

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

1. Operator Name and Address XOG OPERATING LLC 1801 W TEXAS MIDLAND, TX 79701		2. OGRID Number 236790
		3. API Number 30-015-34862
4. Property Code 35697	5. Property Name HOAG TANK 15 STATE	6. Well No. 001

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
I	15	19S	23E	I	1980	S	660	E	EDDY

8. Pool Information

HOAG TANK MORROW (GAS)	78560
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Additional Well Information

9. Work Type New Well	10. Well Type GAS	11. Cable/Rotary	12. Lease Type State	13. Ground Level Elevation 3941
14. Multiple N	15. Proposed Depth 8700	16. Formation Morrow	17. Contractor	18. Spud Date 5/20/2006
Depth to Ground water 240		Distance from nearest fresh water well > 1000		Distance to nearest surface water > 1000
Pit: Liner: Synthetic <input checked="" type="checkbox"/> 12 _____ miles thick Clay <input type="checkbox"/> Pit Volume: 7500 _____ bbls Drilling Method: Closed Loop System <input type="checkbox"/> Fresh Water <input type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>				

19. Proposed Casing and Cement Program

Type	Hole Size	Casing Type	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	17.5	13.375	48	300	310	0
Int1	11	8.625	24	1700	325	0
Prod	7.875	5.5	17	8700	1035	1500

Casing/Cement Program: Additional Comments

Cement Program for casing: Surface @ 300': Lead Slurry 310 sx Class C + 2% cc + 1/4# cello. Intermediate @ 1700': Lead w/200 sx 50/50 Class C + 5% Salt. Tail w/125 sx Class C + 2% cc. Production @ 8700': Lead Slurry 475 sx 50:50:10 Class H + 5% Salt, Tail w/560 sx 50/50 Class H + 2% Salt. See attachment for Mud Program.

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
DoubleRam	5000	4000	Shaffer

I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines <input checked="" type="checkbox"/> a general permit <input type="checkbox"/> or an (attached) alternative OCD-approved plan <input type="checkbox"/> .	OIL CONSERVATION DIVISION	
	Approved By: Bryan Arrant	
Printed Name: Electronically filed by Angie Crawford	Title: Geologist	
Title: Manager	Approved Date: 5/16/2006	Expiration Date: 5/16/2007
Email Address: ACrawford@xogoperating.com		
Date: 5/16/2006	Phone: 432-683-3171	Conditions of Approval Attached

District I
 1625 N. French Dr., Hobbs, NM 88240
 Phone:(505) 393-6161 Fax:(505) 393-0720

District II
 1301 W. Grand Ave., Artesia, NM 88210
 Phone:(505) 748-1283 Fax:(505) 748-9720

District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 Phone:(505) 334-6178 Fax:(505) 334-6170

District IV
 1220 S. St Francis Dr., Santa Fe, NM 87505
 Phone:(505) 476-3470 Fax:(505) 476-3462

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Form C-102
 Permit 26610

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-015-34862	2. Pool Code 78560	3. Pool Name HOAG TANK MORROW (GAS)
4. Property Code 35697	5. Property Name HOAG TANK 15 STATE	6. Well No. 001
7. OGRID No. 236790	8. Operator Name XOG OPERATING LLC	9. Elevation 3941

10. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
I	15	19S	23E		1980	S	660	E	EDDY

11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres 320.00		13. Joint or Infill		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

	OPERATOR CERTIFICATION
	<p><i>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(s) 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.</i></p> <p>E-Signed By: Angie Crawford Title: Manager Date: 5/16/2006</p>
	SURVEYOR CERTIFICATION
	<p><i>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.</i></p> <p>Surveyed By: Gary L Jones Date of Survey: 2/13/2006 Certificate Number: 7977</p>

Permit Comments

Operator: XOG OPERATING LLC , 236790

Well: HOAG TANK 15 STATE #001

API: 30-015-34862

Created By	Comment	Comment Date
BArrant	Please refer to e-mail to: ACrawford@xogoperating.com	4/4/2006
ACRAWFORDX	H2S contingency plan sent to Brian Arrant by mail.	5/15/2006

Permit Conditions of Approval

Operator: XOG OPERATING LLC , 236790

Well: HOAG TANK 15 STATE #001

API: 30-015-34862

OCD Reviewer	Condition
BArrant	Pit construction and closure must satisfy all requirements of your approved plan, O.C.D. Rule 19.15.2.50, and the Pit and Below-Grade Tank Guidelines
BArrant	Drill only. Operator must be in compliance with NMOCD Rule 40 or have an ACO before well can produce.
BArrant	Please notify OCD time of spud and time to witness the cementing of the surface and intermediate casing strings to surface.
BArrant	Operator to tie back cement on production casing back to intermediate casing.
BArrant	As noted, operator to drill with 'fresh water' mud to @ 1700'.