

OGXResources LLC

P.O. Box 2064 • Midland, TX 79702 • (432) 685-1287 Fax (432) 686-7109

CERTIFIED MAIL RETURN RECEIPT REQUESTED # 70091680000072651961

July 19, 2010

RKC, Inc.
7029 E. Briarwood Circle
Englewood, Colorado 80112

RE: Well Proposal
Mongo 25 Fed Com #2-H Well
T-24-S, R-28-E, N.M.P.M.
Section 25: S/2N/2
Eddy County, New Mexico

Gentlemen:

OGX Resources LLC ("OGX") hereby proposes to drill the above referenced well at a surface location of 374' FEL and 1980' FNL of Section 25, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico. This well will be drilled to a true vertical depth of approximately 7,000' and then drilled horizontally to a point approximately 350' FWL and 1980' FNL of Section 25 to test the Avalon Shale interval of the Bone Spring formation. The proration unit for this well will be the S/2N/2 of Section 25.

OGX invites your participation in this well. Your working interest ownership in the proration unit for this well would be 25% X 80/160 or 12.50%. Additionally, enclosed you will find an Authority for Expenditure ("AFE"). In the event you elect to participate, please sign one copy of the AFE and return it to me at the above captioned address. Upon receipt of the signed AFE, we will forward you an Operating Agreement for your review and approval. Said Operating Agreement would designate OGX as Operator.

According to the Eddy County, New Mexico records, your interest is derived from that certain USA lease NM-25953 dated April 1, 1971.

In the event you elect not to participate in the above referenced well, OGX respectfully submits the following proposal:

Term Assignment Proposal

1. Term: One (1) year.
2. Bonus Consideration: \$250.00 per net leasehold acre.
3. Depths: Surface to the base of the Bone Spring formation.
4. Net Revenue Delivered: 75%
5. Form: Mutually acceptable Form of Term Assignment.

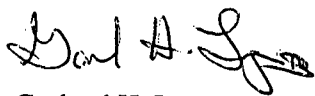
Oil Conservation Division
Case No. _____
Exhibit No. 2A

mailed 7-26-10

Please let me know if you have any questions or comments.

Sincerely,

OGX Resources LLC

A handwritten signature in black ink, appearing to read "Garland H. Lang III". The signature is stylized with a large, looped "G" and a trailing flourish.

Garland H. Lang III
Land Manager

Enclosures

OGX RESOURCES LLC
AUTHORIZATION FOR EXPENDITURE

DATE: 3/1/10

OGX AFE No.:
AFE Title: Avalon Horizontal
Well Name & No.: Mongo 25 Fed Com #2H

Field: LOVING / Blazing Saddles
County: EDDY

State: NEW MEXICO

Exploratory XX Development:
Proposed Formation: AVALON
Description: 1980 FNL & 374 FEL SEC.25- T24S - R28E
BHL: 1980 FNL & 350 FWL

Oil: XX GAS
Proposed Depth: 7000 TVD / 11,500' MD

	MAJ	SUB	DRY HOLE	MAJ	COMPLETION	TOTAL
DEVELOPMENTAL DRILLING:						
Turnkey	725	470	\$0	726	\$0	\$0
Mobilization/Demob.		471	\$55,000		\$0	\$55,000
Location, Pits, Roads		472	\$65,000		\$10,000	\$75,000
Cement and Cementing Services		473	\$40,000		\$70,000	\$110,000
Mud Logging		474	\$40,000		\$0	\$40,000
Mud Materials, Chemical & Water		475	\$65,000		\$125,000	\$190,000
Logging and Sidewall Coring		478	\$35,000		\$5,000	\$40,000
Perforating		479	\$0		\$35,000	\$35,000
Stimulation		480	\$0		\$900,000	\$900,000
Formation Testing		482	\$0		\$32,000	\$32,000
Testing Tubular Goods		484	\$0		\$5,500	\$5,500
Tool Rental DOWNHOLE		488	\$40,000		\$3,500	\$43,500
Tool Rental INCLUDES CLOSED MUD SYSTEM		488	\$185,000			\$185,000
Drilling Footage		489	\$0		\$0	\$0
Drilling Day Work 40 days		490	\$475,000		\$34,500	\$509,500
Float Equipment		491	\$6,500		\$5,000	\$11,500
Bits, Core Barrells, etc.		492	\$65,000		\$550	\$65,550
Other Special Well Services		494	\$18,000		\$10,000	\$28,000
Contract Services & Equip		510	\$12,000		\$20,000	\$32,000
Directional Drilling		511	\$210,000		\$0	\$210,000
Completion Unit		528	\$0		\$56,000	\$56,000
Fuel & Power		539	\$105,000		\$0	\$105,000
Auto & Truck Expense		545	\$15,000		\$2,500	\$17,500
Company Supervision 60 @ 1000		501	\$40,000		\$20,000	\$60,000
Miscellaneous & Contingencies	15%	599	\$220,725		\$200,183	\$420,908
Subtotal			\$1,692,225		\$1,534,733	\$3,226,958

