

ABOVE THIS LINE FOR DIVISION USE ONLY

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



OGX Res.

2010 AUG -9 P 1:21

Cooper 31 Fed #1

ADMINISTRATIVE APPLICATION COVERSHEET 30-015-36282

THIS COVERSHEET 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] [INSP-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]
- [ESWD-Salt Water Disposal] [11PI-Injection Pressure Increase]
- [EEOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

4312

- [1] TYPE OF APPLICATION - Check Those Which Apply for [A]
- [A] Location - Spacing Unit - Simultaneous Dedication
- NSL NSP SD

Check One Only for [13] or [C]

- [13] Commingling - Storage - Measurement
- DHC CTB PLC PC OLS OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
- WFX PMX SWD IPI EOR PPR

Ann sent this copy of the original of TW

- [2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply

- [A] Working, Royalty or Overriding Royalty Interest Owners
- [13] 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] INFORMATION / DATA SUBMITTED IS COMPLETE - Certification

I hereby certify that I, or personnel under my supervision, have reviewed the applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common, I understand that any omission of data (including API numbers, pool codes, etc.), pertinent information and any required notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

✓ Ann E. Ritchie		Regulatory Agent	6-15-10
Print or Type Name	Signature	Title	Date
		ann.wtor@gmail.com	
		e-mail Address	

District I
1625 N. French Drive, Hobbs, NM 88240

District II
1301 W. Grand Avenue, Artesia, NM 88210

District III
1000 Rio Brazos Road, Aztec, NM 87410

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised June 10, 2003

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

APPLICATION TYPE
 Single Well
 Establish Pre-Approved Pools
EXISTING WELLBORE
 Yes No

APPLICATION FOR DOWNHOLE COMMINGLING

OGX Resources, LLC (217955), P.O. Box 2064, Midland, TX 79702
Operator _____ Address _____

Lease Cooper 31 Federal Well No. 1 (A), Sec 31, T25S, R29E Eddy County State
OGRID No. 217955 Property Code _____ API No. 30-015-36282 Lease Type: Federal State _____

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Brushy Draw, Delaware		Rock Spur, Bone Spring
Pool Code	Oil - 8080 4778-5252'		Oil-52775 7740-9130; 9330-10,700'
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	Artificial Lift		Artificial Lift
Method of Production (Flowing or Artificial Lift)	Not required 650		Not required 1200
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)	38		40
Oil Gravity or Gas BTU (Degree API or Gas BTU)	Producing		Packered off
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: 5-1-10 Rates: 20 oil and 179 mcf	Date: Rates:	Date: 11-01-09 Rates: 9 oil and 35 mcf
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil 68 % Gas 83 %	Oil % Gas %	Oil 32 % Gas 17 %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes No _____
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes _____ No _____

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

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

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? Yes No _____

NMOCD Reference Case No. applicable to this well: _____

Attachments:

- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- C-105 for each pool attached
- For zones with no production history, estimated production rates and supporting data.
- Data to support allocation method or formula. Based on production history from each pool.
- Notification list of working, royalty and overriding royalty interests for uncommon interest cases. List attached.
- Any additional statements, data or documents required to support commingling.

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 Ann E. Ritchie TITLE Regulatory Agent DATE 6-11-10
TYPE OR PRINT NAME Ann E. 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
Cooper 31 Federal, Well #1, API 30 015 36282
660' FNL & 660 FEL; BHL 330' FWL & 660' FNL
Section 31, T25S, R29E, NMPM
Eddy County, New Mexico

Production Data & Proposed Allocation

The Cooper 31 Federal, Well #1 was drilled in May, 2008 and completed in August 2008. The well was completed in the Rock Spur; Bone Spring pool with perforations from 7740-10,700'. The initial production test was 152 bbls oil, 495 mcf gas and 386 bbls water. The well rapidly declined with the production test on 11-1-09 being 9 bbls/oil, 170 mcf/gas and 120 bbls/water. A RBP was set, as per Sundry Notice enclosed, on 1-2-10 the well was recompleted in the Brushy Draw (Delaware) through perforations from 4778-5252', with a production test on 1-11-2010 of 91 bbls/oil, 42 mcf/gas and 271 bbls/water.

OGX Resources, LLC proposes that the production from the Cooper 31 Federal, Well #1 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:

Brushy Draw; Delaware

Oil-68%
Gas-83%

Rock Spur; Bone Spring

Oil-32%
Gas-17%

Interest Ownership

Working Interest: OGX Resources, LLC

100%

Royalty Interest:

Bureau of Land Management

620 E. Greene St.

Carlsbad, NM 88220

Overriding Royalty Interest:

EOG Resources, Inc.

