

DATE IN 8/10/09	SUSPENSE 8/31/09	ENGINEER Jones	LOGGED IN 8/10/09	TYPE DHC	APP NO. 0922249450
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



PTG-W
 4208
 Higgins 33 well # 1H
 30-015-36645 (Eddy)
 OGX Resources

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

RECEIVED (217955)
 2009 AUG 10 PM 1 59

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

Ann Ritchie
 Signature

Regulatory Agent
 Title

8-3-09
 Date

ann.wtor@gmail.com
 E-Mail Address

August 3, 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-107A
OGX Resources, LLC
Higgins "33" Well No. 1H
API No. 30-015-36645
Surface Location: 2300' FSL & 660' FEL (Unit I)
Bottomhole Location: 1980' FSL & 350' FWL (Unit L)
Section 33, T-23S, R-28E, NMPM,
Eddy County, New Mexico

Dear Mr. Fesmire,

Enclosed please find a Division Form C-107A for the OGX Resources, LLC Higgins "33" Well No. 1H. It is proposed to downhole commingle the East Loving-Brushy Canyon and Undesignated South Culebra Bluff-Bone Spring Pools within the subject well. Approval of the application will allow OGX Resources, LLC to economically produce the oil and gas reserves in the Delaware and Bone Spring intervals, thereby preventing waste. Please note that there is a very slight difference in interest ownership between the Delaware and Bone Spring intervals in the well. Pursuant to Division rules, all interest owners are being provided notice of this application by certified mail. The proposed allocation of production, which is based upon actual production tests conducted on each of the zones, is fair and reasonable, and will protect the correlative rights of all interest owners in the well.

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
Interest Owners-List Attached

District I
1625 N. French Drive, Hobbs, NM 88240

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised June 10, 2003

District II
1301 W. Grand Avenue, Artesia, NM 88210

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

APPLICATION TYPE

District III
1000 Rio Brazos Road, Aztec, NM 87410

Single Well
 Establish Pre-Approved Pools

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

APPLICATION FOR DOWNHOLE COMMINGLING

EXISTING WELLBORE
 Yes No

DHC-4208

Operator OGX Resources, LLC Address c/o P.O. Box 953 Midland, Texas 79702
Lease Higgins "33" Well No. 1H Unit Letter-Section-Township-Range Bottomhole Location-1980' FSL & 350' FWL (Unit L) 33-23S-28E County Eddy
OGRID No. 217955 Property Code _____ API No. 30-015-36645 Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE <i>(40 ACRE)</i> UNDES	INTERMEDIATE ZONE	LOWER ZONE <i>(60 acre)</i> HORE
Pool Name	East Loving-Brushy Canyon		Undesignated South Culebra Bluff-Bone Spring
Pool Code	Oil-40350		Oil-15011
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	6,056'-6,120' (Perforated)		6,267'-6,917' (Perforated)
Method of Production (Flowing or Artificial Lift)	Artificial Lift		Artificial Lift
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)	Not Required		Not Required
Oil Gravity or Gas BTU (Degree API or Gas BTU)	41° API		41° API
Producing, Shut-In or New Zone	New Zone Well Drilled 10/08		New Zone Well Drilled 10/08
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: 7/1/2009 Rates: 21 BOPD 108 MCFGPD 67 BWPD	Date: Rates:	Date: 6/4/2009 Rates: 22 BOPD 125 MCFGPD 20 BWPD
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil 49% Gas 46%	Oil % Gas %	Oil 51% Gas 54%

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes _____ No
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes No _____
Are all produced fluids from all commingled zones compatible with each other? Yes No _____
Will commingling decrease the value of production? Yes _____ No
If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? N/A Yes _____ No _____
NMOCD Reference Case No. applicable to this well: _____

Attachments:

- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- Production curve for each zone for at least one year. (If not available, attach explanation.)
- For zones with no production history, estimated production rates and supporting data.
- Data to support allocation method or formula.
- Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
- Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

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

SIGNATURE *Ann Ritchie* TITLE Regulatory Agent DATE 08/03/2009
TYPE OR PRINT NAME Ann Ritchie TELEPHONE NO. (432) 684-6381
E-MAIL ADDRESS ann.wtor@gmail.com

