HOLLAND&HART LLP

Ocean Munds-Dry
omundsdry@hollandhart.com

June 2, 2009

VIA HAND DELIVERY

Mark E. Fesmire, P.E.
Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Case 14339

RECEIVED
2009 JUN 2 PM 3 55

Re: Application of OGX Resources, LLC for approval of a salt water disposal well, Eddy County, New Mexico.

Dear Mr. Fesmire:

Enclosed is the application (Oil Conservation Division Form C-108) of OGX Resources, LLC in the above-referenced case as well as a copy of a legal advertisement. By copy of this letter, an additional copy of this Form C-108 is being transmitted to the Oil Conservation Division District Office in Artesia.

OGX requests that this matter be placed on the docket for the July 9, 2009 Examiner Hearings. Notice of this hearing has been sent to affected parties as required by Division rules.

Very truly yours,

Ocean Munds-Dry

William F. Carr
Ocean Munds-Dry
Attorneys for OGX Resources, LLC

Enclosures

cc: Oil Conservation Division, District II
Gary Lang, OGX Resources

CASE 14339: **Application of OGX Resources, LLC for approval of a salt water disposal well, Eddy County, New Mexico.** Applicant, OGX Resources, LLC, PO Box 953, Midland, Texas 79702, seeks approval to re-enter the Latham Federal Well No. 1 (API No. 30-015-22752) located 1980 feet from the South line and 1800 feet from the East line (Unit J) of Section 15, Township 25 South, Range 29 East, NMPM, Eddy County, New Mexico to dispose of produced water. Applicant proposes to inject into the Delaware formation at an approximate depth of 3306 feet to 4600 feet. The average and maximum injection rates will be 2000 and 4000 barrels of water per day and the average and maximum surface injection pressure is anticipated to be 661 psi and 1050 psi. Additional information may be obtained by contacting Ann Ritchie, OGX Resources, LLC at (432) 684-6381. Said well is located 14 miles southeast of Lovington, New Mexico.

February 26, 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
Latham Federal Well No. 1
API No. 30-015-22752
1980' FSL & 1800' FEL, Unit J
Section 15, T-25S, R-29E, NMPM,
Eddy County, New Mexico

Dear Mr. Fesmire,

Enclosed please find a Division Form C-108 (Application for Authorization to Inject) for the OGX Resources, LLC Latham Federal Well No. 1. This well was originally drilled by Mobil Oil Corporation in November, 1978 to test the Delaware formation. The well encountered no Delaware production and was subsequently plugged by Mobil Oil Corporation in January, 1979. OGX Resources, LLC proposes to utilize the well for disposal of produced water from the Bone Spring and Delaware 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 3,306'-4,600'. There is offset Delaware production in Unit P of Section 15 and Unit K of Section 14; however, these wells are producing from a deeper Delaware horizon (5,215'-5,280'), and both wells are marginally productive. The proposed injection interval in the Latham Federal No. 1 is non-productive in this area, and injection into this interval will have no adverse affect on any offset Delaware production. 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

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL
RESOURCES DEPARTMENT

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

Case 14339

FORM C-108
Revised June 10, 2003

APPLICATION FOR AUTHORIZATION TO INJECT

I. PURPOSE: _____ Secondary Recovery _____ Pressure Maintenance __X__ Disposal _____ Storage
Application qualifies for administrative approval? __X__ 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 __X__ 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: 2-27-09

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: _____

DISTRIBUTION: Original and one copy to Santa Fe with one copy to the appropriate District Office

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
Latham Federal Well No. 1
API No. 30-015-22752 1980' FSL & 1800' FEL (Unit J)
Section 15, T-25S, R-29E, NMPM
Eddy County, New Mexico

I. The purpose of the application is to request approval to convert the Latham Federal 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 Latham Federal Well No. 1 is attached.

VI. Area of review well data is attached. As shown in the table, there is only one well within the area of review of the Latham Federal Well No. 1. The Latham Federal Well No. 2, which is located in Unit P of Section 15, is currently producing from the Delaware formation through the perforated interval from 5,223'-5,280. This well is adequately cased and cemented to as to preclude the migration of injected 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 5,000 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 661 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 Delaware and Bone Spring formations originating from wells/leases that OGX Resources, LLC operates in this area will be injected into the subject well. Representative Delaware and Bone

Spring formation water analysis are attached for your review. No compatibility problems are anticipated.

5. Injection is to occur into the Bell Canyon and Cherry Canyon members of the Delaware formation. There is offset Delaware production in Unit P of Section 15 and Unit K of Section 14; however, these wells are producing from a deeper Delaware horizon (5,215'-5,280'), and both wells are marginally productive. The proposed injection interval in the Latham Federal Well No. 1 is non-productive in this area, and injection into this interval will have no adverse affect on any offset Delaware production.

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 3,134' and is approximately 1,050 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 4,184' 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 is a fresh water well located within the NE/4 SW/4 of Section 15, T-25S, R-29E. This well is 200' deep and water is present in the wellbore at 60'. Prior to commencing injection operations into the Latham Federal No. 1, OGX Resources, LLC will provide a water analysis from this well to the Division.

IX. No stimulation is planned.

X. Logs were filed at the time of drilling.

XI. Water analysis will be provided to the Division prior to commencing injection operations into the Latham Federal No. 1.

XII. Affirmative statement is attached.

XIII. Proof of Notice is attached.

INJECTION WELL DATA SHEET

OPERATOR: OGX Resources, LLC

WELL NAME & NUMBER: Latham Federal No. 1 **(API No. 30-015-22752)**

WELL LOCATION:	1980' FSL & 1800' FEL	J	15	25 South	29 East
	FOOTAGE LOCATION	UNIT LETTER	SECTION	TOWNSHIP	RANGE

WELLBORE SCHEMATIC

See Attached Wellbore Schematic

WELL CONSTRUCTION DATA

Surface Casing

Hole Size: 14 ¾" Casing Size: 10 ¾" @ 353'

Cemented with: 325 Sx. or _____ ft^3

Top of Cement: Surface Method Determined: Circulated

Intermediate Casing

Hole Size: 9 5/8" Casing Size: 7" @ 3,123'

Cemented with: 1325 Sx. or _____ ft^3

Top of Cement: Surface Method Determined: Circulated

Production Casing **(To Be Set)**

Hole Size: 6 1/2" Casing Size: 4 ½" @ 5,300'

Cement with: Sufficient cmt. volume to circulate or _____ ft^3

Top of Cement: Surface Method Determined: Circulate

Total Depth: 5,300'

Injection Interval

Bell Canyon & Cherry Canyon intervals

Perforated Interval –3,306'-4,600'

INJECTION WELL DATA SHEET

Tubing Size: 2 3/8" Lining Material: Internally Plastic Coated

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

Packer Setting Depth: 3,250' 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 by Mobil Oil Corporation in November, 1978 to test the Bell Canyon and Cherry Canyon intervals of the Delaware formation. Well encountered no production in the Delaware formation and was subsequently plugged and abandoned in January, 1979.

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

3. Name of Field or Pool (if applicable): West Corral Canyon-Delaware Pool (Oil-13365)

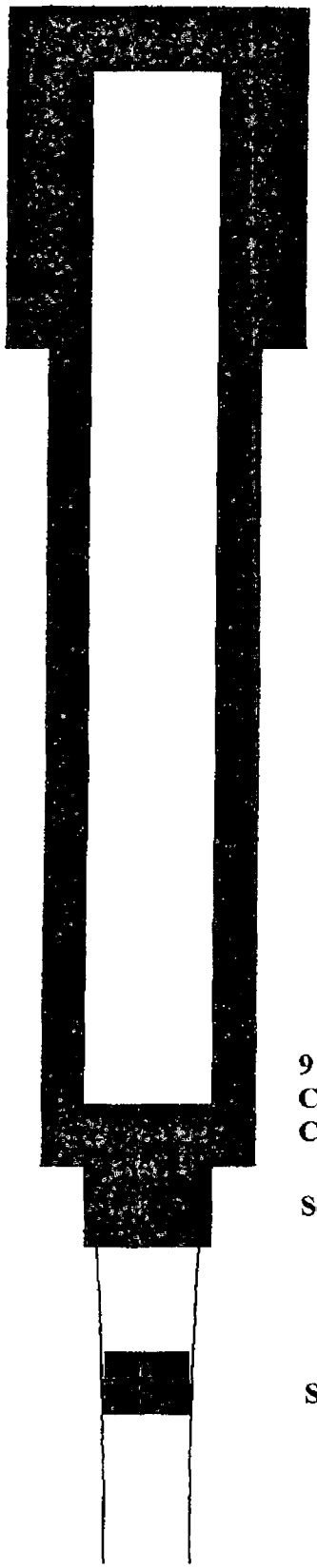
4. Has the well ever been perforated in any other zone(s)? List all such perforated intervals and give plugging detail, i.e. sacks of cement or plug(s) used.

