

OCD-HOBBS

HOBBS OCD

ATS-11-802

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

JAN 25 2012

FORM APPROVED
OMB No 1004-0137
Expires March 31, 2007

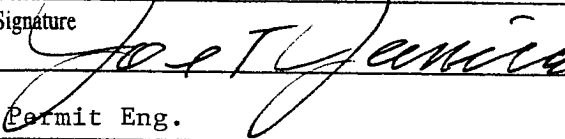
APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: ☒ DRILL ☐ REENTER		5. Lease Serial No. NM-120910
1b. Type of Well: ☒ Oil Well ☐ Gas Well ☐ Other ☒ Single Zone ☐ Multiple Zone		6. If Indian, Allottee or Tribe Name -----
2. Name of Operator OGX RESOURCES, LLC. (JEFF BIRKELBACH 432-685-1287)		7. If Unit or CA Agreement, Name and No -----
3a. Address P. O. BOX 2064 MIDLAND, TEXAS 79702		8. Lease Name and Well No. 39047 BUFFLEHEAD "10" FEDERAL #1H
3b. Phone No. (include area code) 432-685-1287		9. API Well No. 30-025-40423
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 330' FNL & 1650' FEL SEC. 10 T26 S-R32E At proposed prod. zone 330' FSL & 1650' FEL SEC. 10 T26S-R32E		10. Field and Pool, or Exploratory JENNINGS-DELAWARE BONE SP.
14. Distance in miles and direction from nearest town or post office* Approximately 35 miles Southeast of Carlsbad New Mexico		11. Sec., T. R. M. or Blk. and Survey or Area SECTION 10 T26S-R32E
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 330'	16. No. of acres in lease 320	12. County or Parish LEA CO.
17. Spacing Unit dedicated to this well 160	13. State NM	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 1755' along entire NA wellpath: Fed Hall 1	19. Proposed Depth MD-13,936 TVD-9450'	20. BLM/BIA Bond No. on file NMB-000244
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3258' GL	22. Approximate date work will start* WHEN APPROVED	23. Estimated duration 35 Days

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

- | | |
|---|--|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature 	Name (Printed/Typed) Joe T. Janica	Date 10/26/11
Title Permit Eng.		
Approved by (Signature) /s/ Don Peterson	Name (Printed/Typed)	Date
Title FIELD MANAGER	Office CARLSBAD FIELD OFFICE	JAN 23 2012

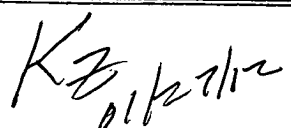
Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Conditions of approval, if any, are attached.

APPROVAL FOR TWO YEARS

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on page 2)



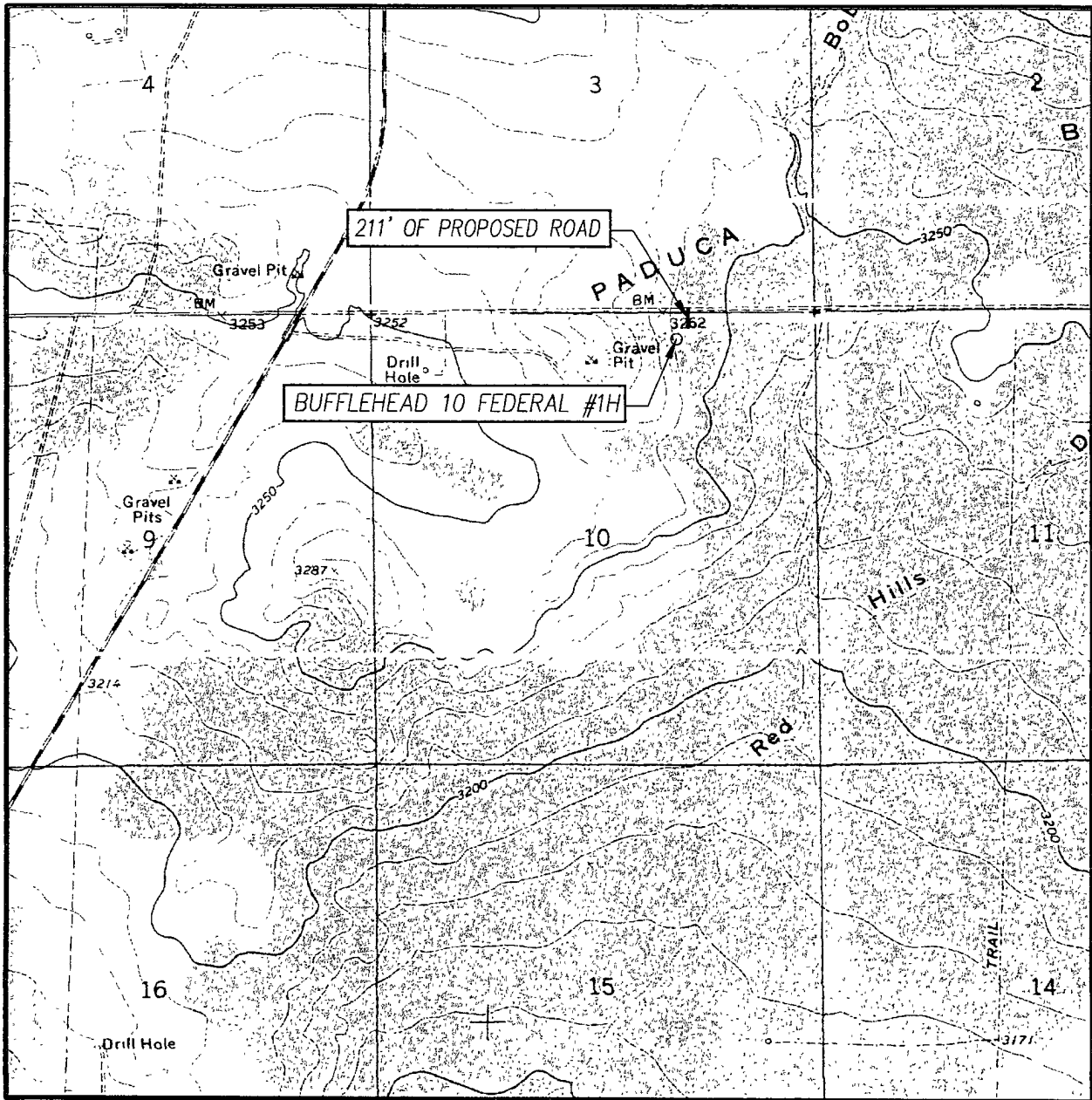
Carlsbad Controlled Water Basin

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

Approval Subject to General Requirements
& Special Stipulations Attached

JAN 30 2012

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
PADUCA BREAKS W, N.M. - 10'

SEC. 10 TWP. 26-S RGE. 32-E

SURVEY N.M.P.M.

COUNTY LEA STATE NEW MEXICO

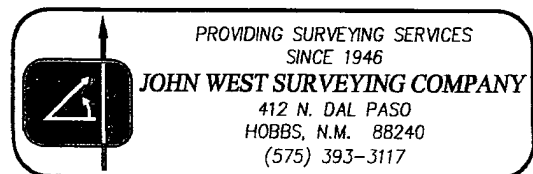
DESCRIPTION 330' FNL & 1650' FEL

ELEVATION 3528'

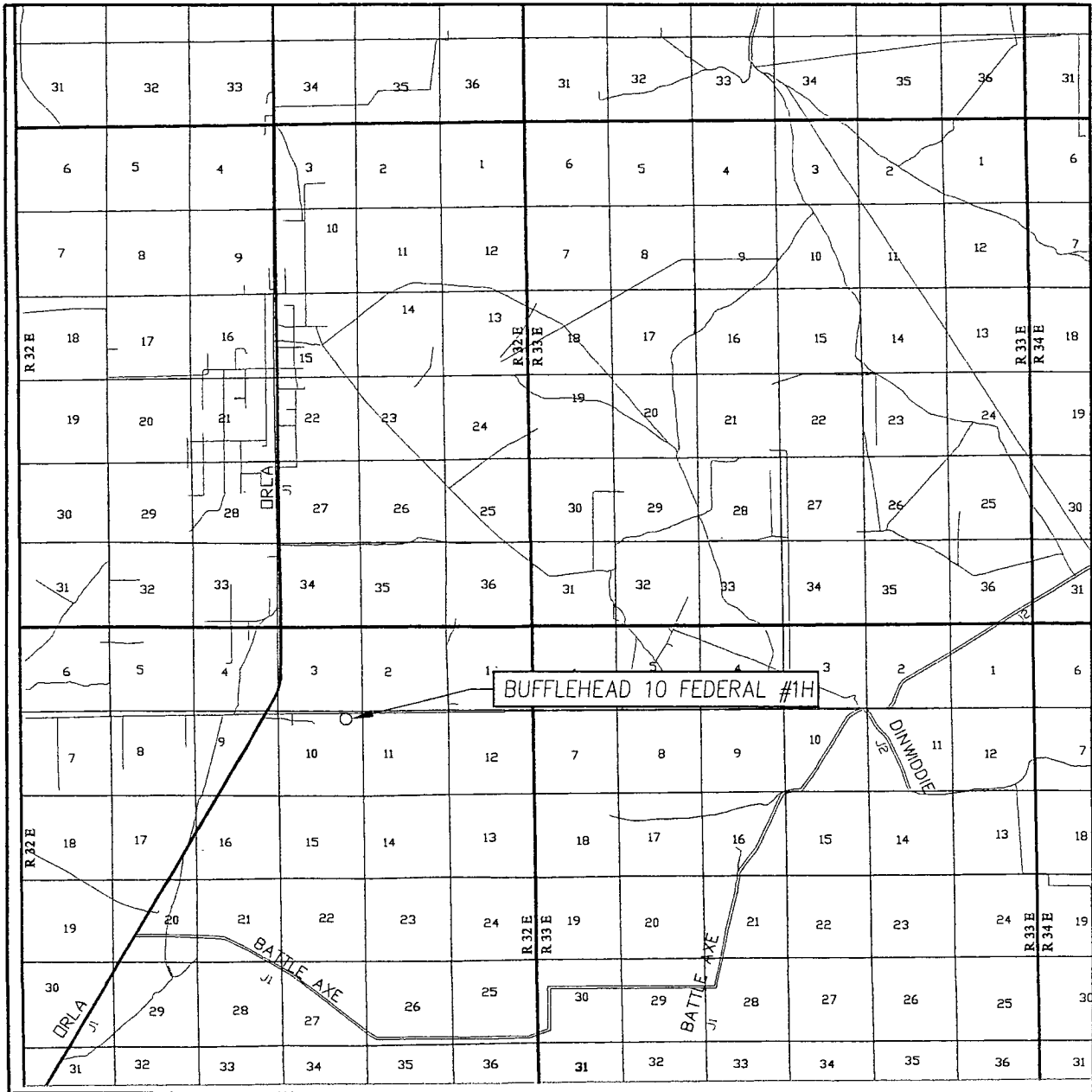
OPERATOR OGX RESOURCES

LEASE BUFFLEHEAD 10 FEDERAL

U.S.G.S. TOPOGRAPHIC MAP
PADUCA BREAKS WEST, N.M.



VICINITY MAP



SEC. 10 TWP. 26-S RGE. 32-E

SURVEY N.M.P.M.

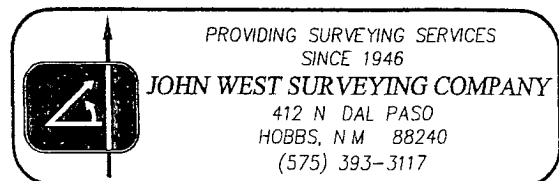
COUNTY LEA STATE NEW MEXICO

DESCRIPTION 330' FNL & 1650' FEL

ELEVATION 3258'

OPERATOR OGX RESOURCES

LEASE BUFFLEHEAD 10 FEDERAL



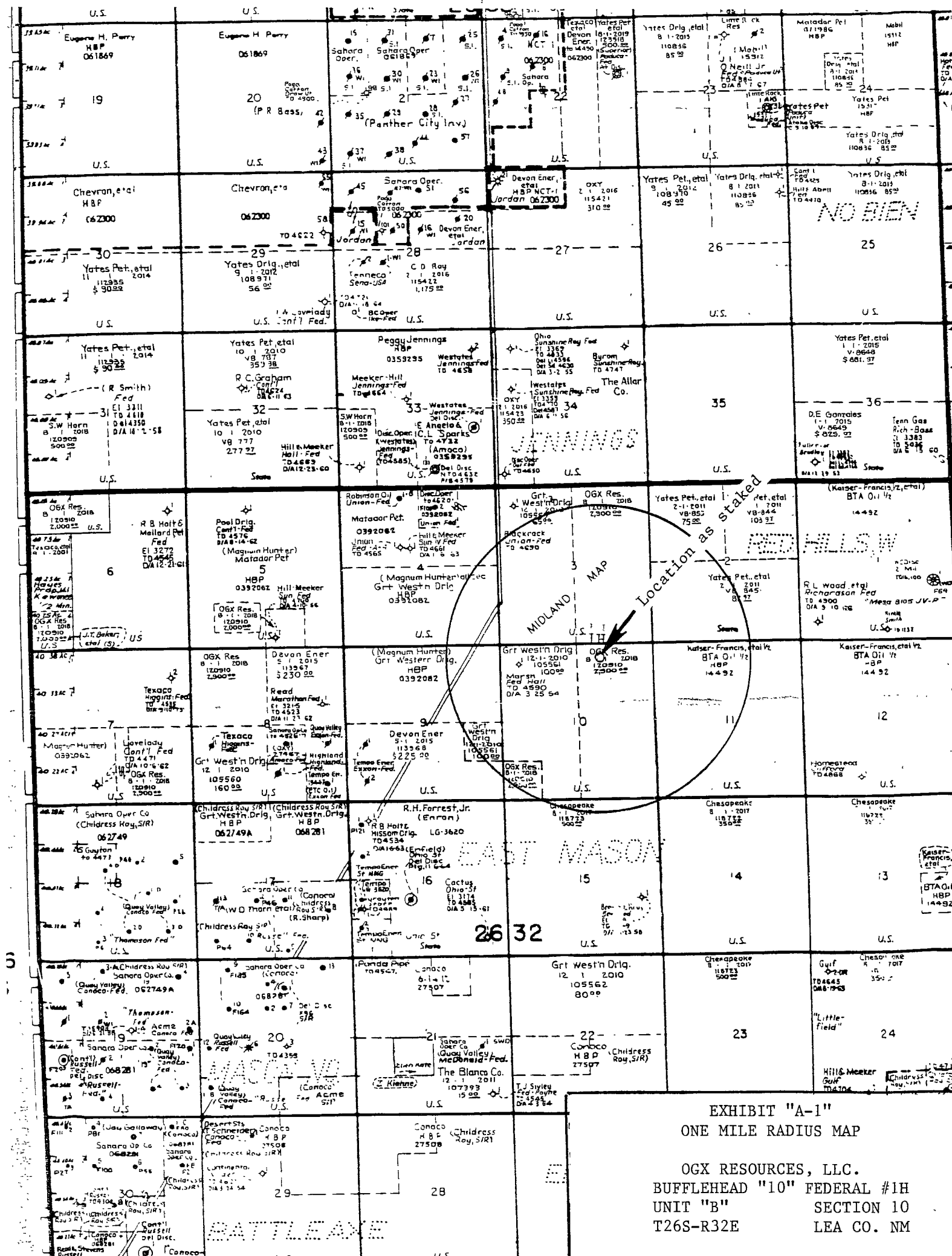


EXHIBIT "A-1"
ONE MILE RADIUS MAP

OGX RESOURCES, LLC.
BUFFLEHEAD "10" FEDERAL #1H
UNIT "B" SECTION 10
T26S-R32E LEA CO. NM

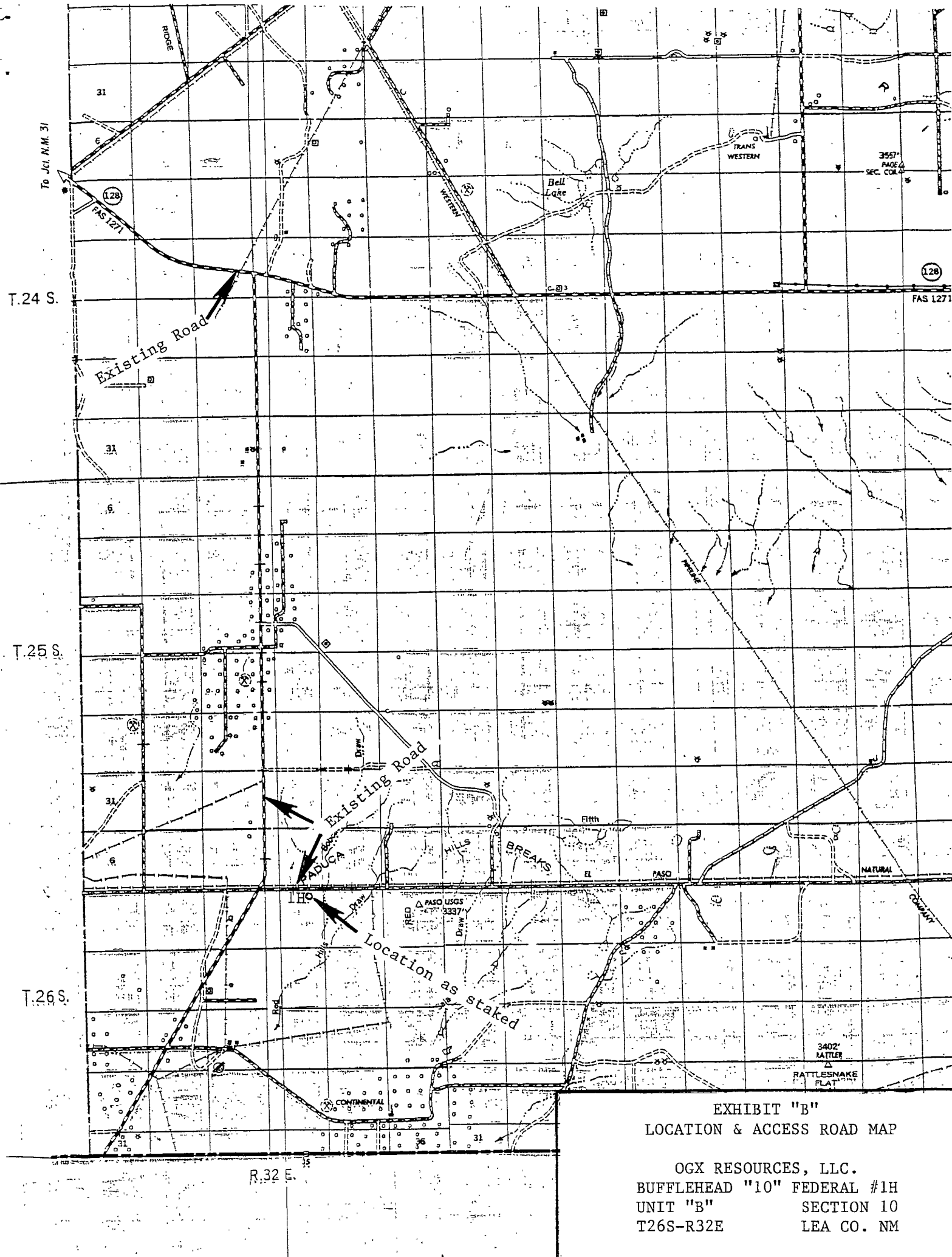


EXHIBIT "B"
LOCATION & ACCESS ROAD MAP

OGX RESOURCES, LLC.
BUFFLEHEAD "10" FEDERAL #1H
UNIT "B" SECTION 10
T26S-R32E LEA CO. NM

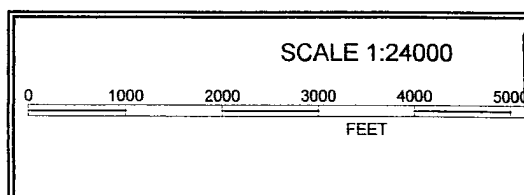
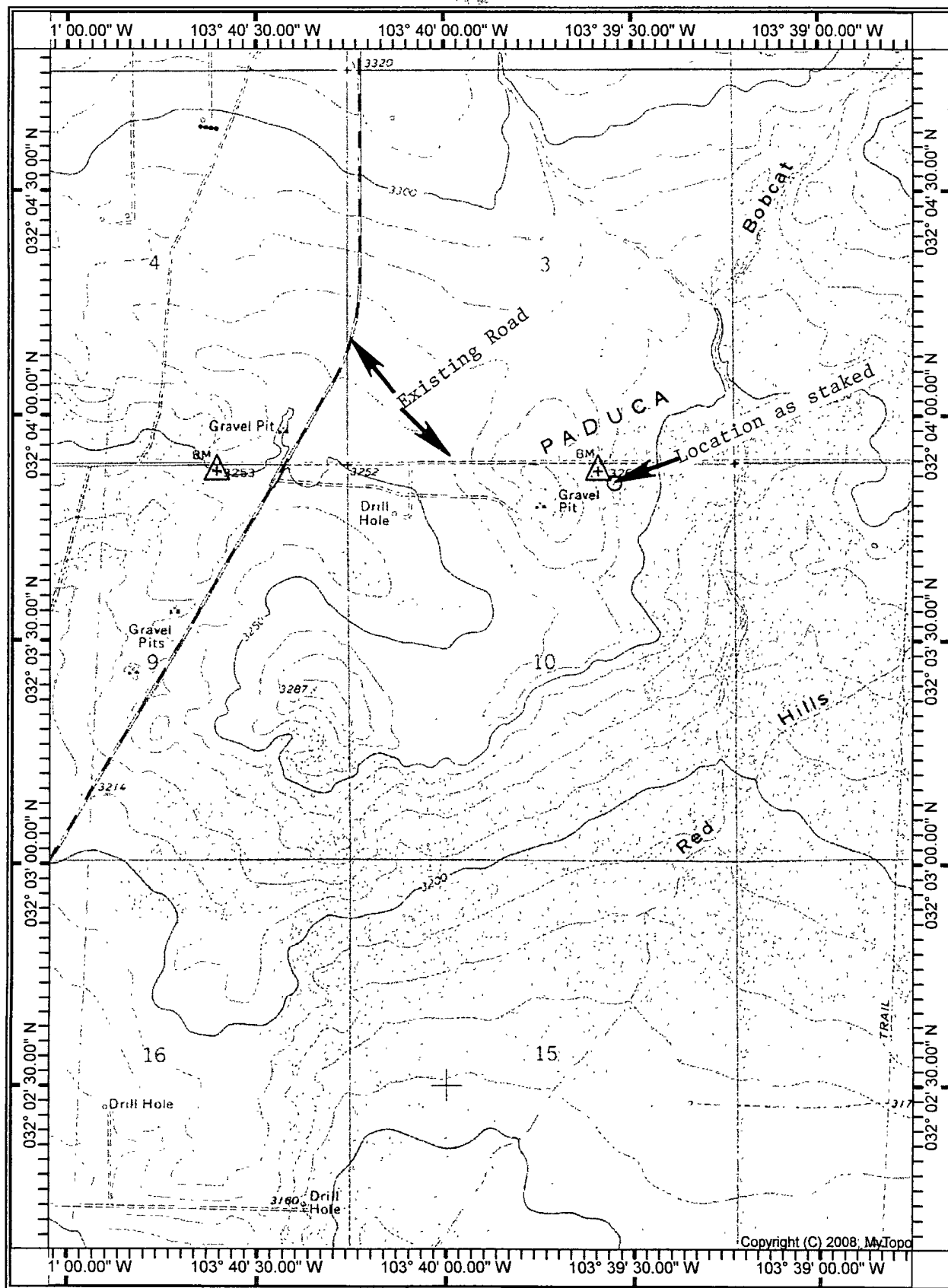


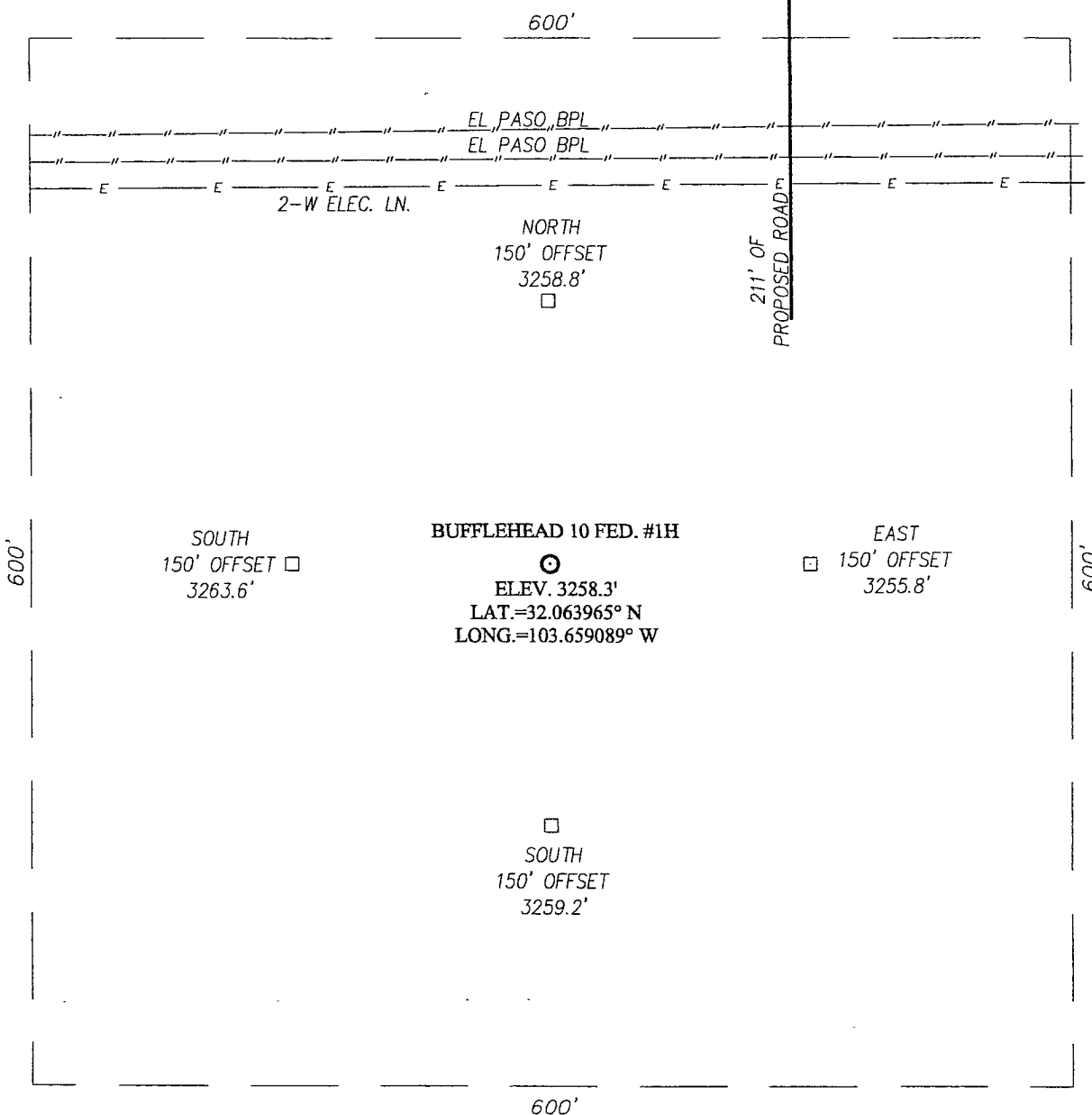
EXHIBIT "C"
TOPOGRAPHIC MAP SHOWING
ROADS & DIRECTIONS TO

OGX RESOURCES, LLC.
BUFFLEHEAD "10" FEDERAL # 1H
UNIT "B" SECTION 10
T26S-R32E LEA CO. NM

SECTION 10, TOWNSHIP 26 SOUTH, RANGE 32 EAST, N.M.P.M.

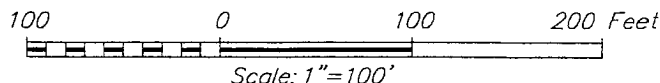
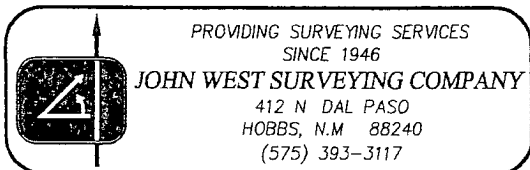
LEA COUNTY

NEW MEXICO



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF ST. HWY. #128 & CO. RD. J-1, GO SOUTH ON CO. RD. J-1 APPROX. 10 MILES. GO EAST ON EL PASO PIPELINE ROAD APPROX. 0.9 MILES. THE LOCATION IS APPROX. 350 FEET SOUTH.



OGX RESOURCES

BUFFLEHEAD 10 FEDERAL #1H WELL
LOCATED 330 FEET FROM THE NORTH LINE
AND 1650 FEET FROM THE EAST LINE OF SECTION 10,
TOWNSHIP 26 SOUTH, RANGE 32 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO

Survey Date: 7/26/11 Sheet 1 of 1 Sheets

W.O. Number: 11.11 1464 Dr By: LA Rev 1.

Date: 8/3/11 Rel. W.O.: 11111464 Scale: 1"=100'

APPLICATION TO DRILL

OGX RESOURCES, LLC.
 BUFFLEHEAD "10" FEDERAL #1H
 UNIT "B" SECTION 10
 T26S-R32E LEA CO. NM

In response to questions asked under Section II of Bulletin NTL-6, the following information on the above well will be provided.

1. LOCATION: SL: 330' FNL & 1650' FEL SECTION 10 T26S-R32E
 BHL: 330' FSL & 1650' FEL SECTION 10 T26S-R32E
2. ELEVATION ABOVE SEA LEVEL: 3258' GL
3. GEOLOGICAL NAME OF SURFACE FORMATION: Quaternary Aeolian Deposits;
4. DRILLING TOOLS AND ASSOCIATED EQUIPMENT: Conventional rotary drilling rig using drilling mud as a circulating medium for the removal of solids from the hole.
5. PROPOSED DRILLING DEPTH: TVD-9450'
 MD-13,936'
6. ESTIMATED TOPS OF GEOLOGICAL FORMATIONS:

Rustler Anhydrite	1070'	Bell Canyon	4620'
Top of Salt	1370'	Cherry Canyon	5500'
Base of Salt	4380'	Brushy Canyon	7150'
Lamar Lime	4580'	Bone Spring	8704'
		WOLFCAMP	
7. POSSIBLE MINERAL BEARING FORMATIONS:

Bell Canyon	Oil/Gas/F. Water	Bone Spring	Oil/Gas/F. Water
Cherry Canyon	Oil/Gas/F. Water		
Brushy Canyon	Oil/Gas/F. Water	Possible Fresh Water	245±'
8. CASING PROGRAM:

HOLE SIZE	INTERVAL	CASING OD	WEIGHT	THREAD	COLLAR	GRADE	CONDITION
26"	0-40'	20"	NA	NA	NA	Conductor	New
17½"	0-825' 960	13 3/8"	48#	8-R	ST&C	H-40	New
11"	0-4500'	8 5/8"	32#	8-R	LT&C	J-55	New
7 7/8"	0-8500'	5½"	17#	8-R	LT&C	P-110	New
7 7/8"	8500-13,936'	5½"	17#	Buttress	BT&C	P-110	New

CASING SAFETY FACTORS: Collapse 1.125 Burst 1.00 Body Yield 1.5
 Joint Strength 8-Round 1.8
 Buttress 1.6

APPLICATION TO DRILL

OGX RESOURCES, LLC.
BUFFLEHEAD "10" FEDERAL #1H
UNIT "B" SECTION 10
T26S-R32E LEA CO. NM

Top of Wolfcamp

12,100' TVD

Our geologist generated this prospect and is much more familiar with the geological formation tops than the directional people. There was no request for tops to be put on the directional plans by OGX RESOURCES, LLC.

B.O.P. SIZE 13 5/8" X 13 3/8" SOW

APPLICATION TO DRILL

OGX RESOURCES, LLC.
 BUFFLEHEAD "10" FEDERAL #1H
 UNIT "B" SECTION 10
 T26S-R32E LEA CO. NM

9. CASING CEMENTING AND SETTING DEPTHS:

20"	Conductor	Set 40' of 20" conductor pipe and cement to surface with Redi-mix.
13 3/8"	Surface	Run and set 825' of 13 3/8" 48# H-40 ST&C casing. Cement with 500 Sx. of Class "C" cement + 45 Gel, + 1% CaCl, + 0.25# Celloflakes/Sx., Yield 1.73, tail in with 200 Sx. of Premium Plus Class "C" Cement + 2% CaCl, Yield 1.34, 65% Excess circulate cement to surface.
8 5/8"	Intermediate	Run and set 4500' of 8 5/8" 32# J-55 LT&C casing. Cement with 900 Sx. of Premium Plus Class "C" POZ cement + 4% Bentonite, + 5% Salt, + 5% MPA-5, + 0.7% Sodium Metasilicate, + 0.25# LCM/Sx., Yield 2.19, tail in with 200 Sx. of Class "C" cement + 2% CaCl, Yield 1.34. Run Caliper log and add 25% excess. <i>Cement to surf.</i>
5 1/2"	Production	Run and set 13,936' of 5 1/2" casing as follows: Run 5436' of 5 1/2" 17# BTC P-110 casing, run 38500' of 5 1/2" 17# LT&C P-110. Cement with 500 Sx. of Premium Plus Class "C" POZ cement + 4% Bentonite, + 5% Salt, + 5% MPA-5, + 0.7% Sodium Metasilicate, + 5# LCM/Sx., Yield 2.02, tail in with 600 Sx. of Class "C" cement + 2% CaCl, Yield 1.34. After fluid caliper is run calculate volume and add 25% Excess. <i>Cement to tie back 200' above 8-5/8" shoe</i>

*See
COA*

10. PRESSURE CONTROL EQUIPMENT:

Exhibit "E" shows a 900 series 3000 PSI working pressure B. O. P. , consisting of an annular bag type preventor, middle blind rams, and bottom pipe rams. The B. O. P. will be nipped up on the 13 3/8" casing and tested to API specifications. The B. O. P. will be operated at least once in each 24 hour period, and the blind rams will be operated when the drill pipe is out of the hole on trips. Full opening stabbing valve and upper kelly cock with proper threads will be available on the rig floor at all times. Exhibit "E-1" shows a hydraulically operated closing unit and a 5000 PSI working pressure choke manifold with dual adjustable chokes. No abnormal pressures or temperatures are expected while drilling this well.

B.O.P. ~~13 5/8" x 11"~~ *13 5/8" x 13 3/8" 50N*

per operator note

*11/10/11
MRO*

APPLICATION TO DRILL

OGX RESOURCES, LLC.
 BUFFLEHEAD "10" FEDERAL #1H
 UNIT "B" SECTION 10
 T26S-R32E LEA CO. NM

11. PROPOSED MUD CIRCULATING SYSTRM:

DEPTH	MUD WT.	VISC.	FLUID LOSS	TYPE MUD SYSTEM
40-825' <i>960'</i>	8.6-8.8	36-38	NC	Fresh water Spud Mud, use paper to control seepage.
825-4500'	10.0-10.1	29-30	NC	Brine water use paper to control seepage and high viscosity sweeps to clean hole.
4500-8500	8.4-9.1	28-29	NC	Fresh water use paper to control seepage and high viscosity sweeps to clean hole.
8500-13,936' MD <i>8500' - 9450' TVD</i>	8.4-9.1	34-36	12-15 cc or less	Same as above use Dynazan HB-41 and starch to contro fluid loss and hole stability.

A closed mud system will be employed during the drilling of this well all cuttings and fluids will be disposed in a State approved disposal facility..

Sufficient mud materials will be kept on location at all times in order to combat lost circulation, or unexpected kicks. In order to run DST's, open hole logs, cut cores and casing, the viscosity, water loss and other properties may have to be altered to meet these requirements.

APPLICATION TO DRILL

OGX RESOURCES, LLC.
BUFFLEHEAD "10" FEDERAL #1H
UNIT "B" SECTION 10
T26S-R32E LEA CO. NM

12. LOGGING , CORING , AND TESTING PROGRAM: *See COA*

- A. Open hole logs: Dual Laterolog, Neutron/Density, Gamma Ray, Caliper from KOP back to 8 5/8" casing shoe. Gamma Ray, Neutron from 8 5/8" casing shoe back to surface.
- B. Mud logger will be rigged up on hole below the 13 3/8" casing and remain on the hole to TD.
- C. No cores or DST's are planned at this time.

13. POTENTIAL HAZARDS:

No abnormal pressures or temperatures are expected. There is no known presence of H2S in this area. If H2S is encountered the operator will comply with the provisions of Onshore Oil and Gas Order No. 6. No lost circulation is expected to occur. All personnel will be familiar with all aspects of safe operation of equipment being used to drill this well. Estimated bottom hole pressure 4300 PSI and estimated bottom hole temperature 155°.

14. ANTICIPATED STARTING DATE AND DURATION OF OPERATION:

Road and location construction will begin after the BLM has approved the APD. Anticipated spud date will be as soon after The BLM approval and as soon as a rig will be available. Move in operation and drilling is expected to take 35 days. If production casing is run then an additional 25 days will be required to complete the well and construct surface production facilities.

15. OTHER FACETS OF OPERATION:

After running casing, cased hole Gamma Ray, Neutron, Collar logs will be run over the productive interval. The BONE SPRING formation will be perforated and stimulated in order to establish production, and potential as an oil well.