

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
■ 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 maliplece, or of the front if space permits.	A Signature Agent Addresse B. Received by (Printed Name) C. Date of Deliver
1. Article Addressed to: Khody Land & Minerals Company 210 Park Ave., Suite 900 Oklahoma City, OK 73102	D. Is delivery address different from item 1?
	3. Serve vipe □ vied Mall a □ Express Mall □ Aregistered □ Return Receipt for Merchandise
2. Artick (Transper	Yes

EXHIBIT 1

OGXOperating, LLC

P.O. Box 2064 • Midland, TX 79702 • (432) 685-1287 • Fax (432) 685-1320 • Fax (432) 686-7109

September 19, 2016

Khody Land & Minerals Company 210 Park Ave, Suite 900 Oklahoma City, OK 73102 Certified Mail #7011 3500 0000 2040 9075

Attn: Land Dept.

Re:

Red Bluff Lake Prospect

Well Proposal
Littlefield 34 Fed Com #3H
T-26-S, R-29-E, N.M.P.M.
NE/4 Section 34 and E/2 Section 27
Eddy County, New Mexico

Gentlemen:

OGX Operating, LLC ("OGX") hereby proposes to drill the above referenced horizontal well with a surface hole location of 380' FSL & 2,470' FWL of Section 34 and a bottom hole location of 330' FNL & 1900' FEL of Section 27, all located in T-26-S, R-29-E, N.M.P.M., Eddy County, New Mexico. This well will be drilled from a drilling pad approved by the BLM which will be on the same drilling pad as the #1H and necessitate drilling approximately 570 feet Southeast which will be 50 feet FSL and 1900 feet FEL of said Section 34 to the first kick-off point, then drilling North to the first take point, being approximately 330' FSL and 1900' FEL of said Section 34, turning horizontal with an azimuth of 359.24 degrees for a total horizontal distance of approximately 6,680' to test the Wolfcamp formation. The total measured depth is estimated to be 16,680'. The proration unit for this well will be the E/2 of Section 27 and the NE/4 of Section 34, T-26-S, R-29-E, N.M.P.M., Eddy County, New Mexico, containing 441.71 acres of land, more or less.

According to the records of Eddy County, New Mexico, Khody Land & Minerals Company ("Khody") owns a 100.00% leasehold interest in the SW/4 NE/4, S/2 SE/4 of said Section 27 or 120.00 acres of land, more or less, being a portion of the lands contained in that certain USA lease NMNM-058034 dated January 18, 1984. Your interest in this well would be 120.00/441.71 or 27.16714%.

Enclosed for your review is an AFE (in duplicate) showing the estimated drilling and completion costs for the subject well, as well as two plats showing the proposed location and production unit.

Khody Land & Minerals Company Letter Littlefield 34 Fed Com #3H Well Proposal September 19, 2016 Page 2

OGX invites the participation of Khody in this well. If Khody 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, which will name OGX as the Operator.

In the event Khody does not which to participate, OGX hereby offers Khody \$2,500.00 per acre for a two (2) year term assignment covering the 120.00 acre tract, with Khody delivering a 75% net revenue. The total consideration for the term assignment would equal \$300,000.00. If you have any questions, please contact the undersigned.

Sincerely,

OGX Operating, LLC

Garland H. Lang III Land Manager

Dal H. S

Enclosures

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
Phone (678) 393-6161 Fax: (676) 393-0720
DISTRICT II
811 S. First St., Artesia, NM 88210
Phone (676) 748-1283 Fax: (676) 748-6720

Phone (676) 748-1283 Fax: (576) 748-9720
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone (505) 334-5178 Fax: (505) 334-5170

DISTRICT IV 1226 S. St. Francis Dr., Santa Fe, NM 87505 Phone (506) 476-3460 Fax: (505) 476-3462

State of New Mexico Energy, Minerals and Natural Resources Department

Form C-102 Revised August 1, 2011

Submit one copy to appropriate
District Office

OIL CONSERVATION DIVISION

1226 South St. Francis Dr. Santa Fe, New Mexico 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
Property Code	Property Name LITTLEFIELD 34 FEDERAL	Well Number
OGRID No.	Operator Name OGX OPERATING, LL	Elevation

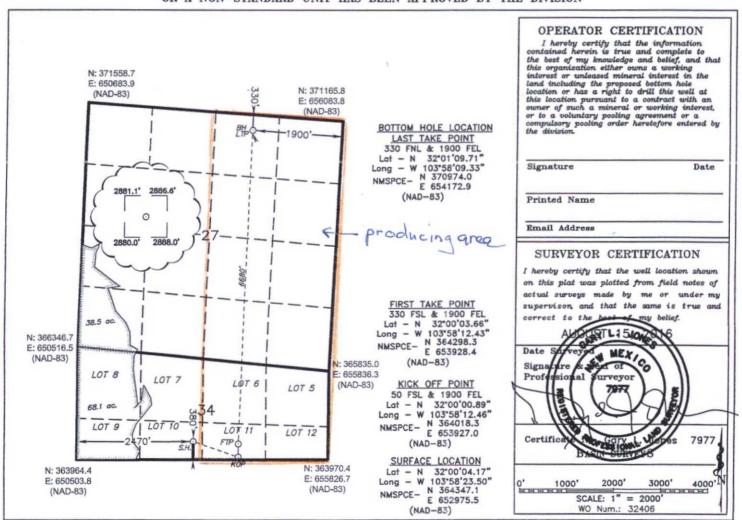
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	FEET from the	North/South Line	FEET from the	East/West LINE	County
LOT 10	34	26 S	29 E		380	SOUTH	2470	WEST	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
В	27	26 S	29 E		330	NORTH	1900	EAST	EDDY
Dedicated Acres					der 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