   Well file indicates that the well was never perforated in any zone.

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

   The West Corral Canyon-Delaware Pool is the only oil or gas pool in Section 15. This pool extends north into Section 10 and east into Sections 13 & 14. Within a mile or so of Section 15 are the Northwest Corral Canyon-Delaware Pool (Sections 2 & 11), Corral Draw-Morrow Gas Pool (Section 14), Corral Draw-Wolfcamp Gas Pool (Section 22), North Corral Draw-Wolfcamp Gas Pool (Sections 8 & 9), Rustler Bluff-Atoka Gas Pool (Sections 4, 5 & 8) and the Rustler Bluff-Morrow Gas Pool (Sections 8, 9 & 10).

Current Wellbore Configuration



15 Sx. @ Surface

OGX Resources, LLC
Latham Federal Well No. 1
API No. 30-015-22752
1980' FSL & 1800' FEL (Unit J)
Section 15, T-25 South, R-29 East, NMPM
Eddy County, New Mexico

Date Drilled: November, 1978

14 ¾" Hole; Set 10 ¾" 30# Csg. @ 353'
Cemented w/ 325 Sx. Class C. Cement circulated to surface.

Well was drilled in November, 1978 to test the Bell Canyon and Cherry Canyon members of the Delaware formation. The well encountered no commercial Delaware production and was subsequently plugged and abandoned in January, 1979.

Formation Tops (Well File)

Salado-780'
Castile-1,598'
Lamar-3,106'
Bell Canyon-3,134'
Cherry Canyon-4,184'

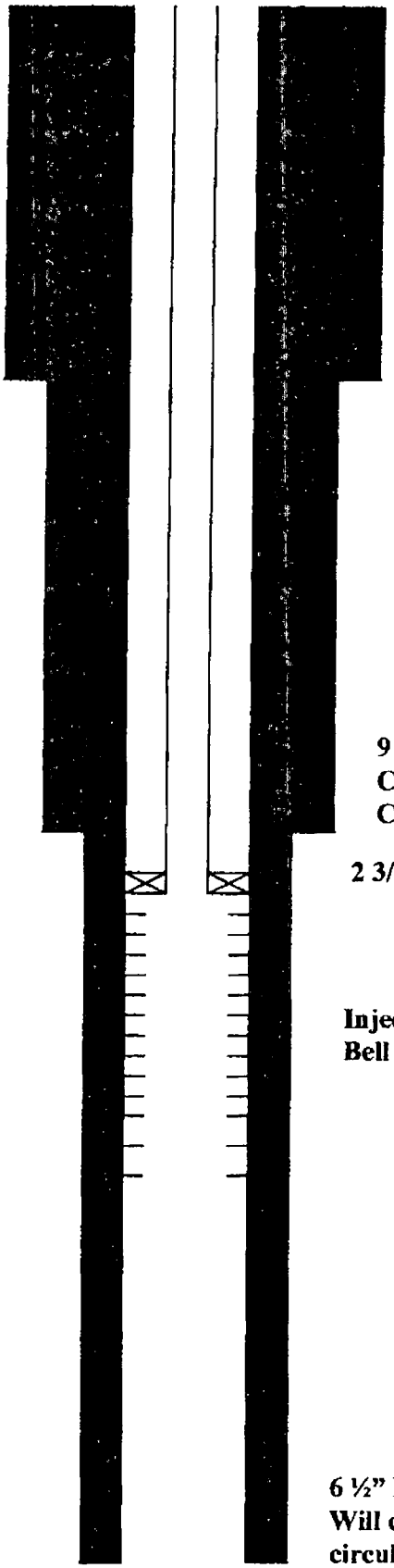
9 5/8" Hole; Set 7" 20# H-40 Csg. @ 3,123'
Cemented w/1125 Sx. Howco Lite + 200 Sx. Class H. Cement Circulated to surface.