P.O. Box 4362

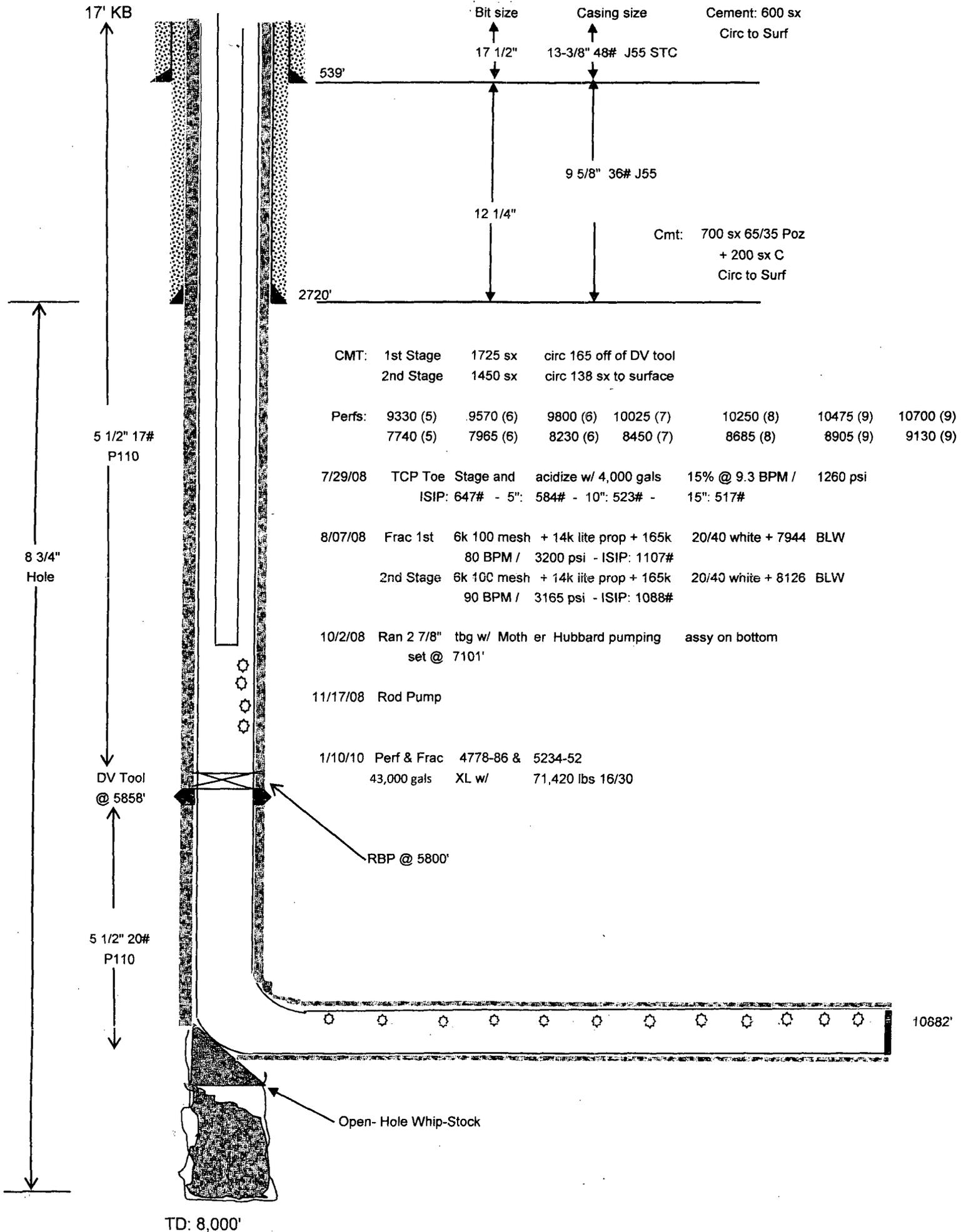
Houston, TX 77210

Copies of the C-107A application have been submitted to the BLM and EOG on June 16, 2010 by certified mailing. Certified Receipts attached.