B 1	KUL	EUM	CONS	UL	TANT	3 OIL	AND G	AS DI	RILL &	COM	PLE	TE PRO	OJE	CT TEN	APLATE
Project Information Project Number		Project	Name					PRF Nur	nher	DDs	Nam	P	NI TOTAL		
1			Littelfi	ield 34	4 Federal	Com #3H	a London	PRI NUI	ibei	FKI	raili				
Date Submitted	10 mg	Est Spud	TBD	TW.											
Budget Information				1						T Day					Thursday.
Investment Catego	ry	Res	erve Cate	gory	Res	ierve Asso	ciation	Peep Gl	JID (optiona	al)	Pee	p Case Nam	ne (op	tional)	
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			Heliania Ech	Million March						Managemen				100000000000000000000000000000000000000	
Land Information Co Number	Comp	any Nan	ne (Operat	tor)	State A.C.			Prospect	Number	Prospect	Name		in in it		in the majority
CO Number	Comp	ally Isali	OGX	Oper	rating, LL	C		riuspec	Number	Prospect	Name		p A 6,	680' lateral	
Operated Field			STREET, SQUARE, SQUARE,	d Gro	чр	Reg	tion (Proje	ct Area)	Sub Divisi	on (Distr	ict)	Division			
Country Cour		-Wolfcar	Stat	te		API#		ICos	t Center No	umber	Cost	Center Na	me	A SECULIAR OF	
USA	E	ddy			IM										
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AUTHORIZATION FOR EXPENDITURE



Littelfield 34 Federal Com #3H				Alia che hi gazi cana pari ri
Eddy	COST CTR NUM		AFE NUMBER	
			AFE DATE	
SURFACE LOCATION: 380' FSL & 2470' FWL Sec 34 T26S-R29E / BOTTOM HOLE LOCATION: 330' F	NL & 1900' FEL Sec	27 T26S-R29E		

