

HOLLAND & HART<sup>LLP</sup>



**Ocean Munds-Dry**  
omundsdry@hollandhart.com

December 3, 2007

**VIA HAND DELIVERY**

Mark E. Fesmire, P.E.  
Director  
Oil Conservation Division  
New Mexico Energy, Minerals and  
Natural Resources Department  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

*Case  
14024*

RECEIVED  
2007 DEC 3 PM 2 31

**Re: Amended Application of OGX Resources, LLC for compulsory pooling,  
Eddy County, New Mexico.**

Dear Mr. Fesmire:

Enclosed is the amended application of OGX Resources, LLC in the above-referenced case as well as a copy of a legal advertisement. OGX requests that this matter be placed on the docket for the January 10, 2008 Examiner hearings.

Sincerely yours,

*Ocean Munds-Dry*

Ocean Munds-Dry  
**ATTORNEYS FOR  
OGX RESOURCES, INC.**

cc: Mr. Mike Gaddy

**Holland & Hart<sup>LLP</sup>**

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STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION OF OGX RESOURCES, L.L.C. FOR  
COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

CASE NO. 14024

AMENDED APPLICATION

OGX RESOURCES, L.L.C., ("OGX") through its undersigned attorneys, hereby makes application to the Oil Conservation Division pursuant to the provisions of N.M.Stat. Ann. § 70-2-17, (1978), for an order pooling all mineral interests from the surface to the base of the Morrow formation in the following described spacing and proration units located in the E/2 of Section 34, Township 22 South, Range 27 East, N.M.P.M., Eddy County, New Mexico: the E/2 for all formations and/or pools developed on 320-acre spacing which includes but is not limited to the Undesignated Otis-Morrow Gas Pool, Undesignated <sup>015 Carlsbad</sup> Otis-Atoka Gas Pool, Undesignated <sup>5 Carlsbad</sup> Carlsbad-Strawn Gas and the Undesignated Cass Draw-Wolfcamp Gas Pool; the NE/4 for all formations and/or pools developed on 160-acre spacing; and the NE/4 NE/4 for all formations and/or pools developed on 40-acre spacing which includes but is not limited to the Undesignated North Cass Draw-Wolfcamp Pool; and in support of its application states:

1. OGX is a working interest owner in the E/2 of said Section 34 and has the right to drill thereon.

2. OGX proposes to dedicate the above-referenced spacing or proration units to its Weems Well No. 1 (API No. 30-015-35789) to be directionally drilled as a gas well from a standard surface location 1073 feet from the North line and 1501 feet from the East line (Unit B), to a standard bottom hole location 660 feet from the North and East lines (Unit A) of said Section 34 at an approximate depth of 12,400 feet to test any and all formations from the surface to the base of the Morrow formation.

3. OGX has sought and been unable to locate and obtain a voluntary agreement for the development of these lands from certain interest owners in the subject spacing units who whereabouts remains unknown. These owners are identified on Exhibit A to this application.

4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

5. In order to permit the OGX to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and OGX Resources, L.L.C. should be designated the operator of the well to be drilled.

WHEREFORE, OGX Resources, L.L.C. requests that this application be set for hearing before an Examiner of the Oil Conservation Division on January 10, 2007 and, after notice and hearing as required by law, the Division enter its order:

- A. pooling all mineral interests in the subject spacing and proration units,
- B. designating OGX Resources, L.L.C. operator of these units and the well to be drilled thereon,
- C. authorizing OGX Resources, L.L.C. to recover its costs of drilling, equipping and completing the well,
- D. approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures, and
- E. imposing a penalty for the risk assumed by OGX Resources, L.L.C. in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,  
HOLLAND & HART LLP

By: Ocean Munds Dry  
WILLIAM F. CARR  
OCEAN MUNDS-DRY  
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Telephone: (505) 988-4421

ATTORNEYS FOR OGX RESOURCES, L.L.C.

**EXHIBIT A**

**APPLICATION OF  
OGX RESOURCES, L.L.C.  
FOR COMPULSORY POOLING  
E/2 OF SECTION 34, TOWNSHIP 22 SOUTH, RANGE 27 EAST, N.M.P.M.  
EDDY COUNTY, NEW MEXICO.**

Heirs of A.J. Crawford and Minnie May  
Crawford:

Florence Chambers

Christine Day

Marie Dillion

Lillian Dickey

Nellie Fee

ADDRESSES UNKNOWN

Otis Farmers Gin Co., Inc.

