

OGX Acreage Fund, LP

P.O. Box 2064 • Midland, TX 79702 • (432) 685-1287 Fax (432) 685-1320

September 22, 2010

ConocoPhillips Company Certified Mail #7010 1870 0000 8950 3724
600 N. Dairy Ashford St.
Houston, TX 77079-1175

Attn: Mr. Thomas J. Scarbrough

Re: Well Proposal
Golden Eye "18" Fed Com #1H Well
T-24-S, R-32-E, N.M.P.M.
Section 18: W $\frac{1}{2}$ W $\frac{1}{2}$
Lea County, New Mexico

Delaware Brushy Canyon

Gentlemen:

OGX Resources LLC ("OGX") hereby proposes to drill the above referenced horizontal well at a surface hole location of 330' FSL and 660' FWL and a bottom hole location of 330' FNL and 660' FWL of Section 18, T-24-S, R-32-E, N.M.P.M., Lea County, New Mexico. This well will be drilled to a true vertical depth of 8,500' then horizontally 4,320' for a total measured depth of 12,820' to adequately test the Brushy Canyon portion of the Delaware Sand Formation. The proration unit for this well will be the W $\frac{1}{2}$ W $\frac{1}{2}$ of said Section 18.

OGX has recently entered into an Operating Agreement with OXY USA Inc. covering the referenced lands and other lands in the immediate area, with OGX designated as Operator. Lots 3 and 4 (W $\frac{1}{2}$ SW $\frac{1}{4}$) of said Section 18 is also covered by that certain Operating Agreement dated October 28, 1996 between Pogo Producing Company, as Operator, and Burlington Resources Oil and Gas Company, Non-Operator. Lots 1 and 2 (W $\frac{1}{2}$ NW $\frac{1}{4}$) of said Section 18 is covered by the Operating Agreement between OGX and OXY USA Inc.

Surf To Top Bed

Enclosed for your review is an AFE (in duplicate) showing the estimated drilling and completion costs for the subject well.

According to a recent title opinion prepared by William B. Burford of the law firm of Hinkle, Hensley, Shanor & Martin, L.L.P. dated April 9, 2010, ConocoPhillips Company (successor in interest to Burlington Resources Oil and Gas LP) owns a forty percent (40%) leasehold interest in Lots 3 and 4 (W $\frac{1}{2}$ SW $\frac{1}{4}$) of said Section 18. A copy of the title opinion is enclosed for your review. As to your interest credited in the title opinion, Mr. Burford made a requirement concerning your interest which needs to be satisfied prior to drilling the subject well. Please refer to requirement D on page 15 of the opinion.

*Force Prod
Brushy Canyon*

conocophillipsgoldeneeyewellproposal_092110

Oil Conservation Division
Case No. 2 14578
Exhibit No. 2

MWUA 9-22-10

ConocoPhillips Well Proposal
Golden Eye 18 Fed Com #1H Well
September 22, 2010
Page 2

We need confirmation from you as well as EOG Resources, Inc. that your company does indeed own the 40% leasehold interest in Lots 3 and 4 (W $\frac{1}{2}$ SW $\frac{1}{4}$) of said Section 18.

OGX invites the participation of ConocoPhillips Company ("CONOCOPHILLIPS") in this well. If CONOCOPHILLIPS wishes to participate in the drilling of this well, please execute both copies of the AFE, after which return one copy to the undersigned. Upon receipt of the AFE, OGX will mail you an Operating Agreement for your execution covering the W $\frac{1}{2}$ W $\frac{1}{2}$ of said Section 18, limited to depths from the surface to the base of the Delaware Formation, which will supersede all existing operating agreements, naming OGX as the Operator.

In the event CONOCOPHILLIPS does not wish to participate and in fact owns the above mentioned leasehold, OGX would be interested in obtaining a one year (1) term assignment from CONOCOPHILLIPS for the following terms:

Term: One (1) year

Lands to be included: Lots 3, 4, SE $\frac{1}{4}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$, Section 18, T-24-S, R-32-E,
N.M.P.M., Lea County, New Mexico

Net Revenue to be delivered: 75%

Continuous Development Provision: 180 days (if well drilled within primary term, 180
days starts 180 days from end of primary term)

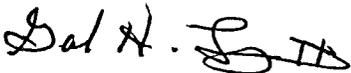
Cash Consideration: \$300.00 per net leasehold acre.