Set 50 Sx. cmt. @ 3,000'-3,320'

Set 35 Sx. cmt. @ 4,200'-4,396'

T.D. 5,300'

Proposed Wellbore Configuration



OGX Resources, LLC

Latham Federal Well No. 1
API No. 30-015-22752
1980' FSL & 1800' FEL (Unit J)
Section 15, T-25 South, R-29 East, NMPM
Eddy County, New Mexico

14 ¾" Hole; Set 10 ¾" 30# Csg. @ 353'
Cemented w/ 325 Sx. Class C. Cement circulated to surface.

Formation Tops (Well File)

Salado-780'
Castile-1,598'
Lamar-3,106'
Bell Canyon-3,134'
Cherry Canyon-4,184'

9 5/8" Hole; Set 7" 20 # H-40 Csg. @ 3,123'.
Cemented w/1125 Sx. Howco Lite + 200 Sx. Class H. Cement circulated to surface.

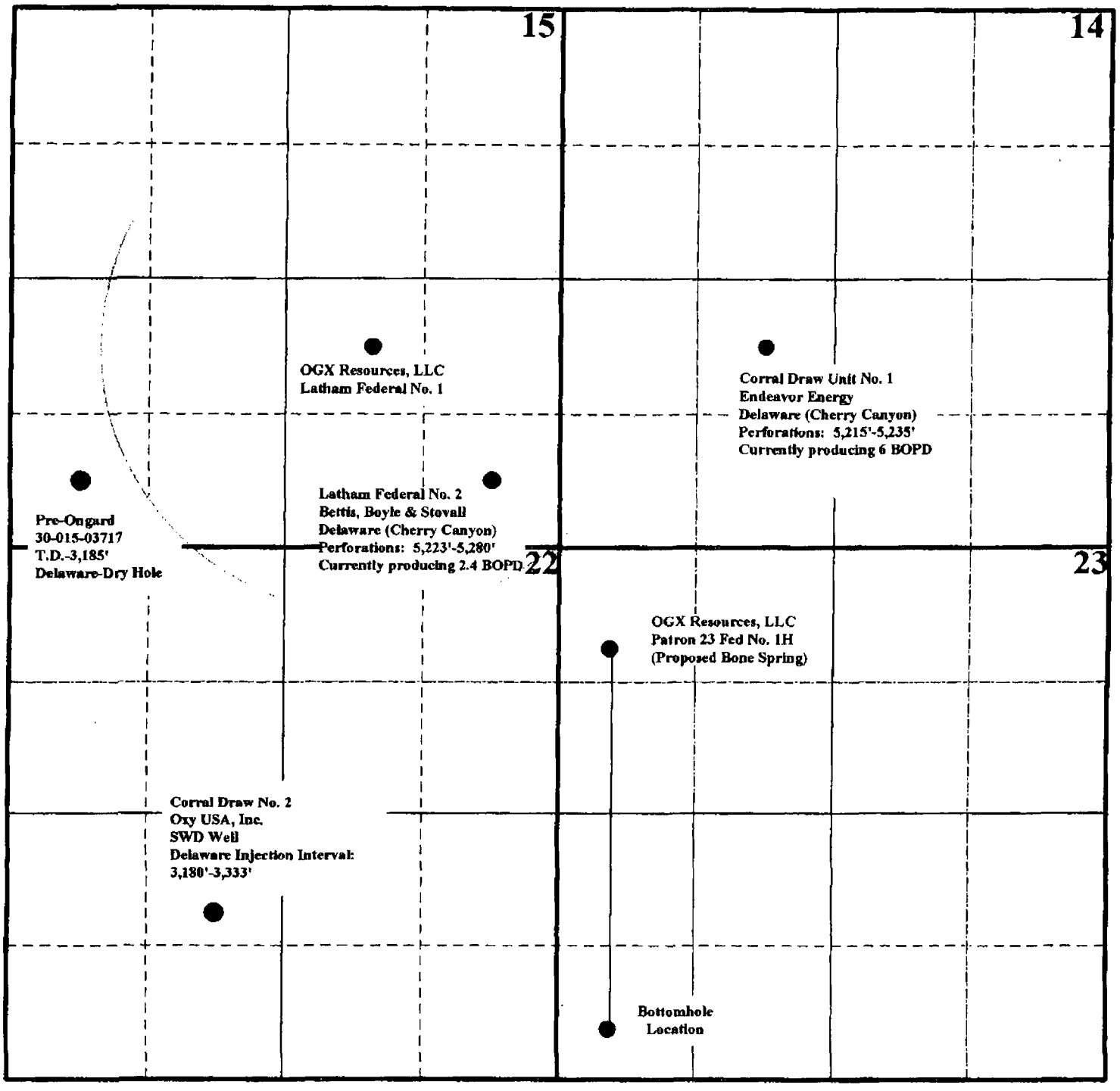
2 3/8" IPC Tubing set in a packer @ 3,250'

