

DATE 2/9/09	SUSPENSE	ENGINEER W. Jones	LOGGED IN 2/9/09	TYPE SWD	APP NO. PKAA0904053229
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RECEIVED
NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505



30-015-32799
Tresague 2 State 1
OGX Resources LLC
217955

ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST 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] [NSP-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]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☒ SWD ☐ IPI ☐ EOR ☐ PPR

- [D] Other: Specify _____

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

- [A] ☐ Working, Royalty or Overriding Royalty Interest Owners
[B] ☒ 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] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

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

Ann Ritchie
Print or Type Name

Signature

Regulatory Agent
Title

2-6-09
Date

ann.wtor@gmail.com
E-Mail Address

January 31, 2009

Energy, Minerals and Natural Resources Department
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Attention: Mr. Mark E. Fesmire, Director

Re: Form C-108
OGX Resources, LLC
Tesuque "2" State No. 1
API No. 30-015-32799
660' FNL & 1980' FWL, Unit C
Section 2, T-26S, R-29E, NMPM,
Eddy County, New Mexico

now
P. A. E. 2/07

Dear Mr. Fesmire,

Enclosed please find a Division Form C-108 (Application for Authorization to Inject) for the OGX Resources, LLC Tesuque "2" State Well No. 1. This well was originally drilled by Deyon Energy Production Company, L.P. in May, 2003 to test the Cherry Canyon and Brushy Canyon members of the Delaware formation. The well tested uneconomic in the Delaware formation. The well cumulatively produced only 491 barrels of oil, and was ~~PA~~ d in July, 2006. In February, 2007, the well was plugged and abandoned. OGX Resources, LLC has acquired this wellbore, and proposes to utilize the well for disposal of produced water from the Bone Spring and Morrow formations originating from OGX Resources, LLC owned wells in this area. Injection is proposed to occur into the Bell Canyon and Cherry Canyon members of the Delaware formation through the perforated interval from 3,456'-4,482'. There are currently no wells in Section 2 that produce from the Delaware interval. There is offset Delaware production to the north in Section 35 and to the east in Section 1, but it appears to be predominantly from the Lower Cherry Canyon/Brushy Canyon intervals from depths below 5,500'. Approval of the application will prevent the drilling unnecessary wells and will not cause waste.

I believe that all the information necessary to approve the application is enclosed. If additional information is needed, please contact me at (432) 684-6381.

Sincerely,



Ann Ritchie
Regulatory Agent

Xc: OCD-Artesia

APPLICATION FOR AUTHORIZATION TO INJECT

- I. PURPOSE: _____ Secondary Recovery _____ Pressure Maintenance ☒ Disposal _____ Storage
Application qualifies for administrative approval? ☒ Yes _____ No
- II. OPERATOR: _____ OGX Resources, LLC (OGRID-217955)
ADDRESS: _____ c/o P.O. Box 953 Midland, Texas 79702
CONTACT PARTY: _____ Ann Ritchie, Regulatory Agent _____ PHONE: (432) 684-6381
- III. WELL DATA: Complete the data required on the reverse side of this form for each well proposed for injection.
Additional sheets may be attached if necessary.
- IV. Is this an expansion of an existing project? _____ Yes ☒ No
If yes, give the Division order number authorizing the project: _____
- V. Attach a map that identifies all wells and leases within two miles of any proposed injection well with a one-half mile radius circle drawn around each proposed injection well. This circle identifies the well's area of review.
- VI. Attach a tabulation of data on all wells of public record within the area of review which penetrate the proposed injection zone. Such data shall include a description of each well's type, construction, date drilled, location, depth, record of completion, and a schematic of any plugged well illustrating all plugging detail.
- VII. Attach data on the proposed operation, including:
1. Proposed average and maximum daily rate and volume of fluids to be injected;
 2. Whether the system is open or closed;
 3. Proposed average and maximum injection pressure;
 4. Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and,
 5. If injection is for disposal purposes into a zone not productive of oil or gas at or within one mile of the proposed well, attach a chemical analysis of the disposal zone formation water (may be measured or inferred from existing literature, studies, nearby wells, etc.).
- *VIII. Attach appropriate geologic data on the injection zone including appropriate lithologic detail, geologic name, thickness, and depth. Give the geologic name, and depth to bottom of all underground sources of drinking water (aquifers containing waters with total dissolved solids concentrations of 10,000 mg/l or less) overlying the proposed injection zone as well as any such sources known to be immediately underlying the injection interval.
- IX. Describe the proposed stimulation program, if any.
- *X. Attach appropriate logging and test data on the well. (If well logs have been filed with the Division, they need not be resubmitted).
- *XI. Attach a chemical analysis of fresh water from two or more fresh water wells (if available and producing) within one mile of any injection or disposal well showing location of wells and dates samples were taken.
- XII. Applicants for disposal wells must make an affirmative statement that they have examined available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the disposal zone and any underground sources of drinking water.
- XIII. Applicants must complete the "Proof of Notice" section on the reverse side of this form.
- XIV. Certification: I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.
- NAME: _____ Ann Ritchie _____ TITLE: _____ Regulatory Agent _____
SIGNATURE: _____  _____ DATE: _____ 2-6-09 _____
E-MAIL ADDRESS: ann.wtor@gmail.com
- * If the information required under Sections VI, VIII, X, and XI above has been previously submitted, it need not be resubmitted. Please show the date and circumstances of the earlier submittal: _____

III. WELL DATA

A. The following well data must be submitted for each injection well covered by this application. The data must be both in tabular and schematic form and shall include:

- (1) Lease name; Well No.; Location by Section, Township and Range; and footage location within the section.
- (2) Each casing string used with its size, setting depth, sacks of cement used, hole size, top of cement, and how such top was determined.
- (3) A description of the tubing to be used including its size, lining material, and setting depth.
- (4) The name, model, and setting depth of the packer used or a description of any other seal system or assembly used.

Division District Offices have supplies of Well Data Sheets which may be used or which may be used as models for this purpose. Applicants for several identical wells may submit a "typical data sheet" rather than submitting the data for each well.

B. The following must be submitted for each injection well covered by this application. All items must be addressed for the initial well. Responses for additional wells need be shown only when different. Information shown on schematics need not be repeated.

- (1) The name of the injection formation and, if applicable, the field or pool name.
- (2) The injection interval and whether it is perforated or open-hole.
- (3) State if the well was drilled for injection or, if not, the original purpose of the well.
- (4) Give the depths of any other perforated intervals and detail on the sacks of cement or bridge plugs used to seal off such perforations.
- (5) Give the depth to and the name of the next higher and next lower oil or gas zone in the area of the well, if any.

