

**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
4. Property Code 34546		3. API Number 30-015-34705
5. Property Name EKG FEE		6. Well No. 002

**7. Surface Location**

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
A	29	24S	28E	A	1310	N	660	E	EDDY

**8. Pool Information**

MALAGA,MORROW, WEST (GAS)	80925
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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 3022
14. Multiple N	15. Proposed Depth 13000	16. Formation Morrow	17. Contractor	18. Spud Date
Depth to Ground water 48		Distance from nearest fresh water well 212		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	350	700	0
Int1	12.25	9.625	36	2600	920	0
Prod	8.75	7	26	10000	1430	1000
Liner1	6.125	4.5	11.6	13000	260	9600

**Casing/Cement Program: Additional Comments**

Mud Program consist of: 0-650' Mud Wt. 8.6-9, Viscosity 32-36, FL N/C, PH 9-10, 650-2600' Mud Wt. 9.9-10, Viscosity 28-29, FL N/C, PH 9-10; 2600-10000' Mud Wt. 8.4-10, Viscosity 28-29, FL N/C, PH 9-10; 10000-13000' Mud Wt. 10-13.4, Viscosity 28-45, FL 6-10, PH 9-10.

**Proposed Blowout Prevention Program**

Type	Working Pressure	Test Pressure	Manufacturer
DoubleRam	3000	3000	

I hereby certify that the information given above is true and complete to the best of my knowledge and belief. <b>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"/>.</b>	<b>OIL CONSERVATION DIVISION</b>
Printed Name: Electronically filed by Frank Agar	Approved By: Bryan Arrant
Title: Member	Title: Geologist
Email Address: kip@carlowcorp.com	Approved Date: 3/23/2006   Expiration Date: 3/23/2007
Date: 3/21/2006   Phone: 432-685-1287	Conditions of Approval Attached

**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 24939

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1. API Number 30-015-34705	2. Pool Code 80925	3. Pool Name MALAGA;MORROW, WEST (GAS)
4. Property Code 34546	5. Property Name EKG FEE	6. Well No. 002
7. OGRID No. 217955	8. Operator Name OGX RESOURCES, LLC	9. Elevation 3022

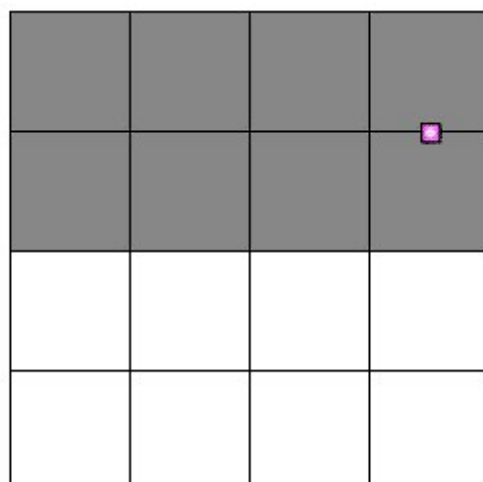
**10. Surface Location**

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
A	29	24S	28E		1310	N	660	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: 3/21/2006

**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: 2/7/2006  
 Certificate Number: 7977

## Permit Comments

Operator: OGX RESOURCES, LLC , 217955

Well: EKG FEE #002

API: 30-015-34705

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.	3/7/2006
BArrant	Please review previous comments made on other APD that your company has submitted.	3/9/2006
FMAGAR	Sent hard copy of the mud program to the OCD March 21, 2006.	3/21/2006

# Permit Conditions of Approval

Operator: OGX RESOURCES, LLC , 217955

Well: EKG FEE #002

API: 30-015-34705

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	As noted in APD cement on production string of casing shall be tied back to @ 1000'.
BArrant	Please refer to offset geology/e-logs for the top of the Salado. Surface casing shall be set above Salado formation.
BArrant	As noted, fresh water mud to be used in drilling the surface hole.