DELAWARE

Spud 05/24/08

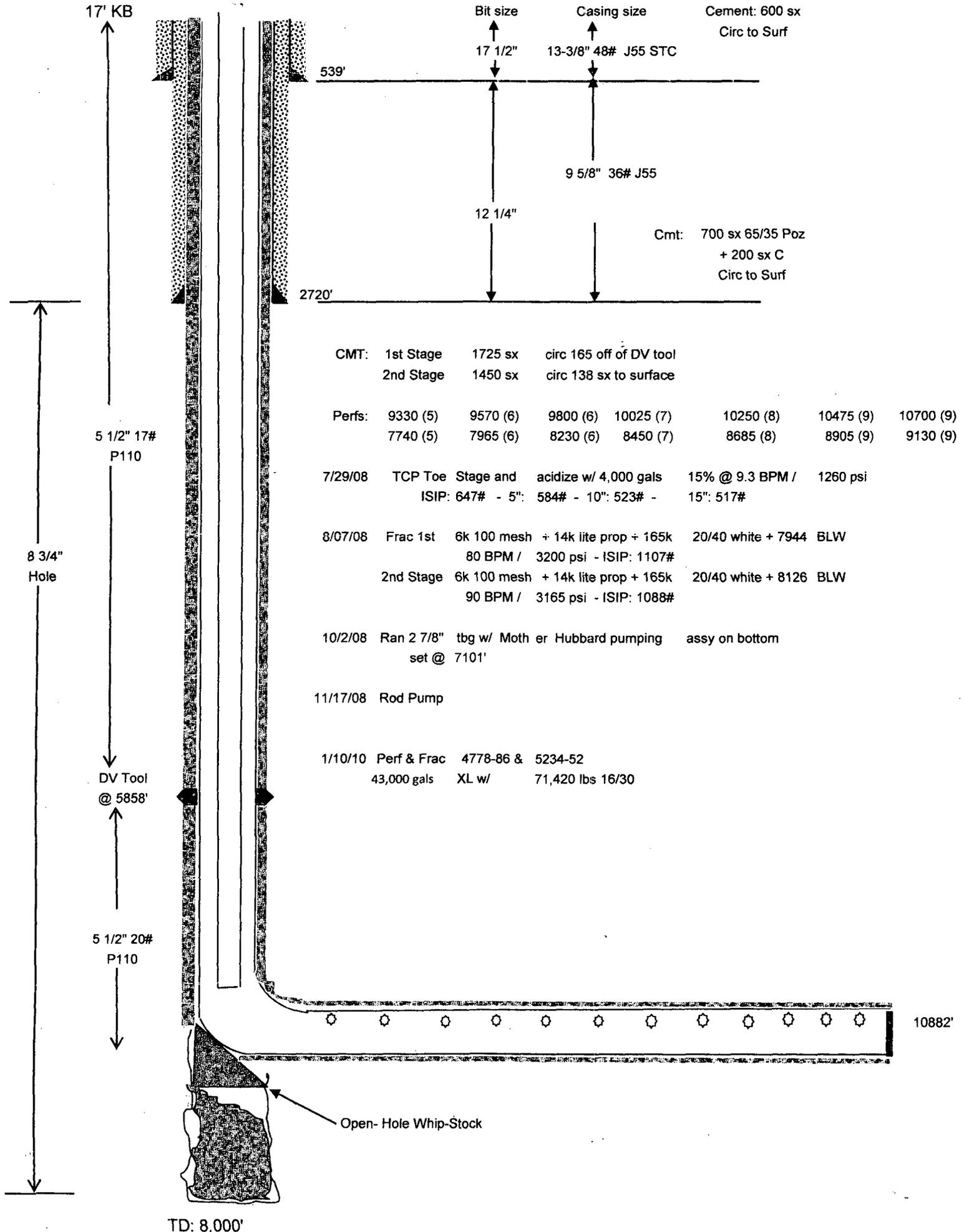
API: 30-015-36282



COMMINGLED

Spud 05/24/08

API: 30-015-36282



Bit size: 17 1/2"
 Casing size: 13-3/8" 48# J55 STC
 Cement: 600 sx Circ to Surf
 539'
 9 5/8" 36# J55
 12 1/4"
 Cmt: 700 sx 65/35 Poz + 200 sx C Circ to Surf
 2720'

CMT: 1st Stage 1725 sx circ 165 off of DV tool
 2nd Stage 1450 sx circ 138 sx to surface

Perfs: 9330 (5) 9570 (6) 9800 (6) 10025 (7) 10250 (8) 10475 (9) 10700 (9)
 7740 (5) 7965 (6) 8230 (6) 8450 (7) 8685 (8) 8905 (9) 9130 (9)