XIV. PROOF OF NOTICE

All applicants must furnish proof that a copy of the application has been furnished, by certified or registered mail, to the owner of the surface of the land on which the well is to be located and to each leasehold operator within one-half mile of the well location.

Where an application is subject to administrative approval, a proof of publication must be submitted. Such proof shall consist of a copy of the legal advertisement which was published in the county in which the well is located. The contents of such advertisement must include:

- (1) The name, address, phone number, and contact party for the applicant;
- (2) The intended purpose of the injection well; with the exact location of single wells or the Section, Township, and Range location of multiple wells;
- (3) The formation name and depth with expected maximum injection rates and pressures; and,
- (4) A notation that interested parties must file objections or requests for hearing with the Oil Conservation Division, 1220 South St. Francis Dr., Santa Fe, New Mexico 87505, within 15 days.

NO ACTION WILL BE TAKEN ON THE APPLICATION UNTIL PROPER PROOF OF NOTICE HAS BEEN SUBMITTED.

NOTICE: Surface owners or offset operators must file any objections or requests for hearing of administrative applications within 15 days from the date this application was mailed to them.

C-108 Application
OGX Resources, LLC
Tesuque "2" State Well No. 1
API No. 30-015-32799 660' FNL & 1980' FWL (Unit C)
Section 2, T-26S, R-29E, NMPM
Eddy County, New Mexico

- I. The purpose of the application is to request approval to convert the Tesuque "2" State Well No. 1 to a produced water disposal well in the Bell Canyon and Cherry Canyon members of the Delaware formation.
- II. OGX Resources, LLC
c/o P.O. Box 953
Midland, Texas 79702
Contact Party: Ms. Ann Ritchie, Regulatory Agent
- III. Injection well data sheet is attached. In addition, wellbore schematic diagrams are attached showing the current and proposed wellbore configurations.
- IV. This is not an expansion of an existing project.
- V. A map showing all wells/leases within a ½ mile and 2-mile radius of the Tesuque "2" State Well No. 1 is attached.
- VI. Area of review well data is attached. As shown in the table, there are two wells within the area of review of the Tesuque "2" State No. 1. The OGX Resources, LLC Resposado "2" State No. 1 is a new horizontal well which is to be completed in the Delaware and Bone Spring formations. The other existing well is the Tom Brown Drilling Company State No. 1. This well is plugged and abandoned. Well construction data for the Resposado "2" State No. 1 and plugging detail for the State No. 1 shows that these wells are adequately constructed and plugged so as to preclude the migration of fluid from the proposed injection interval.
- VII.
 1. The average injection rate is anticipated to be approximately 2,000 BWPD. The maximum rate will be approximately 4,000 BWPD. If the average or maximum rates increase in the future, the Division will be notified.
 2. This will be a closed system.
 3. The injection pressure will initially be in conformance with the Division assigned gradient of 0.2 psi/ft. or 691 psi. If a higher injection pressure is necessary, OGX Resources, LLC will conduct a step rate injection test to determine the fracture pressure of the injection interval.

4. Produced water from the Morrow and Bone Spring formations originating from wells/leases that OGX Resources, LLC operates in this area will be injected into the subject well. A Morrow formation water analysis is attached for your review. A Bone Spring formation water analysis will be provided to the Division prior to the commencement of injection operations.
5. Injection is to occur into the Bell Canyon and Cherry Canyon members of the Delaware formation. There are currently no wells producing from the Delaware formation in Section 2, T-26 South, R-29 East. There is offset Delaware production to the north in Section 35 and to the east in Section 1, however, it appears to be from the Lower Cherry Canyon/Brush Canyon interval from depths below 5,500'.

VIII. The Delaware Mountain Group, which is Guadalupian Age, consists of the Bell Canyon, Cherry Canyon and Brushy Canyon members. The top of the Bell Canyon interval in this well occurs at a depth of 2940' and is approximately 1,081 feet thick. The Bell Canyon interval is composed of fine-grained thin-bedded sandstones with a number of limestone beds. The top of the Cherry Canyon interval in this well occurs at a depth of 4,021 and is approximately 1,642 feet thick. The Cherry Canyon interval is composed of sandstones with some thin dark gray limestone beds.

According to data obtained from the New Mexico Office of the State Engineer, there are no fresh water wells located within a one-mile radius of the Tesuque "2" State Well No. 1. If fresh water is present, sources would likely be shallow alluvial fill from the surface to a depth of approximately 120 feet.

- IX. No stimulation is planned.
- X. Logs were filed at the time of drilling.
- XI. There are no fresh water wells within a one-mile radius of the subject well.
- XII. Affirmative statement is attached.
- XIII. Proof of Notice is attached.

OPERATOR: OGX Resources, LLC

WELL NAME & NUMBER: Tesuque "2" State No. 1 (API No. 30-015-32799)

WELL LOCATION: 660' FNL & 1980' FWL
FOOTAGE LOCATION

C	2	26 South	29 East
UNIT LETTER	SECTION	TOWNSHIP	RANGE

WELL CONSTRUCTION DATA

Surface Casing

Hole Size: 12 1/4" Casing Size: 8 5/8" @ 581'

Cemented with: 650 Sx. or ft³

Top of Cement: Surface Method Determined: Circulated

Hole Size: _____ Casing Size: _____

Cemented with: _____ or ft^3

Top of Cement: _____ Method Determined: _____

Hole Size: 7 7/8" Casing Size: 5 1/2" @ 6,010'

1st Stage-500 Sx.

Cemented with: 2nd Stage-1300 Sx. or

Top of Cement: Surface Method Determined: Circulated

Total Depth: 6,010'

Perforated Interval -3,456'-4,482'

INJECTION WELL DATA SHEET

Tubing Size: 2 7/8" Lining Material: Internally Plastic Coated

Type of Packer: Baker AD-1 or similar type IPC injection packer

Packer Setting Depth: 3,356' or within 100' of the uppermost injection perforations

Other Type of Tubing/Casing Seal (if applicable): None

Additional Data

1. Is this a new well drilled for injection: Yes X No

If no, for what purpose was the well originally drilled: Well was drilled in May, 2003 to test the Cherry Canyon and Brushy Canyon intervals of the Delaware formation. Well tested uneconomic and was plugged and abandoned in 2007.

2. Name of the Injection Formation: Bell Canyon and Cherry Canyon members of the Delaware formation.

3. Name of Field or Pool (if applicable): Well is adjacent to, but not within the North Brushy Draw-Delaware Pool.

4. Has the well ever been perforated in any other zone(s)? List all such perforated intervals and give plugging detail, i.e. sacks of cement or plug(s) used.

Cherry Canyon perforated interval from 5,585'-5,606' was squeezed with 320 sx. of cement. Additional Delaware perforations from 5,256'-5,343' & 5,915'-5,930 are isolated below a CIBP set at 5,231'.

5. Give the name and depths of any oil or gas zones underlying or overlying the proposed injection zone in this area:

The North Brushy Draw-Delaware Pool is the only oil and gas producing pool within Section 2, T-26 South, R-29 East. This pool encompasses the NE/4 of Section 2. This pool extends east into Section 1, and north and northeast into Sections 35 and 36, T-25 South, R-29 East.

Current Wellbore Configuration

OGX Resources, LLC

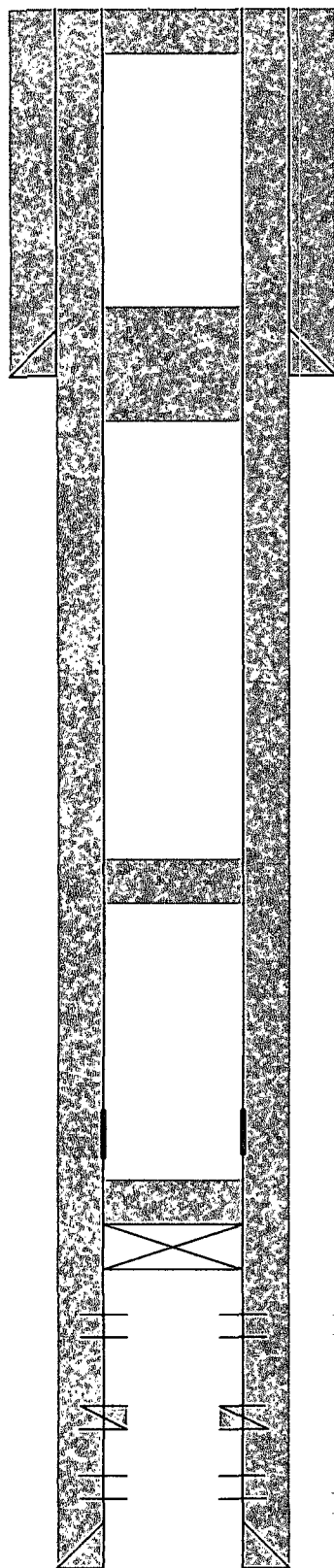
Tesuque "2" State No. 1

API No. 30-015-32799

660' FNL & 1980' FWL (Unit C)

Section 2, T-26 South, R-29 East, NMPM

Eddy County, New Mexico



10 Sx. Surface
Plug 0-60'

12 1/4" Hole; Set 8 5/8" 24# J-55 Csg. @ 581'
2 stage cement job. 1st stage- 200 Sx. Class H
2nd stage-250 Sx. Class C. Pumped 200 Sx.
via 1". Cement circulated to surface.

Set 25 Sx. 380'-631' (Tagged)

9.5 lb. mud placed
between plugs

25 Sx. 2,701'-2,950'

D.V. Tool @ 4,988'

CIBP @ 5,231' w/ 39' of cement on top

Perforations: 5,256'-5,343'

Perforations: 5,585'-5,606',
Squeezed w/ 320 Sx.

Perforations: 5,915'-5,930'

7 7/8" Hole; Set 5 1/2" 15.5# J-55 Csg. @ 6,010'
2 stage cement job. 1st stage: 500 Sx. Class C.
2nd stage: 1300 Sx. Class C. DV Tool @ 4,988'
Cement circulated to surface.

T.D. - 6,010'

Well was drilled in May, 2003 and completed in the Cherry Canyon and Brushy Canyon members of the Delaware formation. Well was uneconomic to produce. Well was TA'd in July, 2006 and was subsequently plugged and abandoned in February, 2007.

Proposed Wellbore Configuration

OGX Resources, LLC

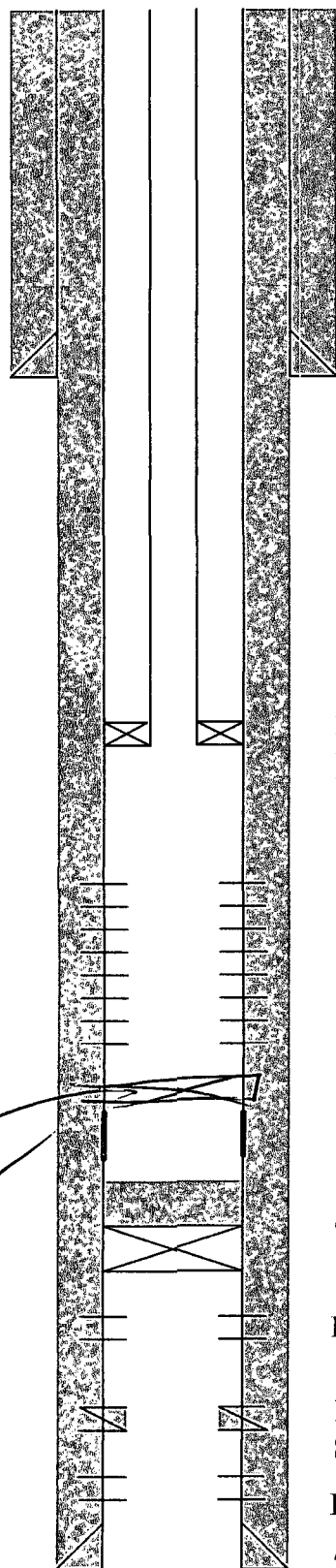
Tesuque "2" State No. 1

API No. 30-015-32799

660' FNL & 1980' FWL (Unit C)

Section 2, T-26 South, R-29 East, NMPM

Eddy County, New Mexico



12 1/4" Hole; Set 8 5/8" 24# J-55 Csg. @ 581'
2 stage cement job. 1st stage- 200 Sx. Class H
2nd stage-250 Sx. Class C. Pumped 200 Sx.
via 1". Cement circulated to surface.

2 7/8" IPC Tubing set in a
Baker AD-1 or similar
type IPC packer @ 3,356'

Cement plugs will be drilled out and the
well perforated from 3,456'-4,482' in the
Bell Canyon and Cherry Canyon
members of the Delaware formation.

2 7/8" IPC tubing will be set in a packer
@ 3,356'

Injection Perforations: 3,456'-4,482'

Formation Tops:

Bell Canyon-2,940'
Cherry Canyon-4,021'
Brushy Canyon-5,663'

D.V. Tool @ 4,988'

CIBP @ 5,231' w/ 39' of cement on top

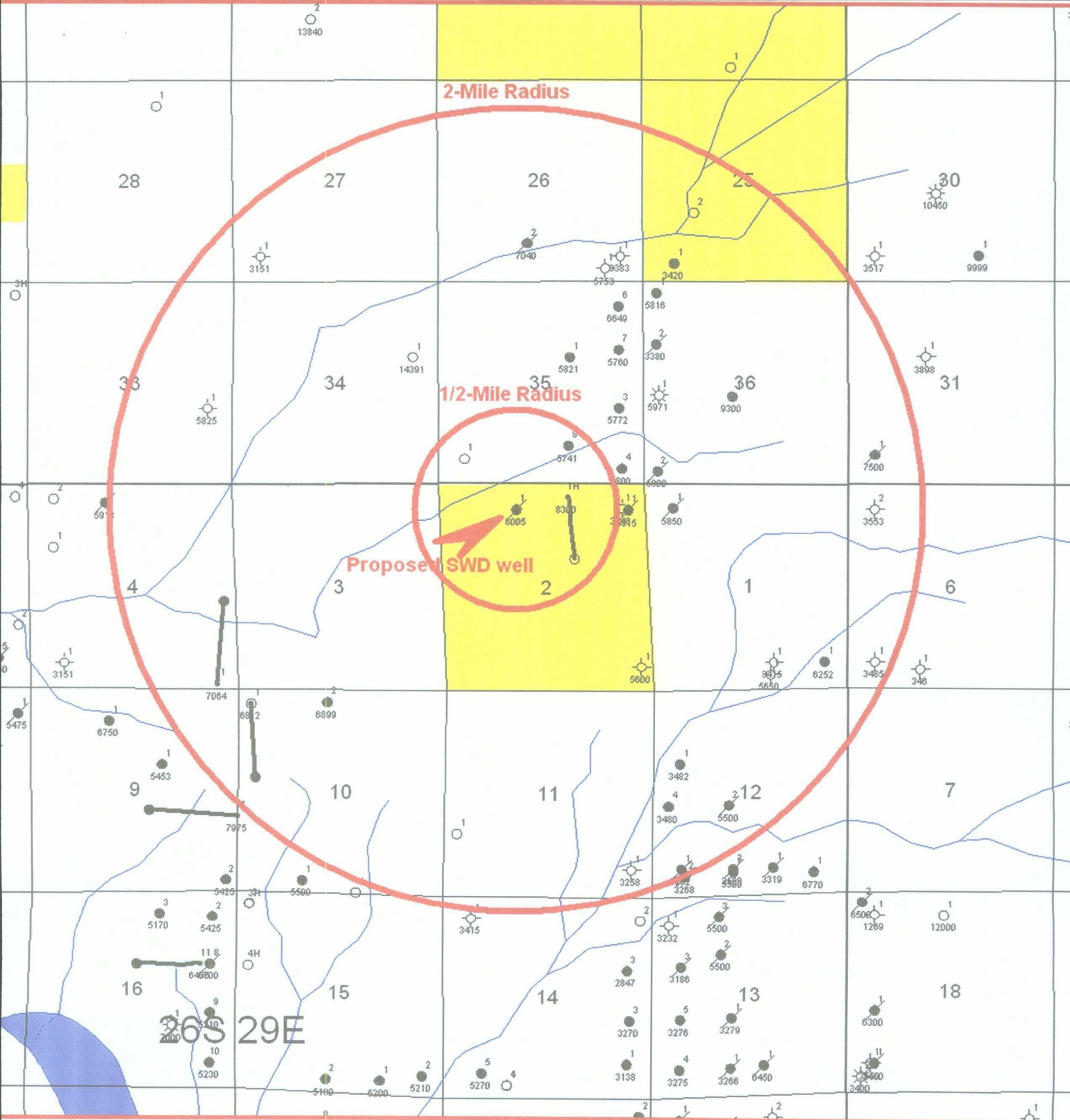
Perforations: 5,256'-5,343'

Perforations: 5,585'-5,606',
Squeezed w/ 320 Sx.

Perforations: 5,915'-5,930'

7 7/8" Hole; Set 5 1/2" 15.5# J-55 Csg. @ 6,010'
2 stage cement job. 1st stage: 500 Sx. Class C.
2nd stage: 1300 Sx. Class C. DV Tool @ 4,988'
Cement circulated to surface.

T.D. - 6,010'



1" = 4000"

OGXResources LLC

Agave Prospect
Proposed SWD Conversion
Eddy County, New Mexico

WEH		
1/6/09		

RECEIVED

2009 FEB 9 PM 1 43

29E

			34			35
25S		Devon Energy Production Company (Leasehold Owner)		XTO Energy, Inc. (Leasehold Owner)	ExxonMobil Oil Corp. (Leasehold Owner)	Southwest Royalties (Leasehold Owner)
		Quantum Resources Management, LLC & El Paso Natural Gas (Leasehold Owners)	3			2
26S					Tesuque "2" State No. 1	
					OGX Resources, LLC Operator/Leasehold Owner	

AREA OF REVIEW WELL DATA--OGX RESOURCES, LLC- TESUQUE 2 STATE NO. 1

API NUMBER	OPERATOR	LEASE NAME	WELL NO.	WELL TYPE	ST.	FTG. N/S	FTG. E/W	NSI FTG. E/W	UNIT	SEC.	TSHP	RNG	DATE DRILLED	TOTAL DEPTH	HOLE SIZE	CSG SIZE	SET AT	SX. CMT.	METHOD	COMPLETION						
						N/S												CMT. TOP								
30-015-03724	Tom Brown Drilling Co.	State	1	Dry	PA	660'	N	660'	E	A	2	26S	29E	Jun-60	3,359'	11" 6 3/4"	7 5/8" N/A	768' N/A	300 N/A	Circ.	Dry Hole-Schematic Attached					
30-015-36774	OGX Resources, LLC	Resposado 2 State	1H	P	Drilling	330'	N	1980'	E	B	2	26S	29E	Dec-08		17 1/2" 12 1/4" 8 3/4"	13 3/8" 9 5/8" 5 1/2"	546' 3,075' 12,460' M.D.	500 1400 1417	Circ.	Not yet completed. Proposed completion in the North Brushy Draw-Delaware Pool & the Bone Spring formation.					
						350'	S	1980'	E	O	2	26S	29E													
						Bottomhole Well Location																				
30-015-27874	Southwest Royalties, Inc.	N. Brushy Draw A 35	8	P	Active	990'	S	1980'	E	O	35	25S	29E	Mar-94	5,741'	17 1/2" 11" 7 7/8"	13 3/8" 8 5/8" 5 1/2"	605' 3,185' 5,741'	650 1050 600	Circ.	5,271'-5,637'					
																					Production Casing-2 Stage cement job. 1st-Stage-200 Sx. 2nd Stage-400 Sx. DV Tool @ 4,500'					
30-015-32592	Devon Energy Prod. Co.	Tesuque 2 State	2	P	ND	1980'	N	1780'	W	F	2	26S	29E								APD expired. Well never drilled					
30-015-32953	Devon Energy Prod. Co.	Tesuque 2 State	3	P	ND	660'	N	660'	W	D	2	26S	29E								APD expired. Well never drilled					
30-015-31838	Devon Energy Prod. Co.	Tesuque 35 Federal	1	P	ND	660'	S	660'	W	M	35	25S	29E								APD expired. Well never drilled					
30-015-32948	Devon Energy Prod. Co.	Tesuque 35 Federal	1Q	P	ND	660'	S	660'	W	M	35	25S	29E								APD expired. Well never drilled.					