Attachments and/or Supporting Data
Application for Downhole Commingling
OGX Resources, LLC
Higgins "33" Well No. 1H (API No. 30-015-36645)
Section 33, Township 23 South, Range 28 East, NMPM,
Eddy County, New Mexico

Production Data & Proposed Allocation

The Higgins "33" Well No. 1H was drilled in October/November, 2008 and was initially completed in the Undesignated South Culebra Bluff-Bone Spring Pool. A production test conducted on the well on June 4, 2009 indicated a production rate of 22 BOPD, 125 MCFGPD, and 20 BWPD. The well was subsequently completed in the East Loving-Brushy Canyon Pool. A production test conducted on the Brushy Canyon interval on July 1, 2009 indicated a production rate of 21 BOPD, 108 MCFGPD and 67 BWPD.

OGX Resources LLC proposes that the production from the Higgins "33" Well No. 1H be allocated on the basis of the production tests conducted on the subject well. Pursuant to the production test, production will be allocated as follows:

East Loving-Brushy Canyon Pool

Oil-49%
Gas-46%

Und. South Culebra Bluff-Bone Spring Pool

Oil-51%
Gas-54%

Interest Ownership

Pardue Limited Company
P.O. Box 2018
Carlsbad, New Mexico 88221

Lunar Petroleum, LLC
P.O. Box 600490
Dallas, Texas 75206-0490

William D. Bennett, et ux
Millie F. Bennett
17 Camden Oaks
San Antonio, Texas 78248

Randell K. Ford
415 West Wall Street
Wilco Bldg. Suite 1700
Midland, Texas 79701

Dick Jackson
P.O. Box 708
Mt. Grove, MO 65711

Margaret Dowling, ssp
1829 Georgia, NE
Albuquerque, NM 87110

BMNW Resources, LLC
4925 Greenville Ave., Suite 841
Dallas, Texas 75206

Discovery Exploration
410 N. Main Street
Midland, Texas 79701

Enerstar Resources, O & G, LLC
P.O. Box 606
Carlsbad, New Mexico 88221-0606

OGX Resources, LLC
P.O. Box 2064
Midland, Texas 79702

7007 2560 0002 4798 6993

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

MTIDLAND TX 79701

Postage	\$	\$0.61
Certified Fee		\$2.80
Return Receipt Fee (Endorsement Required)		\$0.00
Restricted Delivery Fee (Endorsement Required)		\$0.00
Total Postage & Fees	\$	\$3.41

Sent To: *Randell K Ford*
Street, Apt. No., or PO Box No.: *415 W. Wall, Wilco Bldg, Ste*
City, State, ZIP+4: *Midland TX 79701 1700*

PS Form 3800, August 2006 See Reverse for Instructions

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Return Receipt Fee (Endorsement Required)		\$0.00
Restricted Delivery Fee (Endorsement Required)		\$0.00
Total Postage & Fees	\$	\$3.41

Sent To: *Nick Jackson*
Street, Apt. No., or PO Box No.: *PO Box 708*
City, State, ZIP+4: *Mt. Grove Mo 65711*

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Certified Fee		\$2.80
Return Receipt Fee (Endorsement Required)		\$0.00
Restricted Delivery Fee (Endorsement Required)		\$0.00
Total Postage & Fees	\$	\$3.24

Sent To: *Margaret Bowling, SSP*
Street, Apt. No., or PO Box No.: *1829 Georgia, NE*
City, State, ZIP+4: *Albuquerque, NM 87110*

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Postage	\$	\$0.61
Certified Fee		\$2.80
Return Receipt Fee (Endorsement Required)		\$0.00
Restricted Delivery Fee (Endorsement Required)		\$0.00
Total Postage & Fees	\$	\$3.41

Sent To: *Everett Resource*
Street, Apt. No., or PO Box No.: *PO Box 606*
City, State, ZIP+4: *Carlsbad Nm*

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Return Receipt Fee (Endorsement Required)		\$0.00
Restricted Delivery Fee (Endorsement Required)		\$0.00
Total Postage & Fees	\$	\$3.41

Sent To: *Discovery Exploration*
Street, Apt. No., or PO Box No.: *401 N. Main St.*
City, State, ZIP+4: *Midland TX 79701*