7/29/08 TCP Toe Stage and acidize w/ 4,000 gals 15% @ 9.3 BPM / 1260 psi
 ISIP: 647# - 5": 584# - 10": 523# - 15": 517#

8/07/08 Frac 1st 6k 100 mesh + 14k lite prop + 165k 20/40 white + 7944 BLW
 80 BPM / 3200 psi - ISIP: 1107#
 2nd Stage 6k 100 mesh + 14k lite prop + 165k 20/40 white + 8126 BLW
 90 BPM / 3165 psi - ISIP: 1088#

10/2/08 Ran 2 7/8" tbg w/ Mother Hubbard pumping assy on bottom
 set @ 7101'

11/17/08 Rod Pump

1/10/10 Perf & Frac 4778-86 & 5234-52
 43,000 gals XL w/ 71,420 lbs 16/30

TD: 8,000'

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1625 N. French Dr., Hobbs, NM 88240

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1000 Rio Brazas 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

Form C-102
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 30-015-36282		² Pool Code 8080		³ Pool Name Brushy Draw Delaware	
⁴ Property Code		⁵ Property Name Cooper "31" Federal			⁶ Well Number IH
⁷ OGRID No. 217955		⁸ Operator Name OGX Resources LLC			⁹ Elevation 2976'

¹⁰ Surface Location

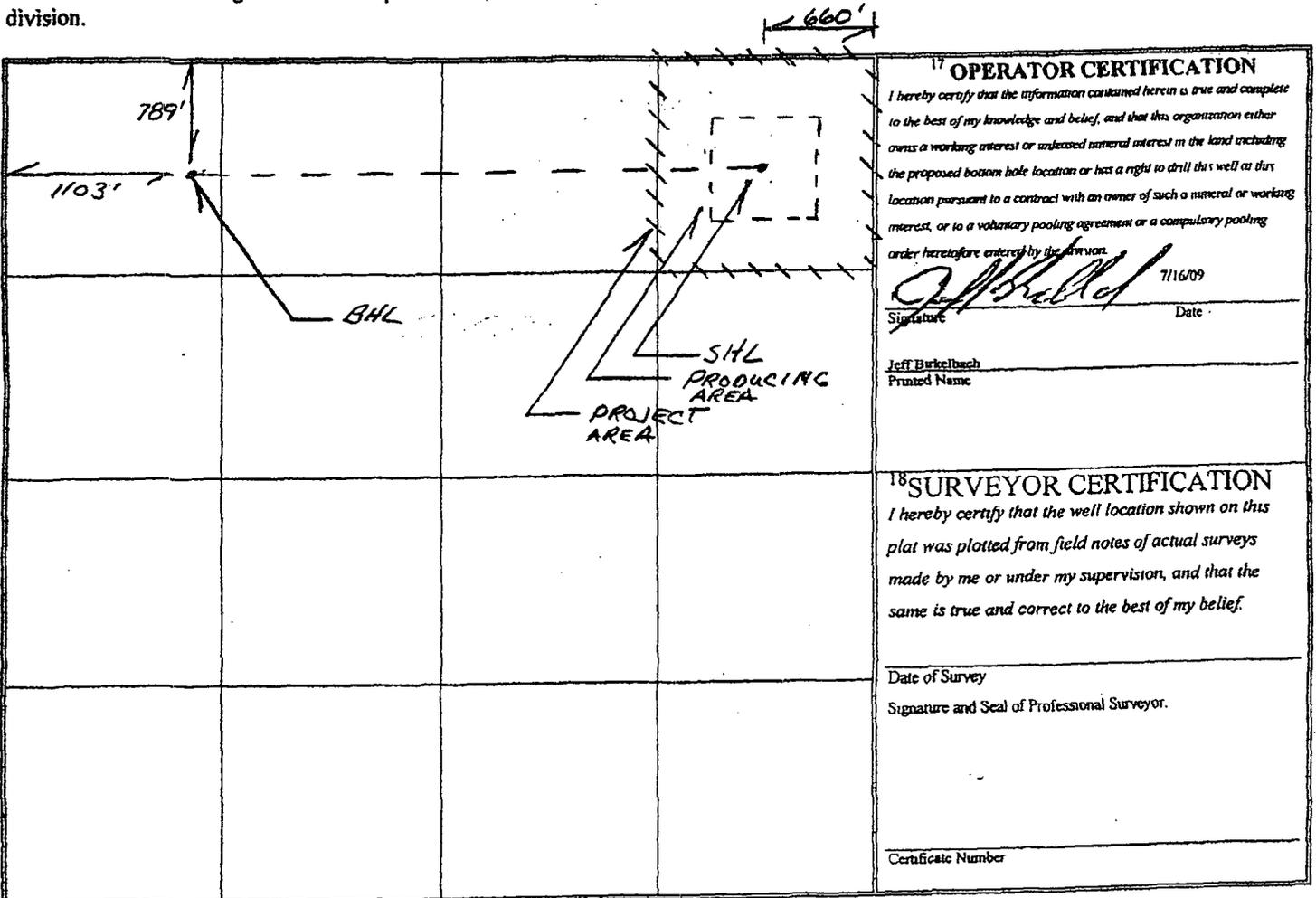
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	31	25S	29E		660	North	660	East	Eddy