Tom Brown Drilling Company

State No. 1

API No. 30-015-03724

660' FNL & 660' FEL, Unit A

Section 2, T-26S, R-29E

20 Sx. Surface Plug
150'-Surface

Drilled: 6/60

Plugged: 6/60

11" Hole; 7 5/8" Csg. Set @ 768'
Cemented w/300 Sx.
Cement circulated to surface.

20 Sx. 625'-775'

10.5 lb. mud between plugs

20 Sx. 3,050'-3,200'

Drilled 6 3/4" hole to T.D.

T.D. 3,359'

Shallow

NEW MEXICO OIL CONSERVATION COMMISSION

FORM C-103
(Rev 3-55)

MISCELLANEOUS REPORTS ON WELLS

(Submit to appropriate District Office as per Commission Rule 1106)

Name of Company Tom Brown Drilling Company				Address Midland Savings & Loan Building			
Lease	State	Well No.	Unit Letter	Section	Township	Range	
		1	A	2	26-S	29-E	
Date Work Performed		Pool <i>W. 1st</i>			County		

THIS IS A REPORT OF: (Check appropriate block)

- ☐ Beginning Drilling Operations
 ☐ Casing Test and Cement Job
 ☐ Other (Explain):
☒ Plugging
 ☐ Remedial Work

Detailed account of work done, nature and quantity of materials used, and results obtained.

20 sack plug - 3,200 - 3,050
 20 sack plug - 775 - 625
 20 sack plug - 150 - 0

Plugs were pumped down with 10.5 weight jell mud.

RECEIVED
 JUL 1 1960
 N. C. C.
 ARTESIA, OFFICE

Witnessed by Glen Upton	Position Toolpusher	Company Tom Brown Drilling Company
-----------------------------------	-------------------------------	--

FILL IN BELOW FOR REMEDIAL WORK REPORTS ONLY

ORIGINAL WELL DATA

D F Elev. 3,049	T D 3359	P B T D	Producing Interval Dry Hole	Completion Date 6-20-60
Tubing Diameter	Tubing Depth	Oil String Diameter	Oil String Depth	

Perforated Interval(s)

Open Hole Interval

Producing Formation(s)

RESULTS OF WORKOVER

Test	Date of Test	Oil Production BPD	Gas Production MCFPD	Water Production BPD	GOR Cubic feet/Bbl	Gas Well Potential MCFPD
Before Workover						
After Workover						

OIL CONSERVATION COMMISSION

I hereby certify that the information given above is true and complete to the best of my knowledge.

Approved by *W. A. Gressett*

Name

OperatorTitle
OIL AND GAS INSPECTOR

Position

Tom Brown Drilling CompanyDate
SEP 12 1960

Company

New Mexico Office of the State Engineer
POD Reports and Downloads

Township: 26S Range: 29E Sections: 1,2,3

NAD27 X: Y: Zone: Search Radius:

County: Basin: Number: Suffix:

Owner Name: (First) (Last) ☐ Non-Domestic ☐ Domestic
☒ All

POD / Surface Data Report

Avg Depth to Water Report

Water Column Report

Clear Form

iWATERS Menu

Help

AVERAGE DEPTH OF WATER REPORT 01/23/2009

Bsn	Tws	Rng	Sec	Zone	X	Y	Wells	(Depth Water in Feet)		
								Min	Max	Avg

No Records found, try again

New Mexico Office of the State Engineer
POD Reports and Downloads

Township: 25S Range: 29E Sections: 34,35,36

NAD27 X: Y: Zone: Search Radius:

County: Basin: Number: Suffix:

Owner Name: (First) (Last) ☐ Non-Domestic ☐ Domestic
☒ All

POD / Surface Data Report

Avg Depth to Water Report

Water Column Report

Clear Form

iWATERS Menu

Help

AVERAGE DEPTH OF WATER REPORT 01/23/2009

Bsn	Tws	Rng	Sec	Zone	X	Y	Wells	(Depth Water in Feet)		
								Min	Max	Avg

No Records found, try again

709 W. INDIANA
MIDLAND, TEXAS 79701
FAX (432) 682-8810

RESULT OF WATER ANALYSES

TO: Mr. Jeff Birkenbach
Box 11148, Midland, TX 79702

LABORATORY NO.	109-90
SAMPLE RECEIVED	1-8-09
RESULTS REPORTED	1-9-09

COMPANY OGX

LEASE Wimms

"Otis 34"
offset

FIELD OR POOL _____
SECTION _____ BLOCK _____ SURVEY _____ COUNTY Eddy STATE _____ NM

SOURCE OF SAMPLE AND DATE TAKEN:

NO. 1 Fresh water. 1-6-09

NO. 2 Morrow water. 1-6-09

NO. 3

NO. 4

REMARKS:

CHEMICAL AND PHYSICAL PROPERTIES

[illegible]

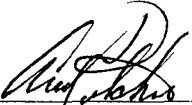
Form No. 3

8:

Greg Ogden, B.S.

Form C-108
Affirmative Statement
OGX Resources, LLC
Tesuque "2" State No. 1
API No. 30-015-32799 660' FNL & 1980' FWL (Unit C)
Section 2, T-26S, R-29E, NMPM
Eddy County, New Mexico

Available geologic and engineering data have been examined and no evidence of open faults or hydrological connection between the disposal zone and any underground sources of drinking water has been found.