The above offer is subject to satisfaction of the title requirement referred to above.

Please review the above and let us know at your earliest convenience what your company wants to do in regard to our proposal. If you have any questions, please contact the undersigned.

Sincerely,

OGX Resources LLC



Garland H. Lang III
Land Manager

Enclosures



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[FAQs](#)

Track & Confirm

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Status: **Delivered**

Your item was delivered at 7:29 am on September 24, 2010 in HOUSTON, TX 77079.

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FOIA



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7010 1870 0000 8950 3724

**U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT**
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For delivery information visit our website at www.usps.com

OFFICIAL USE

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Certified Fee		2.80
Return Receipt Fee (Endorsement Required)		2.30
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$	7.17

Postmark: **SEP 22 2010**
DOWNTOWN SEATTLE
USPS

Sent To: **ConocoPhillips Company**
Street, Apt. No., or PO Box No.: **800 N. Dairy Ashford St.**
City, State, ZIP+4: **Houston TX 77079-1175**

PS Form 3800, August 2006 See Reverse for Instructions

KA

OGX Acreage Fund, LP

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September 22, 2010

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

or ConocoPhillips
Certified Mail #7010 1870 0000 8950 3731

owner
N of
2 wells

Attn: Mr. Douglas Hurlbut

Re: Well Proposal
Golden Eye "18" Fed Com #1H Well
T-24-S, R-32-E, N.M.P.M.
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eoggoldencyewellproposal_092210

Mailed 9-22-10

EOG Resources, Inc. Well Proposal
Golden Eye 18 Fed Com #1H Well
September 22, 2010
Page 2

Mr. Burford made a requirement concerning the interest of ConocoPhillips Company which needs to be satisfied prior to drilling the subject well. Please refer to requirement D on page 15 of the opinion. We need confirmation from you as well as ConocoPhillips Company that your company does indeed own the 40% leasehold interest in Lots 3 and 4 (W $\frac{1}{2}$ SW $\frac{1}{4}$) of said Section 18.

OGX invites the participation of EOG in this well, if EOG does in fact own the interest credited to ConocoPhillips Company. If EOG wishes to participate in the drilling of this well, please execute both copies of the AFE, after which return one copy to the undersigned. Upon receipt of the AFE, OGX will mail you an Operating Agreement for your execution covering the W $\frac{1}{2}$ W $\frac{1}{2}$ of said Section 18, limited to depths from the surface to the base of the Delaware Formation, which will supersede all existing operating agreements, naming OGX as the Operator.

In the event EOG does not wish to participate and in fact owns the above mentioned leasehold, OGX would be interested in obtaining a one year (1) term assignment from EOG for the following terms:

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N.M.P.M., Lea County, New Mexico

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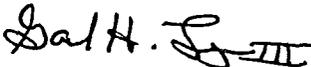
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Sincerely,

OGX Resources LLC



Garland H. Lang III
Land Manager

Enclosures0

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.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

EOG Resources, Inc.
P.O. Box 2247
Midland, TX 79702

Attn: Douglas Hurlbut

2. Article Number

(Transfer from service label)

7010 1870 0000 8950 3731

COMPLETE THIS SECTION ON DELIVERY

A. Signature D. Bell Agent Addressee

B. Received by (Printer Name) D. Bell Date of Delivery 9/24/10

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

3. Service Type

- Certified Mail Express Mail
- Registered Return Receipt for Merchandise
- Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

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.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

EOG Resources, Inc.
P.O. Box 2267
Midland, TX 79702
Attn: Douglas Hurlbut

2. Article Number
(Transfer from service label)

7010 1870 0000 8950 3731

PS Form 3811, February 2004

COMPLETE THIS SECTION ON DELIVERY

A. Signature *D. Bell* Agent Addressee

B. Received by (Printed Name) *D. Bell* C. Date of Delivery *9/24/10*

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

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

4. Restricted Delivery? (Extra Fee) Yes

Domestic Return Receipt

102595-02-M-15