ADDRESS UNKNOWN

Unknown Heirs of Kathleen O'Connor-  
known heir Galindo

ADDRESS UNKNOWN

Elias H. Baiza and Marie T. Baiza  
1413 E. Hermosa Drive  
Tempe, Arizona 85282-5720

Danny D. Baiza and Nora D. Baiza  
410 South Hemlock  
Roswell, NM 88201

Tillman Wayne Taylor  
5027 Grandi Road  
Carlsbad, NM 88220-8924

Tillman Taylor Estate  
c/o Tillman Wayne Taylor  
5027 Grandi Road  
Carlsbad, NM 88220-8924

Bureau of Reclamation  
Albuquerque Area Office  
555 Broadway NE, Suite 100  
Albuquerque, NM 87102-2352

Timothy J. Walterscheid  
5107 Grandi Road  
Carlsbad, NM 88220

David Mark Porter  
203 East Russell St.  
Carlsbad, NM 88220-6021

New Mexico Department of  
Transportation  
Property and Claims Bureau  
P.O. Box 6850  
Santa Fe, NM 87502

Phyllis K. Daniell, Executor of the Estate  
of Kathleen ' . Connor and as Successor  
Trustee of the Kathleen O'Connor Trust  
4665 Pauling Avenue  
San Diego, CA 92122

Michael W. O'Connor  
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Marfa, TX 79843

Ronal R. O'Connor  
202 E. Orchard Ln.  
Carlsbad, NM 88220

Devon Energy Production Co., L.P.  
20 N. Broadway  
Oklahoma City, OK 73102-8260

**CASE 14024: (Re-Advertised) Application of OGX Resources, L.L.C. for compulsory pooling, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order pooling all mineral interests from the surface to the base of the Morrow formation in the following described spacing and proration units located in the E/2 of Section 34, Township 22 South, Range 27 East, N.M.P.M., Eddy County, New Mexico: the E/2 for all formations and/or pools developed on 320-acre spacing which includes but is not limited to the Undesignated Otis-Morrow Gas Pool, Undesignated Otis-Atoka Gas Pool, Undesignated Carlsbad-Strawn Gas and the Undesignated Cass Draw-Wolfcamp Gas Pool; the NE/4 for all formations and/or pools developed on 160-acre spacing; and the NE/4 NE/4 for all formations and/or pools developed on 40-acre spacing which includes but is not limited to the Undesignated North Cass Draw-Wolfcamp Pool. Said units are to be dedicated to its Weems Well No. 1 (**API No. 30-015-35789**) to be directionally drilled as a gas well from a standard surface location 1073 feet from the North line and 1501 feet from the East line (Unit B), to a standard bottom hole location 660 feet from the North and East lines (Unit A) of said Section 34 at an approximate depth of 12,400 feet to test any and all formations from the surface to the base of the Morrow formation. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of OGX Resources, L.L.C. as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 4 miles east of the Carlsbad, New Mexico Municipal Airport.



December 3, 2007

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED****Re: Amended Application of OGX Resources, LLC for compulsory pooling,  
Eddy County, New Mexico.**

Ladies and Gentlemen:

This letter is to advise you that OGX Resources, LLC has filed the enclosed application with the New Mexico Oil Conservation Division seeking an order pooling all mineral interests from the surface to the base of the Morrow formation in certain spacing and proration units in the E/2 of Section 34, Township 22 South, Range 27 East, N.M.P.M., Eddy County, New Mexico. Said pooled units are to be dedicated to OGX's Weems Well No. 1 from a standard surface location 1073 feet from the North line and 1501 feet from the East line (Unit B), to a standard bottom hole location 660 feet from the North and East lines (Unit A) of said Section 34 at an approximate depth of 12,400 feet to test any and all formations from the surface to the base of the Morrow formation.

This application has been set for hearing before a Division Examiner at 8:15 a.m. on January 10, 2008. The hearing will be held in Porter Hall in the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 1208.B to file a Pre-hearing Statement four days in advance of a scheduled hearing. This statement must be filed at the Division's Santa Fe office at the above specified address and should include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

Sincerely,

**Ocean Munds-Dry  
ATTORNEYS FOR  
OGX RESOURCES LLC**