Ann Ritchie
Regulatory Agent
OGX Resources, LLC

2-6-09
Date

Form C-108
OGX Resources, LLC
Tesuque "2" State Well No. 1 (API No. 30-015-32799)
660' FNL & 1980' FWL (Unit C)
Section 2, T-26 South, R-29 East, NMPM,
Eddy County, New Mexico

Legal notice will be published in the:

Artesia Daily Press
P.O. Box 190
Artesia, New Mexico 88211-0190

A copy of the legal advertisement will be forwarded to the Division upon publication.

OGX Resources, LLC, c/o P.O. Box 953, Midland, Texas 79702, has filed a Form C-108 (Application for Authorization to Inject) with the Oil Conservation Division seeking administrative approval to convert the Tesuque "2" State Well No. 1 (API No. 30-015-32799) located 660' FNL & 1980' FWL (Unit C) of Section 2, Township 26 South, Range 29 East, NMPM, Eddy County, New Mexico to a produced water disposal well. The well will be utilized to dispose of Bone Spring and Morrow formation produced water from OGX Resources, LLC owned wells in this area. Injection will occur into the Bell Canyon and Cherry Canyon members of the Delaware formation through the perforated interval from 3,456'-4,482'. The average and maximum injection rates will be 2,000 and 4,000 barrels of water per day and the average and maximum surface injection pressure is anticipated to be 691 psi and 1,050 psi, respectively.

Interested parties must file objections with the New Mexico Oil Conservation Division, 1220 S. St Francis Drive, Santa Fe, New Mexico 87505, within 15 days of the date of this publication.

Additional information can be obtained by contacting Ms. Ann Ritchie, Regulatory Agent, OGX Resources, LLC, at (432) 684-6381

February 10, 2009

RECEIVED

2009 FEB 11 PM 12 00

Energy, Minerals and Natural Resources Dept.
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Attention: Mr. William V. Jones

Re: Publication Notice
OGX Resources, LLC
Tesuque "2" State No. 1
API No. 30-015-32799
Section 2, T-26S, R-29E, NMPM,
Eddy County, New Mexico

Mr. Jones:

Enclosed please find the publication notice for the Tesuque "2" State Well No. 1. A
Division Form C-108 has been submitted for this well.

Thank You,



David Catanach
Regulatory Consultant

Affidavit of Publication

NO.

20551

STATE OF NEW MEXICO

County of Eddy:

GARY D. SCOTT

being duly

sworn, says: That he is the

PUBLISHER

of The

Artesia Daily Press, a daily newspaper of general

circulation, published in English at Artesia, said county

and county and state, and that the here to attached

Legal Notice

was published in a regular and entire issue of the said

Artesia Daily Press, a daily newspaper duly qualified

for that purpose within the meaning of Chapter 167 of

the 1937 Session Laws of the state of New Mexico for

1 Consecutive week/days on the same

day as follows:

First Publication

February 3, 2009

Second Publication

Third Publication

Fourth Publication

Fifth Publication

Subscribed and sworn to before me this

3 Day

February

2009



OFFICIAL SEAL

Jo Morgan

NOTARY PUBLIC-STATE OF NEW MEXICO

My commission expires: 6/26/2012

Jo Morgan
Notary Public, Eddy County, New Mexico

Copy of Publication:

LEGAL NOTICE

OGX Resources, LLC,
c/o P.O. Box 953,
Midland, Texas 79702,
has filed a Form C-108
(Application for
Authorization to Inject)
with the Oil
Conservation Division
seeking administrative
approval to convert the
Tesuque "2" State Well
No. 1 (API No. 30-015-
32799) located 660'
FNL & 1980' FWL (Unit
C) of Section 2,
Township 26 South,
Range 29 East,
NMPM, Eddy County,
New Mexico to a pro-
duced water disposal
well. The well will be
utilized to dispose of
Bone Spring and
Morrow formation pro-
duced water from OGX
Resources, LLC owned
wells in this area.
Injection will occur into
the Bell Canyon and
Cherry Canyon mem-
bers of the Delaware
formation through the
perforated interval from
3,456'-4,482'. The
average and maximum
injection rates will be
2,000 and 4,000 bar-
rels of water per day
and the average and
maximum surface
injection pressure is
anticipated to be 691
psi and 1,050 psi,
respectively.
Interested parties must
file objections with the
New Mexico Oil
Conservation Division,
1220 S. St Francis
Drive, Santa Fe, New
Mexico 87505, within
15 days of the date of
this publication.
Additional information
can be obtained by
contacting Ms. Ann
Ritchie, Regulatory
Agent, OGX
Resources, LLC, at
(432) 684-6381
Published in the
Artesia Daily Press,
Artesia, NM February
3, 2009.
Legal No. 20551

Jones, William V., EMNRD

From: Ann Ritchie [ann.wtor@gmail.com]
Sent: Friday, February 06, 2009 10:39 AM
To: Gary Lang; Jones, William V., EMNRD
Subject: OGX Tesuque 2 State No. 1 C-108
Attachments: OGX Tesuque 2 St 1 .5 mile offset map.jpg


Please see attached the 1/2 mile radius offset map that was left out of the C-108 injection package in error. Please include with your copy of the application. A map will also be mailed to the Santa Fe OCD.

Thank you,
Ann Ritchie

--
West Texas Oil Reports
P.O. Box 953
Midland, TX 79702
432 684-6381
432 682-1458-fax

This inbound email has been scanned by the MessageLabs Email Security System.

29E

			34			35
25S		Devon Energy Production Company (Leasehold Owner)	XTO Energy, Inc. (Leasehold Owner)	ExxonMobil Oil Corp. (Leasehold Owner)		Southwest Royalties (Leasehold Owner)
		Quantum Resources Management, LLC & El Paso Natural Gas (Leasehold Owners)	3			2
26S				 Tesuque "2" State No. 1		
				OGX Resources, LLC Operator/Leasehold Owner		

OGX Resources, LLC
Form C-108 Tesuque "2" State No. 1
Offset Operator/Leasehold Owner Identification

January 31, 2009

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: OFFSET LEASEHOLD OPERATORS & SURFACE OWNER

Re: OGX Resources, LLC
Form C-108 (Application for Authorization to Inject)
Tesuque "2" State No. 1
API No. 30-015-32799
660' FNL & 1980' FWL, Unit C, Section 2, T-26S, R-29E, NMPM,
Eddy County, New Mexico

Ladies & Gentlemen:

Enclosed please find a copy of Oil Conservation Division Form C-108 (Application for Authorization to Inject) for the OGX Resources, LLC Tesuque "2" State Well No. 1. You are being provided a copy of the application as an offset operator, offset leaseholder or surface owner. OGX Resources, LLC proposes to re-enter this plugged and abandoned well and convert the well to a disposal well, injection to occur into the Bell Canyon and Cherry Canyon members of the Delaware formation through perforations from 3,456'-4,482'.

