



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Jon Goldstein
Cabinet Secretary

Jim Noel
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



June 9, 2010

Mr. Joe T. Janica
Terra Exploration, Inc.
P.O. Box 2188
Hobbs, NM 88241

Administrative Order NSL-6210

**Re: OGX Resources, LLC
Concho 5 State Well No. 1
API No. 30-025-34674
2310 feet FSL & 660 feet FEL
Unit I, Section 5-24S-33E
Lea County, New Mexico**

Dear Mr. Janica:

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW10-14027856**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico, on behalf of OGX Resources, LLC [OGRID 217955] (OGX), on May 20, 2010, and

(b) the Division's records pertinent to this request.

OGX has requested to re-enter the above-referenced well with the intention of re-completing at an unorthodox well location in the Wolfcamp formation, described above in the caption of this letter. The S/2 of Section 5 will be dedicated to this well in order to form a standard, 320-acre spacing unit in the undesignated Johnson Ranch Wolfcamp Gas Pool (79335). This pool is governed by statewide Rule 15.10.B, which provides for 320-acre units, with wells located at least 660 feet from a unit outer boundary. This location is less than 660 feet from the northern unit boundary.

Your application on behalf of OGX has been duly filed under the provisions of Division Rules 15.13 and 4.12.A(2).

Oil Conservation Division * 1220 South St. Francis Drive

* Santa Fe, New Mexico 87505

* Phone: (505) 476-3440 * Fax (505) 476-3462* <http://www.emnrd.state.nm.us>



It is our understanding that OGX is seeking this location in order to utilize an existing wellbore.

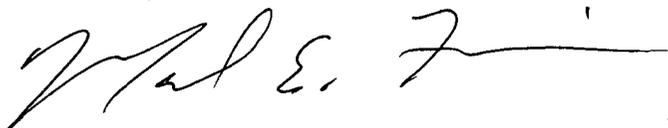
It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 4.12.A(2), in all adjoining units towards which the proposed location encroaches.

Pursuant to the authority conferred by Division Rule 15.13.B, the above-described unorthodox location is hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 5.9.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark E. Fesmire', with a long horizontal flourish extending to the right.

Mark E. Fesmire, P.E.
Acting Director

MEF/db

cc: New Mexico Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe