 458 | | | \$10,500 | \$10,500 |
| Heaters, Treaters & Connections | | 459 | | | \$12,000 | \$12,000 |
| Power & Circulating Pumps | | 460 | | | \$55,000 | \$55,000 |
| Meters | | 463 | | | \$23,000 | \$23,000 |
| Other Material & Equipment | | 469 | | | \$45,000 | \$45,000 |
| Subtotal | | | | | \$773,500 | \$773,500 |

TOTAL WELL COST: 1,539,215 3,855,860 5,395,075

COMPANY APPROVAL

NAME: OGX RESOURCES LLC
By: 
Title: ENGINEERING MANAGER
Date: 28-Jan-11

PARTICIPANT APPROVAL

NAME: _____
By: _____
Title: _____
Date: _____
WI%: _____

| Land Description | Fowlkes | | | | Christine | | Janet Renee | | Total |
|--|---------------|---------------------|--------------------|--------------------|-----------------|-----------------|--------------|--------------|------------|
| | Gross Acreage | Family Mineral Int. | Frank Blow Fowlkes | Frank Blow Fowlkes | Speidel Fowlkes | Speidel Fowlkes | Trey Fowlkes | Trey Fowlkes | |
| Lease No. 1 | | | | | | | | | |
| T-26-S, R-28-E, N.M.P.M | | | | | | | | | |
| Sec. 21: S/2SE/4 | 80.00 | | 1/2 | 1/16 | 1/16 | | 1/32 | 1/32 | |
| Sec. 22: W/2SW/4, NE/4SW/4, N/2SE/4 | 200.00 | | 1/2 | 1/16 | 1/16 | | 1/32 | 1/32 | |
| Sec. 28: S/2NW/4 | 80.00 | | 1/2 | 1/16 | 1/16 | | 1/32 | 1/32 | |
| Sec. 29: E/2SE/4, NW/4SE/4, SE/4NE/4 | 160.00 | | 1/2 | 1/16 | 1/16 | | 1/32 | 1/32 | |
| Sec. 32: NE/4NE/4 | 40.00 | | 1/2 | 1/16 | 1/16 | | 1/32 | 1/32 | |
| Sec. 33: W/2NW/4 (aka NW/4NW/4 + Lot 1) | 63.79 | | 1/2 | 1/16 | 1/16 | | 1/32 | 1/32 | |
| Total | 623.79 | | | | | | | | |
| | | | | 38.99 | | | 19.49 | | 116.96 |
| Lease No. 2 | | | | | | | | | |
| T-26-S, R-28-E, N.M.P.M | | | | | | | | | |
| Sec. 23: E/2E/2, SW/4SE/4, SE/4SW/4, N/2SW/4 | 320.00 | | 1/2 | 1/16 | 1/16 | | 1/32 | 1/32 | |
| Sec. 24: N/2NW/4, NW/4NE/4, SE/4SE/4 | 160.00 | | 1/2 | 1/16 | 1/16 | | 1/32 | 1/32 | |
| Sec. 24: SW/4NE/4, N/2SE/4 | 120.00 | | 1/4 | 1/32 | 1/32 | | 1/64 | 1/64 | |
| Total | 199.93 | | 1/4 | 1/32 | 1/32 | | 1/64 | 1/64 | |
| | 799.93 | | | | | | | | |
| | | | | 6.25 | | | 3.124 | | 119.99 |
| Lease No. 3 | | | | | | | | | |
| T-26-S, R-29-E, N.M.P.M | | | | | | | | | |
| Sec. 19: Lots 2-3-4 & E/2NW/4 | | | | | | | | | |
| Total | | | | | | | | | |
| | | | | 40.00 | | | 20.00 | | 20.00 |
| | | | | Lease Mlt% | | | Lease Mlt% | | Lease Mlt% |
| | | | | | | | | | 15.00% |
| T-26-S, R-29-E, N.M.P.M | | | | | | | | | |
| Sec. 7: S/2NE/4 | 80.00 | | 1/2 | 1/16 | 1/16 | | 1/32 | 1/32 | |
| Total | 80.00 | | | | | | | | |
| | | | | 5.00 | | | 2.50 | | 2.50 |
| | | | | Lease Mlt% | | | Lease Mlt% | | Lease Mlt% |
| | | | | | | | | | 16.75% |
| Total all 3 leases | 1503.72 | | | | | | | | 83.98 |
| | | | | 83.98 | | | 41.99 | | 41.99 |
| | | | | Lease Mlt% | | | Lease Mlt% | | Lease Mlt% |
| | | | | | | | | | 18.75% |

| Net Acres | Bonus @ \$2000/ac |
|-----------|-------------------|
| 83.98 | \$167,960.00 |
| 83.98 | \$167,960.00 |
| 41.99 | \$83,980.00 |
| 41.99 | \$83,980.00 |
| 251.94 | \$503,890.00 |