DEVELOPMENTAL LWE "DRILLING"

Surface Casing 13 3/8 @ 520'	727	441	\$18,200	727	\$0	\$18,200
Conductor Pipe		442	\$9,500		\$0	\$9,500
Intermediate Casing 8 5/8" @ 2500'		443	\$65,000		\$0	\$65,000
Production Casing 5 1/2" @ 10,325'		443	\$0		\$230,000	\$230,000
Drilling Liner		450	\$0		\$0	\$0
Production Liner		460	\$0		\$0	\$0
Casing Head		445	\$14,000		\$15,000	\$29,000
X-Mas Tree		446	\$0		\$16,000	\$16,000
Completion Equipment		447	\$0		\$5,000	\$5,000
Retrievable Packers		448	\$0		\$5,000	\$5,000
Tubing		449	\$0		\$55,000	\$55,000
Other Material & Equipment		469	\$1,000		\$1,500	\$2,500
Subtotal			\$107,700		\$327,500	\$435,200

ONSHORE FACILITIES

Location, Pits, Roads	745	472			\$1,000	\$1,000
Contract Services & Equip		510			\$25,000	\$25,000
Engineering Surveys		516			\$1,500	\$1,500
Auto & Truck Expense		545			\$1,000	\$1,000
Welding Services		566			\$7,500	\$7,500
Instal Elect/Pneu System		567			\$0	\$0
Painting Service		568			\$0	\$0
Miscellaneous & Contingencies		599			\$1,500	\$1,500
Subtotal					\$37,500	\$37,500

ONSHORE FACILITIES

Misc Valves & Fittings	746	153			\$35,000	\$35,000
Corrosion or Chemical Treating Equip		438			\$0	\$0
Pumping Equipment		451			\$135,000	\$135,000
Gas Engines & Electric Motors		452			\$15,000	\$15,000
Electric Lines, Poles, Transformers, etc.		453			\$35,000	\$35,000
Bottom Hole Pump		454			\$8,000	\$8,000
Field Lines		456			\$7,500	\$7,500
Tanks, Stairs, Walkways, etc.		457			\$38,000	\$38,000
Separator & Fittings		458			\$10,500	\$10,500
Heaters, Treaters & Connections		459			\$12,000	\$12,000
Power & Circulating Pumps		460			\$2,500	\$2,500
Meters		463			\$23,000	\$23,000
Other Material & Equipment		469			\$45,000	\$45,000
Subtotal					\$366,500	\$366,500

TOTAL WELL COST:

1,799,925 2,266,233 4,066,158

COMPANY APPROVAL

NAME: OGX RESOURCES LLC

By:

Title:

Date:

3/11/2010

PARTICIPANT APPROVAL

NAME:

By:

Title:

Date:

Wf%:

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<p>1. Article Addressed to:</p> <p>RKC, Inc. 7029 E. Briarwood Circle Englewood, Colorado 80112</p>		<p>A. Signature <u>[Signature]</u> Agent <input checked="" type="checkbox"/> Addressee <input type="checkbox"/></p> <p>B. Received by (Printed Name) _____ C. Date of Delivery _____</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input type="checkbox"/> No If YES, enter delivery address below:</p>	
<p>2. <u>[Barcode]</u></p>		<p>3. Service Type</p> <p><input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail</p> <p><input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p>	
<p>PS Form 3811, February 2004</p>		<p>102595-02-M-1540</p>	

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Certified Fee \$ <u>2.80</u>	Postmark <u>JUL 20 2004</u>
Return Receipt Fee (Endorsement Required) \$ <u>2.30</u>	
Restricted Delivery Fee (Endorsement Required) \$ <u>6.15</u>	
Total Postage & Fees \$	
<p>Sent To _____ RKC, Inc. Street, Apt. No., _____ 7029 E. Briarwood Circle or PO Box No. _____ Englewood, Colorado 80112 City, State, ZIP+4 _____</p>	
<p>PS Form 3800</p>	

7967 5922 0000 0897 6002

UNITED STATES POSTAL SERVICE

DEVELOPER CD 5011

22 JUL 2010 PM 3:17

First-Class Mail Fees Paid
Postage USPS Permit 3-10

• Sender: Please print your name, address, and ZIP+4 in this box

OGX Resources LLC
Attn: Katie Anderson
P.O. Box 2064
Midland, Texas 79702

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2064

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- A record of delivery kept by the Postal Service for two years

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- For an additional fee, a Return Receipt may be requested to provide proof of delivery. To obtain Return Receipt service, please complete and attach a Return Receipt (PS Form 3811) to the article and add applicable postage to cover the fee. Endorse mailpieces "Return Receipt Requested". To receive a fee waiver for a duplicate return receipt, a USPS® postmark on your Certified Mail receipt is required.
- For an additional fee, delivery may be restricted to the addressee or addressee's authorized agent. Advise the clerk or mark the mailpiece with the endorsement "Restricted Delivery".
- If a postmark on the Certified Mail receipt is desired, please present the article at the post office for postmarking. If a postmark on the Certified Mail receipt is not needed, detach and affix label with postage and mail.

IMPORTANT: Save this receipt and present it when making an inquiry.

OGXResources LLC

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CERTIFIED MAIL RETURN RECEIPT REQUESTED # 70091680000072651954

July 19, 2010

Chesapeake Permian, L.P.
6100 North Western Avenue
Oklahoma City, Oklahoma 73118

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T-24-S, R-28-E, N.M.P.M.
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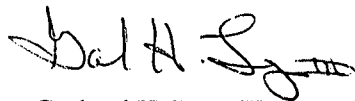
Oil Conservation Division
Case No. 213
Exhibit No. 213

mailed 7-20-10

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Garland H. Lang III
Land Manager

Enclosures

OGX RESOURCES LLC
AUTHORIZATION FOR EXPENDITURE

DATE: 3/1/10

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AFE Title: Avalon Horizontal
Well Name & No.: Mongo 25 Fed Com #2H

Field: LOVING / Blazing Saddles
County: EDDY

State: NEW MEXICO

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Subtotal					\$366,500	\$366,500

TOTAL WELL COST: 1,799,925 2,266,233 4,066,158

COMPANY APPROVAL

NAME: OGX RESOURCES LLC

By: _____

Title: _____

Date: 3/11/2010

PARTICIPANT APPROVAL

NAME: _____

By: _____

Title: _____

Date: _____

WI%: _____

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
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1. Article Addressed to:

Chesapeake Permian, L.P.
6100 North Western Avenue
Oklahoma City, OK 73118

2.

COMPLETE THIS SECTION ON DELIVERY

A. Signature  ☐ Agent ☐ Addressee

B. Received by (Printed Name)  C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes ☐ No
If YES, enter delivery address below:

3. Service Type ☒ Certified Mail ☐ Express Mail ☐ Return Receipt for Merchandise
☐ Registered ☐ Insured Mail ☐ C.O.D.

☐ Yes

PS Form 3811, February 2004

Domestic Return Receipt

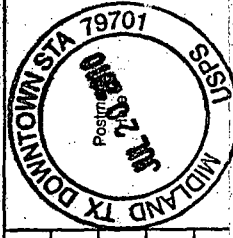
102595-02-M-1540

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Restricted Delivery Fee (Endorsement Required)	
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Sent To

Street, Apt. No.,
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City, State, ZIP+

Chesapeake Permian, L.P.
6100 North Western Avenue
Oklahoma City, OK 73118

PS Form 3800

7002 1640 0000 0000 5922 4567

UNITED STATES POSTAL SERVICE

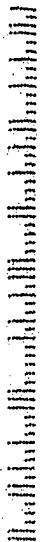


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Postage & Fees Paid
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Permit No. G-10

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OGX Resources LLC
Attn: Katie Anderson
P.O. Box 2064
Midland, Texas 79702

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- Certified Mail is not available for any class of international mail.
- **NO INSURANCE COVERAGE IS PROVIDED** with Certified Mail. For valuables, please consider Insured or Registered Mail.
- For an additional fee, a **Return Receipt** may be requested to provide proof of delivery. To obtain Return Receipt service, please complete and attach a Return Receipt (PS Form 3811) to the article and add applicable postage to cover the fee. Endorse mailpiece "Return Receipt Requested". To receive a fee waiver for a duplicate return receipt, a USPS® postmark on your Certified Mail receipt is required.
- For an additional fee, delivery may be restricted to the addressee or addressee's authorized agent. Advise the clerk or mark the mailpiece with the endorsement "Restricted Delivery".
- If a postmark on the Certified Mail receipt is desired, please present the article at the post office for postmarking. If a postmark on the Certified Mail receipt is not needed, detach and affix label with postage and mail.

IMPORTANT: Save this receipt and present it when making an inquiry.

PS Form 3800, August 2006 (Reverse) PSN 7530-02-000-9047