Objections must be filed with the Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico 87505, within 15 days.

If you should have any questions, please contact me at (432) 684-6381.

Sincerely,



Ann Ritchie
Regulatory Agent, OGX Resources, LLC
P.O. Box 953
Midland, Texas 79702

Enclosure

OGX Resources, LLC

Form C-108

**Tesuque "2" State Well No. 1 (API No. 30-015-32799)
660' FNL & 1980' FWL (Unit C)
Section 2, T-26 South, R-29 East, NMPM,
Eddy County, New Mexico**

Offset Operator/Leasehold Owner Notification List

Quantum Resources Management LLC
1775 Sherman St.
Suite 1525
Denver, Colorado 80203

El Paso Natural Gas Company
Box 1492
El Paso, Texas 79978

Devon Energy Production Company, LP
20 North Broadway
Suite 1500
Oklahoma City, Oklahoma 73102

XTO Energy, Inc.
810 Houston Street
Suite 2000
Fort Worth, Texas 76102

ExxonMobil Oil Corp.
P.O. Box 4358
Houston, Texas 77210

Southwest Royalties, Inc.
6 Desta Drive
Suite 2100
Midland, Texas 79705

Surface Lessee

✓ Mr. Bryon Wayne Paschal
P.O. Box 992
Pecos, Texas 79772

✓
+ SLO

Additional Notice

Oil Conservation Division (Artesia Office)
1301 W. Grand Avenue
Artesia, New Mexico 88210

Jones, William V., EMNRD

From: Jones, William V., EMNRD
Sent: Friday, March 06, 2009 3:34 PM
To: 'ann.wtor@gmail.com'
Cc: Ezeanyim, Richard, EMNRD
Subject: RE: SWD Application from OGX Resources, LLC: Tesuque 2 State #1 30-015-32799 Unit C, Sec 2 T26S R29E

Hello Ann:

Reviewed this again today and I believe the only thing lacking is item (1) below. As per Rule 26.8C(2) pertaining to approval of disposal wells, send "evidence of mailing" to all affected parties including the surface owner (identify who this is). You can send copies of the certified receipts you mailed out or just add the certified receipt numbers besides the names/addresses.

Regards,

William V. Jones PE
New Mexico Oil Conservation Division
1220 South St. Francis
Santa Fe, NM 87505
505-476-3448

From: Jones, William V., EMNRD
Sent: Monday, February 09, 2009 6:13 PM
To: 'ann.wtor@gmail.com'
Cc: Ezeanyim, Richard, EMNRD
Subject: SWD Application from OGX Resources, LLC: Tesuque 2 State #1 30-015-32799 Unit C, Sec 2 T26S R29E

Hello Ann:

After reviewing this:

B. W. Paschel

- 1) Please make sure you notice the ~~State Land Office~~ as the surface owner and send proof of notice.
- 2) Send the actual newspaper notice as it is shown in the paper.
- 3) OGX will need to set a CIBP/Cement within 200 feet below the bottom of the injection interval – we can put that in the order.

Thank You

William V. Jones PE
New Mexico Oil Conservation Division
1220 South St. Francis
Santa Fe, NM 87505
505-476-3448

Jones, William V., EMNRD

From: Jones, William V., EMNRD
Sent: Monday, March 09, 2009 10:59 AM
To: 'Ann Ritchie'
Cc: Ezeanyim, Richard, EMNRD; Brooks, David K., EMNRD
Subject: RE: SWD Application from OGX Resources, LLC: Tesuque 2 State #1 30-015-32799 Unit C, Sec 2 T26S R29E

Ann:

According to the application, the others noticed were:

Quantum Resources
El Paso Natural Gas
Devon Energy
XTO Energy
ExxonMobil
SW Royalties

You could put copies of those cert receipts in the mail or just scan and email them.

Thanks for sending receipts for the notices to SLO and Mr. Paschal.

Regards,

William V. Jones PE
New Mexico Oil Conservation Division
1220 South St. Francis
Santa Fe, NM 87505
505-476-3448

From: Ann Ritchie [mailto:ann.wtor@gmail.com]
Sent: Monday, March 09, 2009 8:21 AM
To: Jones, William V., EMNRD
Subject: Re: SWD Application from OGX Resources, LLC: Tesuque 2 State #1 30-015-32799 Unit C, Sec 2 T26S R29E

The surface owner is:

Bryon Wayne Paschal, P.O. Box 992, Pecos, TX 79772

Both certified receipts, for landowner & State Land Office are attached, and I will put them in the mail today.

Thank you,

Ann

On Fri, Mar 6, 2009 at 5:33 PM, Jones, William V., EMNRD <William.V.Jones@state.nm.us> wrote:

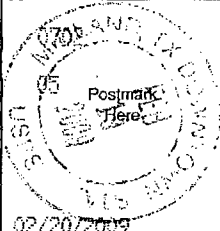
Hello Ann:

Reviewed this again today and I believe the only thing lacking is item (1) below. As per Rule 26.8C(2) pertaining to approval of disposal wells, send "evidence of mailing" to all affected parties including the surface owner (identify who this is). You can send copies of the certified receipts you mailed out or just add the certified receipt numbers besides the names/addresses.

7007 0710 0003 0304 6561

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CERTIFIED MAIL™ RECEIPT
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 For delivery information visit our website at www.usps.com
OFFICIAL USE

Postage	\$.59
Certified Fee	2.70
Return Receipt Fee (Endorsement Required)	\$0.00
Restricted Delivery Fee (Endorsement Required)	\$0.00
Total Postage & Fees	\$ 3.29

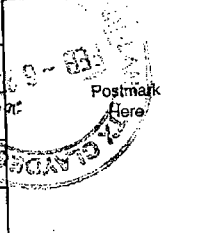


Sent To Nm State Land Ofc.
 Street, Apt. No.,
 or PO Box No. P.O. Box 1148
 City, State, ZIP+4 Santa Fe, NM 87504-1148
 PS Form 3800, August 2006 See Reverse for Instructions

7007 0710 0003 0304 6882

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)
 For delivery information visit our website at www.usps.com
OFFICIAL USE

Postage	\$.42
Certified Fee	2.70
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 3.12



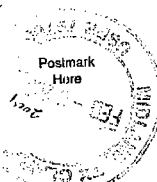
Sent To Mr. Bryon Wayne Paschal
 Street, Apt. No.,
 or PO Box No. Box 992
 City, State, ZIP+4 Pecos TX 79772
 PS Form 3800, August 2006 See Reverse for Instructions