7010 1870 0000 8950 4189

| | |
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| Certified Fee | |
| Return Receipt Fee (Endorsement Required) | |
| Restricted Delivery Fee (Endorsement Required) | |
| Total Postage & Fees | \$ |

Postmark
Midland TX
FEB 16 2011

| | |
|------------------------------------|------------------------|
| Sent To | Mr. Frank Blow Fowlkes |
| Street, Apt. No., or PO Box No. | 316 Granda Ave. |
| City, State, ZIP+4 | El Paso, Texas 79912 |

PS Form 3800, August 2006 See Reverse for Instructions

| SENDER: COMPLETE THIS SECTION | COMPLETE THIS SECTION ON DELIVERY |
|--|--|
| <ul style="list-style-type: none"> Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. | <p>A. Signature <input type="checkbox"/> Agent <input checked="" type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) <u>Frank Blow Fowlkes</u></p> <p>C. Date of Delivery <u>2-18-11</u></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If YES, enter delivery address below:</p> |
| <p>1. Article Addressed to:</p> <p>Mr. Frank Blow Fowlkes 316 Granda Ave. El Paso, Texas 79912</p> | <p>3. Service Type</p> <p><input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail</p> <p><input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p> |
| <p>2. Article Number (Transfer from service label)</p> <p>7010 1870 0000 8950 4189</p> | <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p> |

PS Form 3811, February 2004 Mombq 24 Feb 11 Tecolote Peak 102595-02-M-1540

NMB42-003W

OGXResources LLC

P.O. Box 2064 • Midland, TX 79702 • (432) 685-1287 Fax (432) 686-7109

Certified Mail #7010 1870 0000 8950 4141

February 23, 2011

Mr. Mitchel E. Cheney
P.O. Box 570083
Houston, Texas 77257-0083

Re: Well Proposal
Momba "24" Fed Com #1H Well
T-26-S, R-28-E, N.M.P.M.
Section 24: E $\frac{1}{2}$ E $\frac{1}{2}$
Eddy County, New Mexico

Dear Mr. Cheney:

OGX Resources LLC ("OGX") hereby proposes to drill the above referenced horizontal well at a surface hole location of 660' FNL and 990' FEL and a bottom hole location of 330' FSL and 990' FEL of Section 24, T-26-S, R-28-E, N.M.P.M., Eddy County, New Mexico. This well will be drilled to a true vertical depth of 7,300' then horizontally 3,806' for a total measured depth of 11,106' to adequately test the Avalon portion of the Bone Spring Formation. The proration unit for this well will be the E $\frac{1}{2}$ E $\frac{1}{2}$ of said Section 24.

Enclosed for your review is an AFE (in duplicate), showing the estimated drilling and completion costs for the subject well.

OGX invites you to participate in this well. If you wish to participate in the drilling of this well, please execute both copies of the AFE, after which return one copy to the undersigned. Upon receipt of the AFE, OGX will mail you an Operating Agreement for your execution covering the E $\frac{1}{2}$ E $\frac{1}{2}$ of said Section 24, which will supersede all existing operating agreements, naming OGX as the Operator.

In the event you do not wish to participate, OGX would be interested in obtaining a one year (1) term assignment from you for the following terms:

Term: One (1) year

Lands to be included: N $\frac{1}{2}$ SE $\frac{1}{4}$, SW $\frac{1}{4}$ NE $\frac{1}{4}$

Section 24, T-26-S, R-28-E, N.M.P.M.,
Eddy County, New Mexico

Net Revenue to be delivered: 75%

Continuous Development Provision: same as leases owned by Cheney.

Cash Consideration: \$300.00 per net leasehold acre.

mailed 2-23-11

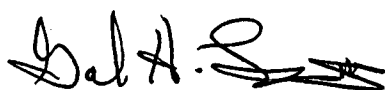
Mitchell E. Cheney Well Proposal
Momba "24" Fed Com #1H Well
February 23, 2011
Page 2

OGX plans to begin drilling operations on this well on March 15, 2011; therefore, please make your election as soon as possible.

If you have any questions, please contact the undersigned.

Sincerely,

OGX Resources LLC

A handwritten signature in black ink, appearing to read "Garland H. Lang III", with a stylized flourish at the end.

Garland H. Lang III
Land Manager

Enclosures

OGX RESOURCES LLC
AUTHORIZATION FOR EXPENDITURE

DATE: 1/28/11

OGX AFE No.:
AFE Title: Avalon Horizontal
Well Name & No.: MOMBA 24 FED COM #1H

Field: DELAWARE RIVER SOUTH - BONE SPRING
County: EDDY

State: NEW MEXICO

Exploratory XX Development:
Proposed Formation: AVALON
Descriptor SHL: 660'FNL & 990'FEL / SEC.24-T26S-R28E
BHL: 990' FEL & 330' FSL, SEC. 24, T26S, R28E

Oil: XX GAS
Proposed Depth: 7300 TVD / 11,106' MD

| | MAJ | SUB | DRY HOLE | MAJ | COMPLETION | TOTAL |
|--|-----|-----|-------------|-----|-------------|-------------|
| DEVELOPMENTAL DRILLING: | | | | | | |
| Turnkey | 725 | 470 | \$0 | 726 | \$0 | \$0 |
| Mobilization/Demob. | | 471 | \$65,000 | | \$0 | \$65,000 |
| Location, Pits, Roads | | 472 | \$120,000 | | \$10,000 | \$130,000 |
| Cement and Cementing Services | | 473 | \$70,000 | | \$50,000 | \$120,000 |
| Mud Logging | | 474 | \$35,000 | | \$0 | \$35,000 |
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| Logging and Sidewall Coring | | 478 | \$35,000 | | \$5,000 | \$40,000 |
| Perforating | | 479 | \$0 | | \$0 | \$0 |
| Stimulation | | 480 | \$0 | | \$2,000,000 | \$2,000,000 |
| Formation Testing | | 482 | \$0 | | \$32,000 | \$32,000 |
| Testing Tubular Goods | | 484 | \$0 | | \$5,500 | \$5,500 |
| Tool Rental DOWNHOLE | | 488 | \$55,000 | | \$3,500 | \$58,500 |
| Tool Rental INCLUDES CLOSED MUD SYSTEM | | 488 | \$225,000 | | | \$225,000 |
| Drilling Footage | | 489 | \$0 | | \$0 | \$0 |
| Drilling Day Work 21 days | | 490 | \$262,500 | | \$37,500 | \$300,000 |
| Float Equipment | | 491 | \$6,500 | | \$15,000 | \$21,500 |
| Bits, Core Barrells, etc. | | 492 | \$70,000 | | \$15,000 | \$85,000 |
| Other Special Well Services | | 494 | \$18,000 | | \$10,000 | \$28,000 |
| Contract Services & Equip | | 510 | \$12,000 | | \$20,000 | \$32,000 |
| Directional Drilling | | 511 | \$130,000 | | \$0 | \$130,000 |
| Completion Unit | | 528 | \$0 | | \$56,000 | \$56,000 |
| Fuel & Power | | 539 | \$72,000 | | \$0 | \$72,000 |
| Auto & Truck Expense | | 545 | \$15,000 | | \$2,500 | \$17,500 |
| Company Supervision 60 @ 1200 | | 501 | \$42,000 | | \$30,000 | \$72,000 |
| Miscellaneous & Contingencies | 8% | 599 | \$103,840 | | \$197,360 | \$301,200 |
| Subtotal | | | \$1,401,840 | | \$2,664,360 | \$4,066,200 |

DEVELOPMENTAL LWE "DRILLING"

| | | | | | | |
|------------------------------------|-----|-----|-----------|-----|-----------|-----------|
| Surface Casing 13 3/8 @ 625' | 727 | 441 | \$21,875 | 727 | \$0 | \$21,875 |
| Conductor Pipe | | 442 | \$20,000 | | \$0 | \$20,000 |
| Intermediate Casing 8 5/8" @ 2750' | | 443 | \$60,500 | | \$0 | \$60,500 |
| Production Casing 5 1/2" @ 11,106' | | 443 | \$0 | | \$211,000 | \$211,000 |
| Drilling Liner | | 450 | \$0 | | \$0 | \$0 |
| Production Liner | | 460 | \$0 | | \$0 | \$0 |
| Casing Head | | 445 | \$34,000 | | \$30,000 | \$64,000 |
| X-Mas Tree | | 446 | \$0 | | \$16,000 | \$16,000 |
| Completion Equipment | | 447 | \$0 | | \$5,000 | \$5,000 |
| Retrievable Packers | | 448 | \$0 | | \$5,000 | \$5,000 |
| Tubing | | 449 | \$0 | | \$55,000 | \$55,000 |
| Other Material & Equipment | | 469 | \$1,000 | | \$1,500 | \$2,500 |
| Subtotal | | | \$137,375 | | \$323,500 | \$460,875 |

ONSHORE FACILITIES

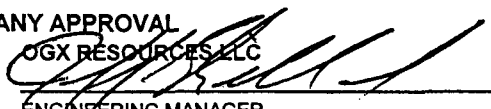
| | | | | | | |
|-------------------------------|-----|-----|--|--|----------|----------|
| Location, Pits, Roads | 745 | 472 | | | \$45,000 | \$45,000 |
| Contract Services & Equip | | 510 | | | \$35,000 | \$35,000 |
| Engineering Surveys | | 516 | | | \$4,500 | \$4,500 |
| Auto & Truck Expense | | 545 | | | \$1,000 | \$1,000 |
| Welding Services | | 566 | | | \$7,500 | \$7,500 |
| Instal Elect/Pneu System | | 567 | | | \$0 | \$0 |
| Painting Service | | 568 | | | \$0 | \$0 |
| Miscellaneous & Contingencies | | 599 | | | \$1,500 | \$1,500 |
| Subtotal | | | | | \$94,500 | \$94,500 |

ONSHORE FACILITIES

| | | | | | | |
|---|-----|-----|--|--|-----------|-----------|
| Misc Valves & Fittings | 746 | 153 | | | \$55,000 | \$55,000 |
| Corrosion or Chemical Treating Equip | | 438 | | | \$0 | \$0 |
| Pumping Equipment | | 451 | | | \$135,000 | \$135,000 |
| Gas Engines & Electric Motors | | 452 | | | \$15,000 | \$15,000 |
| Electric Lines, Poles, Transformers, etc. | | 453 | | | \$0 | \$0 |
| Bottom Hole Pump | | 454 | | | \$0 | \$0 |
| Field Lines | | 456 | | | \$375,000 | \$375,000 |
| Tanks, Stairs, Walkways, etc. | | 457 | | | \$48,000 | \$48,000 |
| Separator & Fittings | | 458 | | | \$10,500 | \$10,500 |
| Heaters, Treaters & Connections | | 459 | | | \$12,000 | \$12,000 |
| Power & Circulating Pumps | | 460 | | | \$55,000 | \$55,000 |
| Meters | | 463 | | | \$23,000 | \$23,000 |
| Other Material & Equipment | | 469 | | | \$45,000 | \$45,000 |
| Subtotal | | | | | \$773,500 | \$773,500 |

TOTAL WELL COST: 1,539,215 3,855,860 5,395,075

COMPANY APPROVAL

NAME: OGX RESOURCES LLC
By: 
Title: ENGINEERING MANAGER
Date: 28-Jan-11

PARTICIPANT APPROVAL

NAME: _____
By: _____
Title: _____
Date: _____
Wt%: _____

7010 1870 0000 8950 4141

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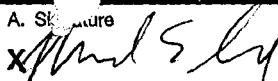
OFFICIAL USE

| | |
|--|---------|
| Postage | \$ 1.05 |
| Certified Fee | 2.80 |
| Return Receipt Fee (Endorsement Required) | 2.30 |
| Restricted Delivery Fee (Endorsement Required) | |
| Total Postage & Fees | \$ 6.15 |

MIDLAND, TX VILLAGE STA.
2011 MAR 3
USPS

Sent To: **Mitchel E. Cheney**
 Street, Apt. No., or PO Box No.: **P.O. Box 570083**
 City, State, ZIP+4: **HOUSTON TX 77257-0083**

PS Form 3800, August 2006 See Reverse for Instructions

| SENDER: COMPLETE THIS SECTION | | COMPLETE THIS SECTION ON DELIVERY | |
|--|--|---|--|
| <ul style="list-style-type: none"> Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. | | <p>A. Signature  <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) M. Cheney</p> <p>C. Date of Delivery 3-4-11</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input checked="" type="checkbox"/> No</p> | |
| <p>1. Article Addressed to:</p> <p>Mr. Mitchel E. Cheney P.O. Box 570083 Houston, TX 77257</p> | | <p>3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p> <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p> | |
| <p>2. Article Number (Transfer from service label)</p> <p>7010 1870 0000 8950 4141</p> | | | |

file

OGXResources LLC

P.O. Box 2064 • Midland, TX 79702 • (432) 685-1287 Fax (432) 686-7109

Certified Mail #7010 1870 0000 8950 4059

February 2, 2011

COG Operating LLC
2208 W Main Street
Artesia, New Mexico 88210-3720

CONCHO OIL & GAS LLC
2208 W Main Street
Artesia, New Mexico 88210-3720

Attn: Mr. William Miller

Re: Well Proposal
Momba "24" Fed Com #1H Well
T-26-S, R-28-E, N.M.P.M.
Section 24: E $\frac{1}{2}$ E $\frac{1}{2}$
Eddy County, New Mexico

Gentlemen:

OGX Resources LLC ("OGX") hereby proposes to drill the above referenced horizontal well at a surface hole location of 660' FNL and 990' FEL and a bottom hole location of 330' FSL and 990' FEL of Section 24, T-26-S, R-28-E, N.M.P.M., Eddy County, New Mexico. This well will be drilled to a true vertical depth of 7,300' then horizontally 3,806' for a total measured depth of 11,106' to adequately test the Avalon portion of the Bone Spring Formation. The proration unit for this well will be the E $\frac{1}{2}$ E $\frac{1}{2}$ of said Section 24.

Enclosed for your review is an AFE (in duplicate), for each company, showing the estimated drilling and completion costs for the subject well.

OGX invites the participation of COG Operating LLC and CONCHO OIL & GAS LLC ("CONCHO") in this well. If CONCHO wishes to participate in the drilling of this well, please execute both copies of the AFE, after which return one copy to the undersigned. Upon receipt of the AFE, OGX will mail you an Operating Agreement for your execution covering the E $\frac{1}{2}$ E $\frac{1}{2}$ of said Section 24, which will supersede all existing operating agreements, naming OGX as the Operator.

In the event CONCHO does not wish to participate, OGX would be interested in obtaining a one year (1) term assignment from CONCHO for the following terms:

COG Operating LLC\CONCHO OIL & GAS LLC Well Proposal
Momba "24" Fed Com #1H Well
February 2, 2011
Page 2

Term: One (1) year

Lands to be included: N $\frac{1}{2}$ NW $\frac{1}{4}$, W $\frac{1}{2}$ NE $\frac{1}{4}$, N $\frac{1}{2}$ SE $\frac{1}{4}$, SE $\frac{1}{4}$ SE $\frac{1}{4}$
Section 24, T-26-S, R-28-E, N.M.P.M.,
Eddy County, New Mexico

Net Revenue to be delivered: 75%

Continuous Development Provision: same as leases owned by Concho.

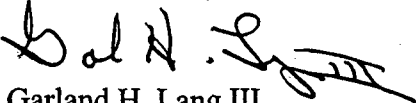
Cash Consideration: \$300.00 per net leasehold acre.

OGX plans to begin drilling operations on this well on March 15, 2011; therefore, please make your election as soon as possible.

If you have any questions, please contact the undersigned.

Sincerely,

OGX Resources LLC



Garland H. Lang III
Land Manager

Enclosures

OGX RESOURCES LLC
AUTHORIZATION FOR EXPENDITURE

DATE: 1/28/11

OGX AFE No.:
AFE Title: Avalon Horizontal
Well Name & No.: MOMBA 24 FED COM #1H

Field: DELAWARE RIVER SOUTH - BONE SPRING
County: EDDY

State: NEW MEXICO

Exploratory XX Development:
Proposed Formation: AVALON
Descriptor SHL: 660'FNL & 990'FEL / SEC.24-T26S-R28E
BHL: 990' FEL & 330' FSL, SEC. 24, T26S, R28E

Oil: XX GAS
Proposed Depth: 7300 TVD / 11,106' MD

| | MAJ | SUB | DRY HOLE | MAJ | COMPLETION | TOTAL |
|--|-----|-----|-------------|-----|-------------|-------------|
| DEVELOPMENTAL DRILLING: | | | | | | |
| Turnkey | 725 | 470 | \$0 | 726 | \$0 | \$0 |
| Mobilization/Demob. | | 471 | \$65,000 | | \$0 | \$65,000 |
| Location, Pits, Roads | | 472 | \$120,000 | | \$10,000 | \$130,000 |
| Cement and Cementing Services | | 473 | \$70,000 | | \$50,000 | \$120,000 |
| Mud Logging | | 474 | \$35,000 | | \$0 | \$35,000 |
| Mud Materials, Chemical & Water | | 475 | \$65,000 | | \$175,000 | \$240,000 |
| Logging and Sidewall Coring | | 478 | \$35,000 | | \$5,000 | \$40,000 |
| Perforating | | 479 | \$0 | | \$0 | \$0 |
| Stimulation | | 480 | \$0 | | \$2,000,000 | \$2,000,000 |
| Formation Testing | | 482 | \$0 | | \$32,000 | \$32,000 |
| Testing Tubular Goods | | 484 | \$0 | | \$5,500 | \$5,500 |
| Tool Rental DOWNHOLE | | 488 | \$55,000 | | \$3,500 | \$58,500 |
| Tool Rental INCLUDES CLOSED MUD SYSTEM | | 488 | \$225,000 | | | \$225,000 |
| Drilling Footage | | 489 | \$0 | | \$0 | \$0 |
| Drilling Day Work 21 days | | 490 | \$262,500 | | \$37,500 | \$300,000 |
| Float Equipment | | 491 | \$6,500 | | \$15,000 | \$21,500 |
| Bits, Core Barrells, etc. | | 492 | \$70,000 | | \$15,000 | \$85,000 |
| Other Special Well Services | | 494 | \$18,000 | | \$10,000 | \$28,000 |
| Contract Services & Equip | | 510 | \$12,000 | | \$20,000 | \$32,000 |
| Directional Drilling | | 511 | \$130,000 | | \$0 | \$130,000 |
| Completion Unit | | 528 | \$0 | | \$56,000 | \$56,000 |
| Fuel & Power | | 539 | \$72,000 | | \$0 | \$72,000 |
| Auto & Truck Expense | | 545 | \$15,000 | | \$2,500 | \$17,500 |
| Company Supervision 60 @ 1200 | | 501 | \$42,000 | | \$30,000 | \$72,000 |
| Miscellaneous & Contingencies | 8% | 599 | \$103,840 | | \$197,360 | \$301,200 |
| Subtotal | | | \$1,401,840 | | \$2,664,360 | \$4,066,200 |

DEVELOPMENTAL LWE "DRILLING"

| | | | | | | |
|------------------------------------|-----|-----|-----------|-----|-----------|-----------|
| Surface Casing 13 3/8 @ 625' | 727 | 441 | \$21,875 | 727 | \$0 | \$21,875 |
| Conductor Pipe | | 442 | \$20,000 | | \$0 | \$20,000 |
| Intermediate Casing 8 5/8" @ 2750' | | 443 | \$60,500 | | \$0 | \$60,500 |
| Production Casing 5 1/2" @ 11,106' | | 443 | \$0 | | \$211,000 | \$211,000 |
| Drilling Liner | | 450 | \$0 | | \$0 | \$0 |
| Production Liner | | 460 | \$0 | | \$0 | \$0 |
| Casing Head | | 445 | \$34,000 | | \$30,000 | \$64,000 |
| X-Mas Tree | | 446 | \$0 | | \$16,000 | \$16,000 |
| Completion Equipment | | 447 | \$0 | | \$5,000 | \$5,000 |
| Retrievable Packers | | 448 | \$0 | | \$5,000 | \$5,000 |
| Tubing | | 449 | \$0 | | \$55,000 | \$55,000 |
| Other Material & Equipment | | 469 | \$1,000 | | \$1,500 | \$2,500 |
| Subtotal | | | \$137,375 | | \$323,500 | \$460,875 |

