

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

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

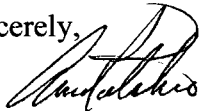
Re: Form C-107A
OGX Resources, LLC
Higgins "33" Well No. 1H
API No. 30-015-36645
Surface Location: 2300' FSL & 660' FEL (Unit I)
Bottomhole Location: 1980' FSL & 350' FWL (Unit L)
Section 33, T-23S, R-28E, NMPM,
Eddy County, New Mexico

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

Form C-107A
Revised June 10, 2003

APPLICATION TYPE

X Single Well
____ Establish Pre-Approved Pools
EXISTING WELLBORE
X Yes No

APPLICATION FOR DOWNHOLE COMMINGLING

DATA ELEMENT	UPPER ZONE <i>40 acre</i>	INTERMEDIATE ZONE	LOWER ZONE <i>60 acre</i>
Pool Name	East Loving-Brushy Canyon <i>UNDES</i>		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 Gas 49% 46%	Oil Gas % %	Oil Gas 51% 54%

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes _____ No **X**

If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes **X** No _____

Are all produced fluids from all commingled zones compatible with each other? Yes **X** No _____

Will commingling decrease the value of production? Yes _____ No **X**

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: _____

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  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

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

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

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

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

Discovery Exploration
410 N. Main Street
Midland, Texas 79701

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

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

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

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

7007 2560 0002 4798 6993

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

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Total Postage & Fees	\$	\$3.41

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

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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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Street, Apt. No., or PO Box No.: *PO Box 606*
City, State, ZIP+4: *Carlsbad, NM*

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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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7007 2560 0002 4798 6931

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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*

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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: *Lunar Petroleum, LLC*
Street, Apt. No., or PO Box No.: *PO Box 600 490*
City, State, ZIP+4: *Dallas, TX 75206-0490*

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OFFICIAL USE

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

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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 Greenville Ave., S*
City, State, ZIP+4: *Dallas, TX 75206*

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MAY - 5 2009

Form C-102

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

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.
-------------------------------------	------------------------------------	----------------------------------	-------------------------

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.

¹⁶ 	¹⁷ 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 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. Signature Date 5/03/09 JEFF BIRKELBACH Printed Name	
	¹⁸ 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 Date of Survey Signature and Seal of Professional Surveyor	
	Certificate Number	

MAY 18 2009

LM

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
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OIL CONSERVATION DIVISION
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Santa Fe, NM 87505

Form C-102

Revised October 12, 2005

Submit to Appropriate District Office

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☐ 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, 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
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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.

¹⁶ 	¹⁷ 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 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 before a court of competent jurisdiction. Signature _____ Date 5/15/09 JEFF BIRKELBACH Printed Name
	¹⁸ 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. Date of Survey _____ Signature and Seal of Professional Surveyor _____ Certificate Number _____