	nen		d Comple			illary
. Cost Element Description	ВСР	ACP	Complete	Site Equip	Well Tie In	Element To
mployee Salaries ontract Labor	\$0	\$0	\$0	\$0	\$0 \$0	
yed Liquid Fuels (Texas Only)	\$0	\$0	\$0	\$0		
quid Fuels - Other	\$68,040	13125	\$0	\$0	Congress of the second	\$81,
ectricity & Utilities	\$0	ke orași e rece	\$15,750	\$0	Francisco de la Participa de l	\$15,
sposal - Saltwater & Other Fluids	\$0	Lamina and Ann	\$0			
uids - Water	\$20,000	To the second	\$0	The second		\$20
uids - Lube & Hydraulic Oil	\$26.250	emonths are an arministration	***	***	\$0	800
ermitting, Surveying & Title Services	\$26,250		\$0	\$0	\$0 \$0	\$26
pads & Location Recovery	\$0		\$0		•0	
oad & Site Preparation Materials & Supplies	\$0		Postario de la companya della companya de la companya de la companya della compan	\$0	\$0	
oad & Site Preparation Services	\$91,875	\$0	\$0	\$0	\$0	\$91
amages & Remediation	\$0	\$0		\$0	\$0	
easurement Equipment	经费到的			\$0	\$0	
ommunication Services - Other	\$7,350	\$1,050	\$2,625	\$0		\$11
nviro - Community Consultations		Caller S. Jak			Section 2.1	
nyiro - Compliance & Fines					\$0	
nviro - Services	\$14,753		\$2,100	E MAX T		\$18
ogging, Perf & W/L Services (CH Only)	\$0		\$119,175		E.C. S. M. C. S.	\$119
aterials & Supplies	\$11,375		\$5,688	\$0	\$0	\$22
ulling & Swabbing Services			\$126,000			
nubbing & Coil Tubing Services ehicles - Usage	\$0	\$0	\$126,000 \$0	The state of the s	Superior Control of the Control of t	\$126
rucking & Hauling	\$35,175		\$21,000	\$0 \$0	\$0 \$0	\$100
/elding services	\$30,175		\$12,500	30	\$0	\$100
ther Roustabout Services	\$0		\$0			912
spection Services	\$0		\$0	\$0	\$0	\$21
onsultants - Technical & Professional Fees	\$141,960	\$19,688	\$33,863	\$0	\$0	\$195
timulation Services		国际的基础的	\$2,164,575	NUMBER OF STREET		\$2,164
asing & Tubular Services	\$26,250	\$18,375	\$10,500			\$55
ementing Services	\$39,813	\$63,000	\$0		包含数据数。	\$102
aywork Costs	\$396,900	\$73,500	\$0		Section 1	\$470
urnkey Drilling Costs	\$0	\$0	\$0		一种的人类	
Pirectional Services	\$240,923		Contract of the Contract of th			\$240
Prill Bits	\$82,469				949	\$82
Orilling and Completion Fluids & Services	\$318,045			STATE OF THE PERSON NAMED IN COLUMN		\$336
ishing Services Cootage Costs	\$0		particular and the second		ON SECTION AND PROPERTY.	
Nob & Demobilization	\$152,040		Company of the Party of the Par			\$304
open Hole Evaluation	\$77.910			Charles to the		\$77
Vell Testing Services		Barrier Transfer	\$115,500	A STATE OF THE PARTY OF THE PAR	1000	\$115
quipment Services - Surface Rentals	\$121,331	\$15,063		\$0	\$0	\$152
quipment Services - Downhole Rentals	\$47,408	\$21,875	\$0	SEASON SECTION		\$69
Construction Services	A Section	The transfer of the		Property County	\$0	
and	医等于100 0元			Service A.V.	\$0	
Other Services	\$61,950		\$24,675	\$0	\$0	\$101
lectrical, Instrumentation & Control Service		State Control	(2) 1 · 1	\$0		
afety Services		DESCRIPTION OF PERSONS ASSESSMENT		\$0		
Casualty & Property Insurance	\$25,000					\$51
Overhead	\$0	THE RESIDENCE OF THE PARTY OF T		\$0	\$0	
easehold Rentals		Control of the Contro				
Other Leasehold Costs			THE RESE			CATALOG STATE OF THE STATE OF T
OTAL INTANGIBLE ITEMS	2,006.815	THE RESIDENCE OF THE PARTY OF T	THE RESERVE AND THE	0		Commission of the Commission o
Dehydration Equipment	ren de de	Fig. 10 to 1		\$0		
leaters & Heat Exchange Equipment				\$0	The second secon	
Separator Equipment	Con-Advanced	FOR STATE OF		\$0	PROPERTY AND DESCRIPTION OF THE PARTY AND DES	
reater & Free Water Knockout Equipment Storage Vessels & Tanks	POLYMENT !	Printed to the State of		\$600,000	THE RESERVE THE PROPERTY OF THE PARTY OF THE	\$60
Pumps - Surface	Eliza de Astron	10 - 10 - 10 - 10 - 10 - 10 - 10 - 10 -	an area are not applied	\$000,000	RESPONDED TO THE PROPERTY AND ADDRESS OF THE PARTY OF THE	\$600
/alves	Parameter and the second	E programme with the same	Proposed School	District Control of the	\$0	
Artificial Lift Equipment	Mitos Tolerania	Louisi (Carata)	\$36,750		Parks 2 Provides	\$3
Casing - Conductor & Drive Pipe	\$4,550		Christina de la	以 为"大大大大"。	1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 -	\$
Sucker Rods	The state of the s	1 A 1 A 1 A 1 A 1 A 1 A 1 A 1 A 1 A 1 A	\$17,063			\$1
Oil Country Tubular Goods Tubing		Lake series	\$30,678	MAN HOUSE	The section of	\$3
Velihead Equipment	\$15,925	Contraction of the Contraction o			District the second	\$2
Surface Casing	\$14,719		S Statement of the stat			\$1
ntermediate Casing	\$250,556			PARTICIPATE SERVICE AND ADDRESS OF THE PARTICIPATE AND ADDRESS		\$25
ntermediate Casing II	THE RESIDENCE OF THE PARTY OF T		\$0	THE PERSON NAMED IN COLUMN 2 IS NOT THE OWNER.		
Production Casing		\$173,25	The second second second second second second	The second second second second second		\$17
Production Liner					A CONTRACTOR	
Equipment Other			\$17,063			
Corrosion Protection Equip	The same of the sa		HOLESON AND AND	\$(
Pipe, Fitting, Flanges & Couplings				\$(CONTRACTOR DESCRIPTION OF THE PARTY OF	
Comm devices and accessories - SCADA	for the same of the same			\$(Control of the latest states	
Electrical, Instrumentation & Control Equip	Electric Control			\$(ALC: NOT THE REAL PROPERTY AND A	
Measurement Equipment	NAME OF STREET			\$(AND PROPERTY AND PERSONS ASSESSED.	
Engines & Motors		a secondario		\$0		
TOTAL TANGIBLE ITEMS	285.75	C CONTRACTOR CONTRACTOR CONTRACTOR		property and the control of the cont	The state of the s	e and the same of
TANGIBLE SPLIT %	STREET, STREET	2	WHEN EXPONENT AND A PROPERTY.	4	PRODUCTION OF THE PROPERTY OF	0

Cost Element Description BCP ACP Complete Site Equip Well Tie In Element Totals

Costs on this form are estimates only. Working Interest Owners should not consider these estimates as establishing any limit on the monies which will be required to perform the proposed operation.

	Khody Land & Minerals Company
BY	
Printed Name:	
Title	
Date	
WI%	27.16714%