Injection Perforations: 3,306'-4,600'
Bell Canyon & Cherry Canyon

6 ½" Hole. Propose to set 4 ½" Csg. @ 5,300'. Will cement with sufficient cement volume to circulate to surface.

T.D. 5,300'

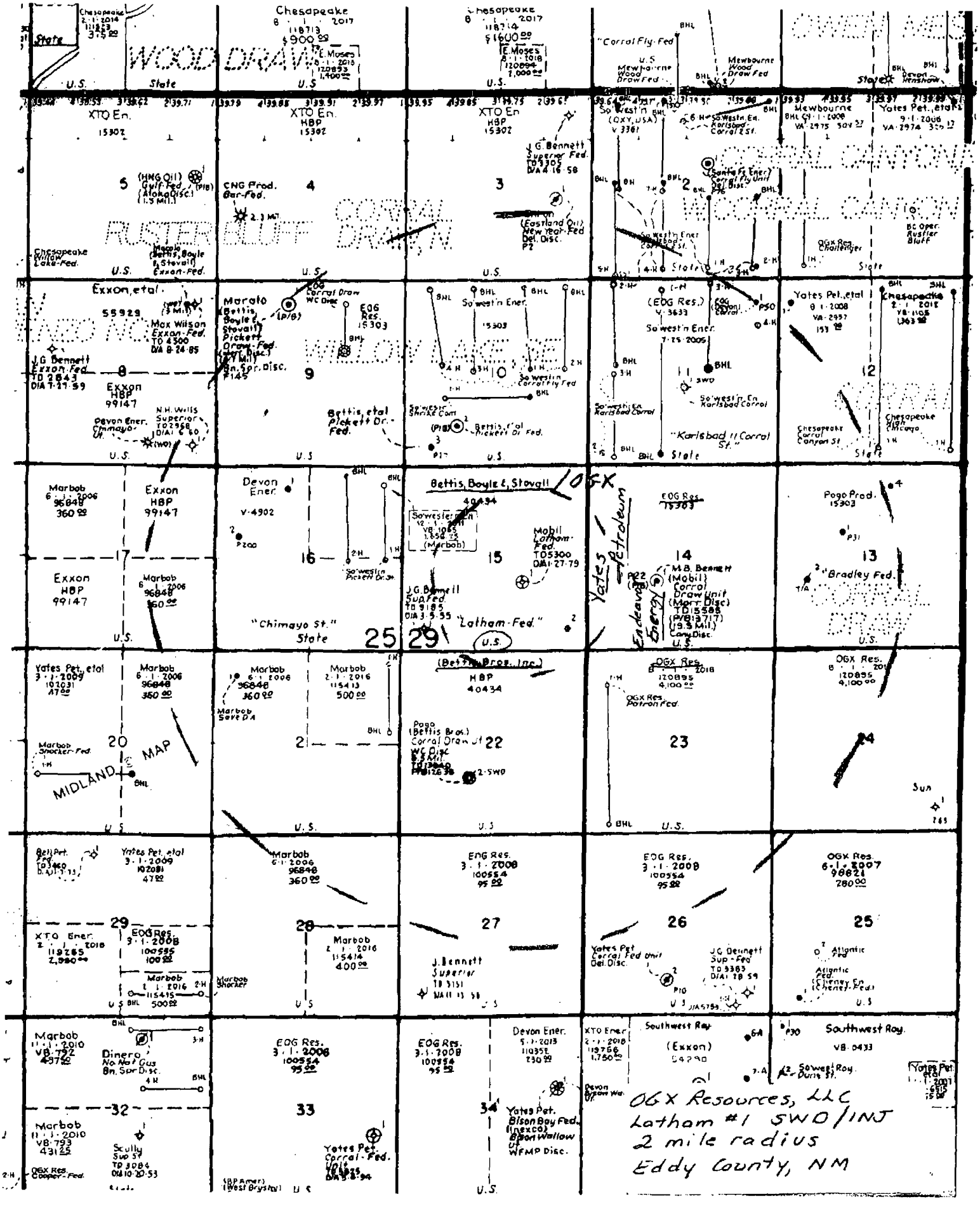
Township 25 South, Range 29 East, NMPM



OGX Resources, LLC
Latham Federal Well No. 1
Form C-108: ½ Mile Area of Review Map

AREA OF REVIEW WELL DATA--OGX RESOURCES, LLC-LATHAM FEDERAL NO. 1

API NUMBER	OPERATOR	LEASE NAME	WELL NO.	WELL TYPE	ST.	FTG. N/S	N/S	FTG. E/W	E/W	UNIT	SEC.	TSHP	RNG	DATE DRILLED	TOTAL DEPTH	HOLE SIZE	CSG SIZE	SET AT	SX. CMT.	CMT. TOP	METHOD	COMPLETION
30-015-24731	Bettis, Boyle & Stovall	Latham Federal	2	P	Active	660'	S	530'	E	P	16	25S	29E	Mar-84	5,500'	17 1/2"	13 3/8"	431'	460	Surface	Circ.	5,223'-5,280'--Cherry Canyon
																12 1/4"	8 5/8"	3,104'	1950	Surface	Circ.*	*Original TOC @ 500' by T.S. Cement was
																7 7/8"	5 1/2"	5,497'	1300	1,036'	T.S.	circulated via 1" tubing w/ 200 Sx.


WOOD DRAW
RUSTLER BLUFF
CORRAL DRAW
WILLOW LAKE
CORRAL CANYON
MIDLAND MAP
XTO En.
Chesapeake
Exxon, etal
Exxon HBP 99147
Marbob
Devon Ener.
Bettis, Boyle & Stovall
Yates Petroleum
Yates Pet., etal
Pogo Prod.
EOG Res.
OGX Res.
Southwest Roy.
Dinero
Scully
Yates Pet. Corral Fed.
Yates Pet. Bison Boy Fed. (Inexco)
"Chimayo St."
"Latham Fed."
"Karlsbad // Corral St."
"Bradley Fed."
OGX Resources, LLC
Latham #1 SWD/INJ
2 mile radius
Eddy County, NM

P.O. BOX 98
MIDLAND, TX. 79702
PHONE (432) 683-4521

Martin Water Laboratories, Inc.

709 W. INDIANA
MIDLAND, TEXAS 79701
FAX (432) 682-8819

RESULT OF WATER ANALYSES

LABORATORY NO. 209-122
SAMPLE RECEIVED 2-9-09
RESULTS REPORTED 2-13-09

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

COMPANY OGX Resources LEASE As listed
FIELD OR POOL
SECTION BLOCK SURVEY COUNTY STATE
SOURCE OF SAMPLE AND DATE TAKEN:
NO. 1 Repasado
NO. 2 Cooper
NO. 3 Challenger
NO. 4
REMARKS:

CHEMICAL AND PHYSICAL PROPERTIES	NO. 1	NO. 2	NO. 3	NO. 4
Specific Gravity at 60° F.	1.1040	1.1240	1.1090	
pH When Sampled				
pH When Received	6.88	6.79	6.80	
Bicarbonate as HCO_3	1,098	781	476	
Supersaturation as $CaCO_3$				
Undersaturation as $CaCO_3$				
Total Hardness as $CaCO_3$	6,800	7,000	8,600	
Calcium as Ca	2,000	1,880	2,280	
Magnesium as Mg	437	559	705	
Sodium and/or Potassium	62,064	81,133	70,284	
Sulfate as SO_4	642	515	793	
Chloride as Cl	99,400	129,220	113,600	
Iron as Fe	48.9	91.9	60.8	
Barium as Ba	0	0	0	
Turbidity, Electric				
Color as Pt				
Total Solids, Calculated	165,641	214,088	188,138	
Temperature °F.				
Carbon Dioxide, Calculated				
Dissolved Oxygen,				
Hydrogen Sulfide	0.0	0.0	0.0	
Resistivity, ohm-m at 77° F.	0.065	0.056	0.060	
Suspended Oil				
Filtrable Solids as mg/l				
Volume Filtered, ml				

Results Reported As Milligrams Per Liter

Additional Determinations And Remarks: The undersigned certifies the above to be true and correct to the best of his knowledge and belief.

Form No. 3

By Greg Ogden, B.S.

LATHAM PRINTING CO - 353-1286

Reposado—Delaware
Cooper—Bone Spring
Challenger—Bone Spring

OGX Resources, LLC
Form C-108; Latham Fed. No. 1
Produced Water Analysis

New Mexico Office of the State Engineer
POD Reports and Downloads

Township: 25S Range: 29E Sections: 15

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 02/17/2009

							(Depth Water in Feet)		
Bsn	Tws	Rng	Sec	Zone	X	Y	Wells	Min	Max	Avg
C	25S	29E	15				1	60	60	60

Record Count: 1

OGX Resources, LLC
Form C-108; Latham Fed. No. 1
Fresh Water Well Data
Office of the State Engineer

New Mexico Office of the State Engineer
Point of Diversion Summary

Back

(quarters are 1=NW 2=NE 3=SW 4=SE)
(quarters are biggest to smallest)

POD Number	Tws	Rng	Sec	q	q	q	Zone	X	Y
C 02371	25S	29E	15	3	2				

Driller Licence: 1259 CAMPBELL DRILLING
Driller Name: MIKE CAMPBELL
Source: Shallow
Drill Start Date: 01/12/1995
Drill Finish Date: 01/24/1995
Log File Date: 02/01/1995
PCW Received Date:
Pump Type:
Pipe Discharge Size:
Casing Size: 8
Estimated Yield: 20
Depth Well: 200
Depth Water: 60

Water Bearing Stratifications:	Top	Bottom	Description
	162	200	Sandstone/Gravel/Conglomerate
Casing Perforations:	**Top**	**Bottom**	
	140	200	

Form C-108
Affirmative Statement
OGX Resources, LLC
Latham Federal No. 1
API No. 30-015-22752 1980' FSL & 1800' FEL (Unit J)
Section 15, T-25S, 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

2-27-09
Date

February 26, 2009

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: OFFSET LEASEHOLD OPERATORS & SURFACE OWNER

Re: OGX Resources, LLC
Form C-108 (Application for Authorization to Inject)
Latham Federal No. 1
API No. 30-015-22752
1980' FSL & 1800' FEL, Unit J, Section 15, T-25S, 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 Latham Federal 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 the interval from 3,306'-4,600'.

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
Latham Federal, Well No. 1 – SWD Application
Section 15, T25S, R29E, NMPM
1980 FSL and 1800 FEL, Unit J
Eddy County, NM

Operators within a l/2 mile radius:

Bettis, Boyle & Stovall, Box 1240, Graham, TX 76450

EOG Resources, Inc., Box 2267, Midland, TX 79702

Endeavor Energy Resources, LP, 110 N. Marienfeld, #200, Midland, TX 79701

Yates Petroleum Corp., 105 S. 4th, Artesia, NM 88210

Surface Owner:

Bureau of Land Management, 620 E. Greene St., Carlsbad, NM 88220
Bettis, Boyle & Stovall, Box 1240, Graham, TX 76450

Copies of the New Mexico Oil Conservation Division Form C-108 Application, Data Sheet & Map have been sent to the above stated parties by certified mailing.

Ann E. Ritchie, Regulatory Agent
OGX Resources, LLC

Form C-108
OGX Resources, LLC
Latham Federal Well No. 1 (API No. 30-015-22752)
1980' FSL & 1800' FEL (Unit J)
Section 15, T-25 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 Latham Federal Well No. 1 (API No. 30-015-22752) located 1980' FSL & 1800' FEL (Unit J) of Section 15, Township 25 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 interval from 3,306'-4,600'. 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 661 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

DATE IN	SUSPENSE	ENGINEER	LOGGED IN	TYPE	APP NO.

ABOVE THIS LINE FOR DIVISION USE ONLY

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

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		Regulatory Agent	2-27-09
Print or Type Name	Signature	Title	Date

ann.wtor@gmail.com
E-Mail Address

OGX Resources, LLC

Latham SWD

Eddy County, NM

Surface tenant in Section 15 is Wayland Perry, P.O. Box 24, Cherokee, Texas 76832