

**State of New Mexico**  
**Energy, Minerals and Natural Resources**  
**Oil Conservation Division**  
**1220 S. St Francis Dr.**  
**Santa Fe, NM 87505**

**APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE**

1. Operator Name and Address OGX RESOURCES, LLC P. O. BOX 2064 MIDLAND, TX 79702		2. OGRID Number 217955
		3. API Number 30-015-34701
4. Property Code 35473	5. Property Name RED BAT FEE	6. Well No. 001

**7. Surface Location**

UL - Lot O	Section 8	Township 24S	Range 27E	Lot Idn O	Feet From 660	N/S Line S	Feet From 1830	E/W Line E	County EDDY
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**8. Pool Information**

BLACK RIVER,MORROW (GAS)	72170
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**Additional Well Information**

9. Work Type New Well	10. Well Type GAS	11. Cable/Rotary	12. Lease Type Private	13. Ground Level Elevation 3169
14. Multiple N	15. Proposed Depth 12500	16. Formation Morrow	17. Contractor	18. Spud Date 3/15/2006
Depth to Ground water 37		Distance from nearest fresh water well 50		Distance to nearest surface water > 1000
Pit: Liner: Synthetic <input checked="" type="checkbox"/> 12 miles thick Clay <input type="checkbox"/> Pit Volume: 1100 bbls Drilling Method: Closed Loop System <input type="checkbox"/> Fresh Water <input type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input checked="" type="checkbox"/>				

**19. Proposed Casing and Cement Program**

Type	Hole Size	Casing Type	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	17.5	13.375	48	520	600	0
Int1	12.25	9.625	36	2100	900	0
Prod	8.75	7	26	9400	1350	0
Liner1	6.125	4.5	11.6	12500	250	9100

**Casing/Cement Program: Additional Comments**

Mud Program consist of: 0-520' Mud Wt. 8.6-9.0, Viscosity 32-36, FL N/C, PH N/C; 520-2100' Mud Wt. 9.9-10.0, Viscosity 28-29, FL N/C, PH 9-10; 2600-9400' Mud Wt. 8.4-10.0, Viscosity 28-29, FL N/C, PH 9-10; 9400-12500' Mud Wt. 10.0-13.50, Viscosity 28-45, FL 6-10, PH 9-10
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**Proposed Blowout Prevention Program**

Type	Working Pressure	Test Pressure	Manufacturer
DoubleRam	5000	5000	

I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCB guidelines <input checked="" type="checkbox"/> , a general permit <input type="checkbox"/> , or an (attached) alternative OCB-approved plan <input type="checkbox"/> .	OIL CONSERVATION DIVISION	
	Approved By: Bryan Arrant	
	Title: Geologist	
	Approved Date: 3/20/2006	Expiration Date: 3/20/2007
	Conditions of Approval Attached	
Printed Name: Electronically filed by Frank Agar Title: Member Email Address: kip@carlowcorp.com Date: 3/17/2006 Phone: 432-685-1287		

**District I**  
 1625 N. French Dr., Hobbs, NM 88240  
 Phone:(505) 393-6161 Fax:(505) 393-0720

**District II**  
 1301 W. Grand Ave., Artesia, NM 88210  
 Phone:(505) 748-1283 Fax:(505) 748-9720

**District III**  
 1000 Rio Brazos Rd., Aztec, NM 87410  
 Phone:(505) 334-6178 Fax:(505) 334-6170

**District IV**  
 1220 S. St Francis Dr., Santa Fe, NM 87505  
 Phone:(505) 476-3470 Fax:(505) 476-3462

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Form C-102  
 Permit 23485

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1. API Number 30-015-34701	2. Pool Code 72170	3. Pool Name BLACK RIVER;MORROW (GAS)
4. Property Code 35473	5. Property Name RED BAT FEE	6. Well No. 001
7. OGRID No. 217955	8. Operator Name OGX RESOURCES, LLC	9. Elevation 3169

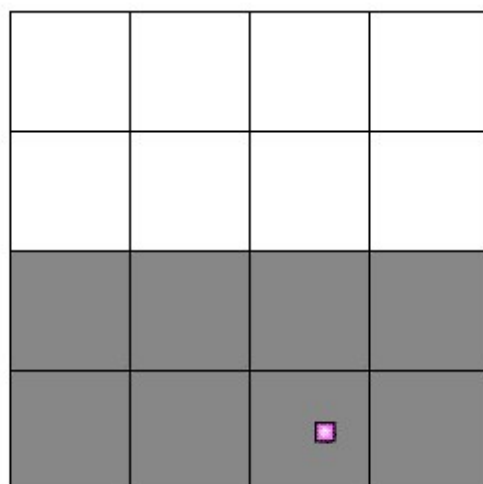
**10. Surface Location**

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
O	8	24S	27E		660	S	1830	E	EDDY

**11. Bottom Hole Location If Different From Surface**

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres 320.00		13. Joint or Infill		14. Consolidation Code		15. Order No.			

**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**



**OPERATOR CERTIFICATION**

*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(s) 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.*

E-Signed By: Frank Agar  
 Title: Member  
 Date: 3/17/2006

**SURVEYOR CERTIFICATION**

*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.*

Surveyed By: Gary Jones  
 Date of Survey: 1/24/2006  
 Certificate Number: 7977

# Permit Comments

Operator: OGX RESOURCES, LLC , 217955

Well: RED BAT FEE #001

API: 30-015-34701

Created By	Comment	Comment Date
FMAGAR	Sources at OGX Resources advised me that they do not anticipate enough H2S from the surface to TD to meet the OCD's minimum requirements for the submission of a contingency plan per Rule 118, however H2S monitoring equipment will be on location from below surface casing to TD.	3/1/2006
BArrant	Please go back a review the water wells in this area. There are water wells that are much closer than 1000' that is reported on the APD. Bryan G. Arrant	3/5/2006
BArrant	Operator to submit a detailed mud program by "hard copy" Operator has submitted a proposed mud program of fresh water thru out hole section the described mud program in comment section conflict with each other.	3/9/2006
FMAGAR	Sent hard copy of mud program to the OCD March 17, 2006.	3/17/2006

# Permit Conditions of Approval

Operator: OGX RESOURCES, LLC , 217955

Well: RED BAT FEE #001

API: 30-015-34701

OCD Reviewer	Condition
BArrant	Pit construction and closure must satisfy all requirements of your approved plan, O.C.D. Rule 19.15.2.50, and the Pit and Below-Grade Tank Guidelines
BArrant	Operator to set surface casing above Salado formation. Refer to offset geology for more information.
BArrant	As noted, operator to drill surface hole with fresh water mud.