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
D	31	25S	29E		660	North	330	West	Eddy

¹² Dedicated Acres	¹³ Joint or Infill	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.



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.

Jeff Burkelbach 7/16/09
Signature Date

Jeff Burkelbach
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

DISTRICT I
1525 N. French Dr., Hobbs, NM 88240

DISTRICT II
1301 W. Grand Avenue, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Artesia, NM 87410

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87506

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised October 12, 2005

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 52775	Pool Name Rock Spur; Bone Spring
Property Code	Property Name COOPER "31" FEDERAL	Well Number 1
OGRID No. 317955	Operator Name OGX RESOURCES, L.L.C.	Elevation 2976'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	31	25 S	29 E		660	NORTH	660	EAST	EDDY

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

Dedicated Acres 40	Joint or Infill	Consolidation Code	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

<p>LAT- N.: 32°05'30.61" LONG- W.: 104°01'01.51" SPC- N.: 397289.97 E.: 639273.12 (NAD-83)</p>		<p>OPERATOR CERTIFICATION</p> <p>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 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.</p> <p><i>Angela Lightner 1-11-08</i> Signature Date</p> <p>Angela Lightner Printed Name</p>
		<p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>DECEMBER 28, 2007</p> <p>Date Surveyed</p> <p><i>Gary L. Jones</i> Signature Professional Surveyor</p>
		<p>Certificate No. Gary L. Jones 7977</p> <p>BASIN SURVEYS</p>

7009 1680 0000 1709 8724

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HOUSTON TX 77210 **OFFICIAL USE**

Postage	\$	\$0.61	
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 EOY Resources, Inc.
 Street, Apt. No.;
 or PO Box No. P.O. Box 4362
 City, State, ZIP+4 Houston, TX 77210

PS Form 3800, August 2006 See Reverse for Instructions

7009 1680 0000 1709 7984

U.S. Postal Service
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(Domestic Mail Only; No Insurance Coverage Provided)

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CARLSBAD NM 88220 **OFFICIAL USE**

Postage	\$	\$0.61	
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 Bureau of Land Management
 Street, Apt. No.;
 or PO Box No. 620 E. Greene St.
 City, State, ZIP+4 Carlsbad, NM 88220

PS Form 3800, August 2006 See Reverse for Instructions

Brooks, David K., EMNRD

From: Ann Ritchie [ann.wtor@gmail.com]
Sent: Tuesday, September 07, 2010 9:48 AM
To: Brooks, David K., EMNRD
Subject: Fwd: OGX Resources - Cooper 31 Federal #1; DHC application

David,
Please see below. Will this be sufficient?
Thank you,
Ann Ritchie

----- Forwarded message -----

From: **Jeff Birkelbach** <JBirkelbach@ogxresources.com>
Date: Tue, Sep 7, 2010 at 10:17 AM
Subject: RE: OGX Resources - Cooper 31 Federal #1; DHC application
To: Ann Ritchie <ann.wtor@gmail.com>

10700 is a Measured Depth which is not the True Vertical Depth (which that calculation is made) of +/- 7545'

----- Forwarded message -----

From: **Brooks, David K., EMNRD** <david.brooks@state.nm.us>
Date: Fri, Sep 3, 2010 at 4:01 PM
Subject: OGX Resources - Cooper 31 Federal #1; DHC application
To: ann.wtor@gmail.com

Dear Ms. Ritchie

On this application you have entered "not required" for each formation on the line labeled "Bottomhole Pressure." However, it would seem that pressure data IS required for this application because the deepest perforation in the deeper formation (10,700') substantially exceed 150% of the top perforation in the shallower formation.

Sincerely

David K. Brooks

Legal Examiner

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Brooks, David K., EMNRD

From: Brooks, David K., EMNRD
Sent: Friday, September 03, 2010 3:02 PM
To: 'ann.wtor@gmail.com'
Subject: OGX Resources - Cooper 31 Federal #1; DHC application

Dear Ms. Ritchie

On this application you have entered "not required" for each formation on the line labeled "Bottomhole Pressure." However, it would seem that pressure data IS required for this application because the deepest perforation in the deeper formation (10,700') substantially exceed 150% of the top perforation in the shallower formation.

Sincerely

David K. Brooks
Legal Examiner

Brooks, David K., EMNRD

From: Ann Ritchie [ann.wtor@gmail.com]
Sent: Tuesday, September 07, 2010 8:54 AM
To: Brooks, David K., EMNRD
Subject: Re: OGX Resources - Cooper 31 Federal #1; DHC application

David,
I will forward this on to OGX engineering and get the information for you.
Thank you,
Ann Ritchie

On Fri, Sep 3, 2010 at 4:01 PM, Brooks, David K., EMNRD <david.brooks@state.nm.us> wrote:

Dear Ms. Ritchie

On this application you have entered "not required" for each formation on the line labeled "Bottomhole Pressure." However, it would seem that pressure data IS required for this application because the deepest perforation in the deeper formation (10,700') substantially exceed 150% of the top perforation in the shallower formation.

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Legal Examiner

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Brooks, David K., EMNRD

From: Brooks, David K., EMNRD
Sent: Tuesday, September 07, 2010 4:22 PM
To: 'Ann Ritchie'
Subject: RE: OGX Resources - Cooper 31 Federal #1; DHC application

Dear Ms. Ritchie

Even if the lowest perforation depth is 7545, this application still cannot be granted without pressure data. A DHC application can only be granted without pressure data if the lowest perforation is within 150% of the depth of the highest perforation. Here, the highest perforation is reported to be 4778. 150% of 4778 is 7167.

Sincerely

David K. Brooks
Legal Examiner

From: Ann Ritchie [mailto:ann.wtor@gmail.com]
Sent: Tuesday, September 07, 2010 9:48 AM
To: Brooks, David K., EMNRD
Subject: Fwd: OGX Resources - Cooper 31 Federal #1; DHC application

David,
Please see below. Will this be sufficient?
Thank you,
Ann Ritchie

----- Forwarded message -----

From: Jeff Birkelbach <JBirkelbach@ogxresources.com>
Date: Tue, Sep 7, 2010 at 10:17 AM
Subject: RE: OGX Resources - Cooper 31 Federal #1; DHC application
To: Ann Ritchie <ann.wtor@gmail.com>

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----- Forwarded message -----

From: Brooks, David K., EMNRD <david.brooks@state.nm.us>
Date: Fri, Sep 3, 2010 at 4:01 PM
Subject: OGX Resources - Cooper 31 Federal #1; DHC application
To: ann.wtor@gmail.com

Dear Ms. Ritchie

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Sincerely

David K. Brooks

Legal Examiner

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www.wtor.us

Brooks, David K., EMNRD

From: Ann Ritchie [ann.wtor@gmail.com]
Sent: Wednesday, September 08, 2010 10:35 AM
To: Brooks, David K., EMNRD
Subject: OGX Resources - Cooper 31 Federal #1; DHC application

David - please see as below, also please let me know if I need to put this in letter form and submit to you.
Thank you,
Ann Ritchie
OGX Resources

----- Forwarded message -----

From: **Jeff Birkelbach** <JBirkelbach@ogxresources.com>
Date: Wed, Sep 8, 2010 at 11:18 AM
Subject: RE: OGX Resources - Cooper 31 Federal #1; DHC application
To: Ann Ritchie <ann.wtor@gmail.com>

Current lower zone bottom hole reservoir pressure is 1200 psi

Current upper zone bottom hole reservoir pressure is 650 psi

There will be no chance for fluid cross flow as the well will be pumped (off) just above the lower zone

From: Ann Ritchie [mailto:ann.wtor@gmail.com]
Sent: Tuesday, September 07, 2010 5:30 PM
To: Jeff Birkelbach

Subject: Fwd: OGX Resources - Cooper 31 Federal #1; DHC application

Jeff - as per below, need more data.

Thank you,

Ann

----- Forwarded message -----

From: **Brooks, David K., EMNRD** <david.brooks@state.nm.us>
Date: Tue, Sep 7, 2010 at 5:21 PM
Subject: RE: OGX Resources - Cooper 31 Federal #1; DHC application
To: Ann Ritchie <ann.wtor@gmail.com>

Dear Ms. Ritchie

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