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DALLAS TX 75206

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Certified Fee		\$2.80
Return Receipt Fee (Endorsement Required)		\$0.00
Restricted Delivery Fee (Endorsement Required)		\$0.00
Total Postage & Fees	\$	\$3.41

Sent To: *Brown Resources, LLC*
Street, Apt. No., or PO Box No.: *4925 Presville Ave., S*
City, State, ZIP+4: *Dallas, TX 75206*

PS Form 3800, August 2006 See Reverse for Instructions

7007 2560 0002 4798 6931

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CARLSBAD NM 88221

Postage	\$	\$0.61
Certified Fee		\$2.80
Return Receipt Fee (Endorsement Required)		\$0.00
Restricted Delivery Fee (Endorsement Required)		\$0.00
Total Postage & Fees	\$	\$3.41

Sent To: *Pardue Limited Co.*
Street, Apt. No., or PO Box No.: *PO Box 2018*
City, State, ZIP+4: *Carlsbad, NM 88221*

PS Form 3800, August 2006 See Reverse for Instructions

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DALLAS TX 75206

Postage	\$	\$0.44
Certified Fee		\$2.80
Return Receipt Fee (Endorsement Required)		\$0.00
Restricted Delivery Fee (Endorsement Required)		\$0.00
Total Postage & Fees	\$	\$3.24

Sent To: *Lunar Petroleum, LLC*
Street, Apt. No., or PO Box No.: *PO Box 600490*
City, State, ZIP+4: *Dallas TX 75206-0490*

PS Form 3800, August 2006 See Reverse for Instructions

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

SAN ANTONIO TX 78248

Postage	\$	\$0.61
Certified Fee		\$2.80
Return Receipt Fee (Endorsement Required)		\$0.00
Restricted Delivery Fee (Endorsement Required)		\$0.00
Total Postage & Fees	\$	\$3.41

Sent To: *William H. Bennett, et al*
Street, Apt. No., or PO Box No.: *17 Camden Oaks*
City, State, ZIP+4: *San Antonio TX 78248*

PS Form 3800, August 2006 See Reverse for Instructions

7007 2560 0002 4798 6955

7007 2560 0002 4798 7013

7007 2560 0002 4798 6986

7007 2560 0002 4798 6962

MAY - 5 2009

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-36645		² Pool Code 40350		³ Pool Name LOVING BRUSHY CANYON, East	
⁴ Property Code 37396		⁵ Property Name HIGGINS 33			⁶ Well Number 1H
⁷ OGRID No. 217955		⁸ Operator Name OGX RESOURCES, LLC			⁹ Elevation 3066'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	33	23S	28E		2300'	SOUTH	660'	EAST	EDDY

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	33	23S	28E		1980'	SOUTH	350'	WEST	EDDY

¹² Dedicated Acres 40	¹³ Joint or Infill Y	¹⁴ Consolidation Code	¹⁵ Order No.
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

<p>¹⁶</p>	<p>¹⁷ OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>[Signature]</i> 5/03/09 Signature Date</p> <p>JEFF BIRKELBACH Printed Name</p>
	<p>¹⁸ SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief</p> <p>Date of Survey Signature and Seal of Professional Surveyor</p> <p>Certificate Number</p>

MAY 18 2009

RM

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-36645		² Pool Code 96402 15011		³ Pool Name WILDCAT (BONE SPRING) - Culebra Bluff, Bone Spring, South	
⁴ Property Code 37396		⁵ Property Name HIGGINS 33			⁶ Well Number 1H
⁷ OGRID No. 217955		⁸ Operator Name OGX RESOURCES, L.L.C			⁹ Elevation 3066'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	33	23S	28E		2300'	SOUTH	660'	EAST	EDDY

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	33	23S	28E		1980'	SOUTH	350'	WEST	EDDY

¹² Dedicated Acres 40	¹³ Joint or Infill Y	¹⁴ Consolidation Code	¹⁵ Order No.
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

<p>¹⁶</p>	<p>¹⁷ OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or undivided mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore filed with this division.</p> <p><i>Jeff Birkelbach</i> 5/15/09 Signature Date</p> <p>JEFF BIRKELBACH Printed Name</p>
	<p>¹⁸ SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>Date of Survey Signature and Seal of Professional Surveyor</p>
	<p>Certificate Number</p>