**U.S. Postal Service™
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08X Tesague	Postage	\$.42
	Certified Fee	2.70
	Return Receipt Fee (Endorsement Required)	
	Restricted Delivery Fee (Endorsement Required)	
	Total Postage & Fees	\$ 3.12



Sent To Southwest Royalties, Inc.
Street, Apt. No.,
or PO Box No. 6 Dosta Dr., Ste. 2100
City, State, ZIP+4 Midland, TX 79705

PS Form 3800, August 2006

See Reverse for Instructions

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	Certified Fee	2.70
	Return Receipt Fee (Endorsement Required)	\$0.00
	Restricted Delivery Fee (Endorsement Required)	\$0.00
	Total Postage & Fees	\$ 3.12

0710

02

Postmark
Here

02/06/2009

Sent To Devon Energy Production
Street, Apt. No.,
or PO Box No. 20 N. Broadway, Ste. 1500
City, State, ZIP+4 OKLAHOMA CITY, OK 73102

PS Form 3800, August 2006

See Reverse for Instructions

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	Return Receipt Fee (Endorsement Required)	
	Restricted Delivery Fee (Endorsement Required)	
	Total Postage & Fees	\$ 3.12



Sent To EL PASO NATURAL GAS Co.
Street, Apt. No.,
or PO Box No. Box 1492
City, State, ZIP+4 EL PASO, TX 79978

PS Form 3800, August 2006

See Reverse for Instructions

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	Certified Fee	\$2.70
	Return Receipt Fee (Endorsement Required)	\$0.00
	Restricted Delivery Fee (Endorsement Required)	\$0.00
	Total Postage & Fees	\$ 3.12

0702

13
Postmark
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03/05/2009

Sent To EL PASO NATURAL GAS Co.
Street, Apt. No.,
or PO Box No. P.O. Box 2511
City, State, ZIP+4 HOUSTON, TX 77252

PS Form 3800, August 2006

See Reverse for Instructions

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	Return Receipt Fee (Endorsement Required)	
	Restricted Delivery Fee (Endorsement Required)	
	Total Postage & Fees	\$ 3.12



Sent To Quantum Resources Mngt., LLC
Street, Apt. No.,
or PO Box No. 1775 Sherman St, Ste. 1525
City, State, ZIP+4 Danver CO 80203

PS Form 3800, August 2006

See Reverse for Instructions

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	Certified Fee	2.70
	Return Receipt Fee (Endorsement Required)	
	Restricted Delivery Fee (Endorsement Required)	
	Total Postage & Fees	\$ 3.12

Postmark
Here

Sent To Exxon Mobil Oil Corp.
Street, Apt. No.,
or PO Box No. Box 4358
City, State, ZIP+4 Houston, TX 77210

PS Form 3800, August 2006

See Reverse for Instructions

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For delivery information visit our website at www.usps.com

OFFICIAL USE

08X Tesague	Postage	\$.42
	Certified Fee	2.70
	Return Receipt Fee (Endorsement Required)	
	Restricted Delivery Fee (Endorsement Required)	
	Total Postage & Fees	\$ 3.12

Postmark
Here

Sent To XTO Energy, Inc.
Street, Apt. No.,
or PO Box No. 810 Houston St, Ste. 2000
City, State, ZIP+4 Ft Worth, TX 76102

PS Form 3800, August 2006

See Reverse for Instructions

Injection Permit Checklist (7/8/08)

Case SWD 1164 WFX PMX IPI Permit Date UIC Qtr

Wells Well Name: Tesague 25 State #1

API Num: (30-) 015-32799 Spud Date: 5/03 New/Old (UIC primacy March 7, 1982)

Footages 660 FWL / 1980 FWL Unit C Sec 2 Tsp 26S Rge 29E County EDDY

Operator: OGX Resources LLC Contact

OGRID: 217955 RULE 40 Compliance (Wells) 0/14 (Finan Assur) OK

Operator Address: P.O. Box 953, MIDLAND TX 79702

Current Status of Well: PAVED cheng/Bridge Test

Planned Work to Well:

Planned Tubing Size/Depth: 27/8 @ 3356'

	Sizes Hole.....Pipe	Setting Depths	Cement Sx or Cf	Cement Top and Determination Method
Existing <input checked="" type="checkbox"/> Surface	<u>12 1/4 8 5/8</u>	<u>581</u>	<u>650</u>	<u>CIRC</u>
Existing <input type="checkbox"/> Intermediate				
Existing <input checked="" type="checkbox"/> Long String	<u>7 7/8 5 1/2</u>	<u>6010</u>	<u>500 + 1300</u>	<u>CIRC TOP STAGE</u>

DV Tool 4488 liner Open Hole Total Depth 6010 PBTD (2701 later)

Well File Reviewed

Diagrams: Before Conversion ☒ After Conversion ☒ Elogs in Imaging File:

Intervals:	Depths	Formation	Producing (Yes/No)
Above (Name and Top)			
Above (Name and Top)	<u>2940</u>	<u>Ball C. Top</u>	
Injection..... Interval TOP:	<u>3456</u>	<u>Ball C.</u>	<u>NO</u>
Injection..... Interval BOTTOM:	<u>4482</u>	<u>Cheng C. (Top of Top)</u>	<u>NO</u>
Below (Name and Top)	<u>5663</u>	<u>Brushy C.</u>	<u>offshore</u>

Just North of
Red BLUFF
691 PSI Max. WHIP Reservoir

Open Hole (Y/N)

Deviated Hole?

Sensitive Areas: Capitan Reef Cliff House Salt Depths 596-2940

Potash Area (R-111-P) Potash Lessee Noticed?

Fresh Water: Depths: 0-120 Wells (Y/N) NO Analysis Included (Y/N) Yes Affirmative Statement Yes

Salt Water: Injection Water Types: BS / Mowat Analysis?

Injection Interval: Water Analysis: NO? Hydrocarbon Potential ?

Notice: Newspaper (Y/N) Surface Owner: STO Du Paschal Mineral Owner(s) SLO.

RULE 701B(2) Affected Parties:

Quantiles / Person / XTO / ExxonMobil / SW Royalty

Area of Review: Adequate Map (Y/N) and Well List (Y/N)

Active Wells 2 Num Repairs 0 Producing in Injection Interval in AOR NO

P&A Wells 1 Num Repairs 0 All Wellbore Diagrams Included? Yes

Questions to be Answered:

Prof of NOTICE + Newspaper NOTICE
Set PLW Close To Perfs

Required Work on This Well: Request Sent Reply:

AOR Repairs Needed: Request Sent Reply:

Request Sent Reply: