

HOLLAND & HART^{LLP}



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April 15, 2008

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
2008 APR 15 PM 3 21

Re: (Re-opened and Re-advertised) Application of OGX Resources, LLC for compulsory pooling, Eddy County, New Mexico.

Dear Mr. Fesmire:

Enclosed is the 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 May 15, 2008 Examiner hearings.

Sincerely yours,

Ocean Munds-Dry

Ocean Munds-Dry
ATTORNEY FOR
OGX RESOURCES, INC.

*See
Amended*

Holland & Hart LLP

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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 (Re-opened and
Re-advertised)**

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 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; 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 May 15, 2008 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

Post Office Box 2208

Santa Fe, New Mexico 87504

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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 and Unknown Heirs of A.J.
Crawford and Minnie May Crawford,
including:

Florence Chambers
Christine Day
Marie Dillion
Lillian Dickey
Nellie Fee
Arthur S. Linn

Jenny Morris
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

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 C. Connor and as
Successor Trustee of the Kathleen
O'Connor Trust
4665 Pauling Avenue
San Diego, CA 92122

Michael W. O'Connor
P.O. Box 411
Marfa, TX 79843

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

CASE 14024: (Re-opened and Re-Advertised) Application of OGX Resources, L.L.C. for compulsory pooling, Eddy County, New Mexico. To: Heirs and Unknown Heirs of A.J. Crawford and Minnie May Crawford including Florene Chambers, Christine Day, Marie Dillion, Lillian Dickey, Arthur S. Linn and Jenny Morris, Otis Farmers Gin Co., Inc., Unknown Heirs of Kathleen O'Connor-known heir Galindo. 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.