ONSHORE FACILITIES

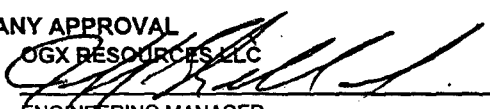
| | | | | | | |
|-------------------------------|-----|-----|--|--|----------|----------|
| Location, Pits, Roads | 745 | 472 | | | \$45,000 | \$45,000 |
| Contract Services & Equip | | 510 | | | \$35,000 | \$35,000 |
| Engineering Surveys | | 516 | | | \$4,500 | \$4,500 |
| Auto & Truck Expense | | 545 | | | \$1,000 | \$1,000 |
| Welding Services | | 566 | | | \$7,500 | \$7,500 |
| Instal Elect/Pneu System | | 567 | | | \$0 | \$0 |
| Painting Service | | 568 | | | \$0 | \$0 |
| Miscellaneous & Contingencies | | 599 | | | \$1,500 | \$1,500 |
| Subtotal | | | | | \$94,500 | \$94,500 |

ONSHORE FACILITIES

| | | | | | | |
|---|-----|-----|--|--|-----------|-----------|
| Misc Valves & Fittings | 746 | 153 | | | \$55,000 | \$55,000 |
| Corrosion or Chemical Treating Equip | | 438 | | | \$0 | \$0 |
| Pumping Equipment | | 451 | | | \$135,000 | \$135,000 |
| Gas Engines & Electric Motors | | 452 | | | \$15,000 | \$15,000 |
| Electric Lines, Poles, Transformers, etc. | | 453 | | | \$0 | \$0 |
| Bottom Hole Pump | | 454 | | | \$0 | \$0 |
| Field Lines | | 456 | | | \$375,000 | \$375,000 |
| Tanks, Stairs, Walkways, etc. | | 457 | | | \$48,000 | \$48,000 |
| Separator & Fittings | | 458 | | | \$10,500 | \$10,500 |
| Heaters, Treaters & Connections | | 459 | | | \$12,000 | \$12,000 |
| Power & Circulating Pumps | | 460 | | | \$55,000 | \$55,000 |
| Meters | | 463 | | | \$23,000 | \$23,000 |
| Other Material & Equipment | | 469 | | | \$45,000 | \$45,000 |
| Subtotal | | | | | \$773,500 | \$773,500 |

TOTAL WELL COST: 1,539,215 3,855,860 5,395,075

COMPANY APPROVAL

NAME: OGX RESOURCES LLC
By: 
Title: ENGINEERING MANAGER
Date: 28-Jan-11

PARTICIPANT APPROVAL

NAME: _____
By: _____
Title: _____
Date: _____
WI#: _____

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| | | |
|---|----|------|
| Postage | \$ | |
| Certified Fee | | 2.80 |
| Return Receipt Fee (Endorsement Required) | | 2.30 |
| Restricted Delivery Fee (Endorsement Required) | | 1.39 |
| Total Postage & Fees | | 6.49 |

Sent To: **COG Operating LLC**
 Attn: **William Miller**
 Street, Apt or PO Box: **2208 W. Main Street**
 City, State: **Artesia, New Mexico 88210-3720**

Postmark Here: **KA**

PS Form 3811, February 2004

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

COG Operating LLC
Attn: William Miller
2208 W. Main Street
Artesia, New Mexico 88210-3720

2. Article Number

(Transfer from service label)

7010 1870 0000 8950 4059

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X **W. Miller**

☐ Agent

☐ Addressee

B. Received by (Printed Name)

William M. Miller

C. Date of Delivery

2/3/11

D. Is delivery address different from item 1? ☐ Yes

If YES, enter delivery address below: ☐ No

RECEIVED FEB 07 2011

3. Service Type

☒ Certified Mail

☐ Express Mail

☐ Registered

☐ Return Receipt for Merchandise

☐ Insured Mail

☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes