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2005 JAN 26 PM 12 37

Case 13428

January 25, 2005

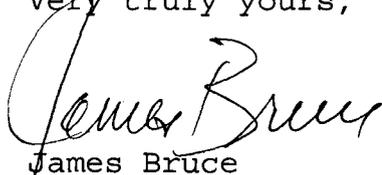
Florene Davidson
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Dear Florene:

Enclosed are an original and one copy of two applications for compulsory pooling, together with proposed advertisements, filed on behalf of OGX Resources LLC. Please set these matters for the February 17, 2005 Examiner hearing. Thank you.

The advertisements have also been e-mailed to the Division.

Very truly yours,



James Bruce

Attorney for OGX Resources LLC

PARTIES BEING POOLED

EOG Resources, Inc.
P.O. Box 2267
Midland, Texas 79702

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF OGX RESOURCES
LLC FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.

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Case No. ~~13428~~

APPLICATION

OGX Resources LLC applies for an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the S $\frac{1}{2}$ of Section 29, Township 24 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is a working interest owner in the S $\frac{1}{2}$ of Section 29, and has the right to drill a well thereon.

2. Applicant proposes to drill its Second Chance Fed. Com. Well No. 1, at an orthodox location in the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 29, and seeks to dedicate the following acreage to the well:

(a) the S $\frac{1}{2}$ of Section 29 to form a standard 320 acre gas spacing and proration unit for all pools or formations developed on 320 spacing within that vertical extent; and

(b) the SE $\frac{1}{4}$ of Section 29 to form a standard 160 acre gas spacing and proration unit for all pools or formations developed on 160 spacing within that vertical extent.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the S $\frac{1}{2}$ of Section 29 for the purposes set forth herein.

4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order

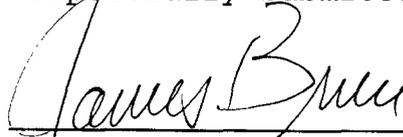
pooling all mineral interest owners in the S½ of Section 29, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the S½ of Section 29 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, applicant requests that, after notice and hearing, the Division enter its order:

- A. Pooling all mineral interests in the S½ of Section 29 from the surface to the base of the Morrow formation;
- B. Designating applicant as operator of the well;
- C. Considering the cost of drilling and completing the well, and allocating the cost thereof among the well's working interest owners;
- D. Approving actual operating charges and supervision costs, together with a provision adjusting the rates as provided in the COPAS accounting procedure; and
- E. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,



James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for OGX Resources LLC

Proposed Advertisement

Case 13428: Application of OGX Resources LLC for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 29, Township 24 South, Range 28 East, N.M.P.M., and in the following manner: The S $\frac{1}{2}$ to form a standard 320-acre gas spacing and proration unit for any and all formations or pools developed on 320-acre spacing within that vertical extent; and the SE $\frac{1}{4}$ to form a standard 160-acre gas spacing and proration unit for any and all formations or pools developed on 160-acre spacing within that vertical extent. The units are to be dedicated to the Second Chance Fed. Com. Well No. 1, to be located at an orthodox well location in the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 29. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The units are located approximately 3 $\frac{1}{2}$ miles south-southwest of Malaga, New Mexico.

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