

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Form C-101
May 27, 2004

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

OCT 2008 Submit to appropriate District Office
RECEIVED
OCD - ARTESIA
☐ AMENDED REPORT
Permit renewal request

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

Operator Name and Address: OGX Resources, P.O. Box 2064, Midland, TX 79702		OGRID Number: 217955
Property Code		Property Name Vasquez
Proposed Pool 1: Malaga-Morrow (Gas) 80920		Proposed Pool 2
API Number 30-015-23850		Well No. 1

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	11	24S	28E		2310'	South	1980'	East	Eddy

Proposed 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

Additional Well Information

Work Type Code R	Well Type Code G	Cable/Rotary R	Lease Type Code Fee	Ground Level Elevation 2984'
Multiple No	Proposed Depth 12,900'	Formation Morrow	Contractor re-completion	Spud Date 10-10-06
Depth to Groundwater: 300-350'		Distance from nearest fresh water well: over 1/4 mile		Distance from nearest surface water: none
Pit: Liner: Synthetic _____ mils thick Clay <input type="checkbox"/> Pit Volume: _____ bbls Drilling Method: Closed-Loop System <input type="checkbox"/> Steel tanks x Fresh Water <input checked="" type="checkbox"/> Brine <input checked="" type="checkbox"/> Diesel Oil-based <input type="checkbox"/> Gas Air <input type="checkbox"/>				

Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
26"	20"	96#	349'	950 sx C I C	Surface
17.5"	13 3/8"	54.5 & 61#	2596'	2300 sx	Surface
12.25"	9 5/8"	43.5 & 47#	9906'	1400 sx	Calc surface
8.75"	7 5/8"		9452-12 137'	400 sx	liner
6.25"	5"		11 853-12 898'	180 sx	liner

Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

Re-completion test of the Morrow zone. Coquina Oil Corp. drilled this well in June 1981, completed in the Malaga Atoka in February 1982.

OGX plans to perforate from 12,718-38 & 12,750-54' under a packer using tubing covered guns and perforate 12,586-90'; 12,610-18'; & 12,628-44' under a packer w/through tubing guns. The well will be flow tested down the sales line & evaluated for further stimulation.

We will utilize steel tanks for any circulation needs vs. any pit construction. Therefore, we request exemption from C-144 or pit restrictions for this well work.

A 11" x 3000 psi hydraulic BOP will be installed for this operation. Standard BOP diagram attached.

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 X, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.

Printed name: Ann E. Ritchie

Title: Regulatory Agent

E-mail Address: ann.ritchie@wtor.net

Date: 10-3-06

Phone: 432 684-6381

OIL CONSERVATION DIVISION

Approved by:

BRYAN G. ARRANT
DISTRICT II GEOLOGIST

Approval Date:

OCT 12 2008

Expiration Date:

OCT 12 2007

Conditions of Approval Attached ☐

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State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30 015 23850		2 Pool Code 80920		3 Pool Name Malaga-Morrow (Gas)	
4 Property Code		5 Property Name Vasquez			6 Well Number 1
7 OGRID No. 217955		8 Operator Name OGX Resources, LLC			9 Elevation 2984'

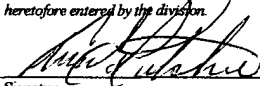
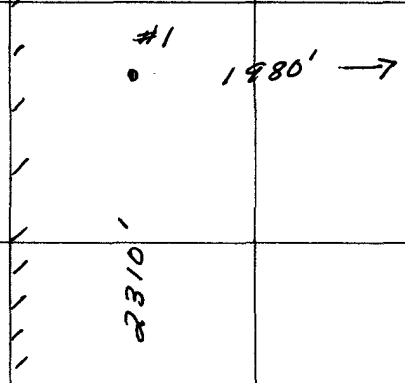
10 Surface Location

UL or lot no. J	Section 11	Township 24S	Range 28E	Lot Idn	Feet from the 2310	North/South line South	Feet from the 1980	East/West line East	County Eddy
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11 Bottom Hole Location If Different From Surface

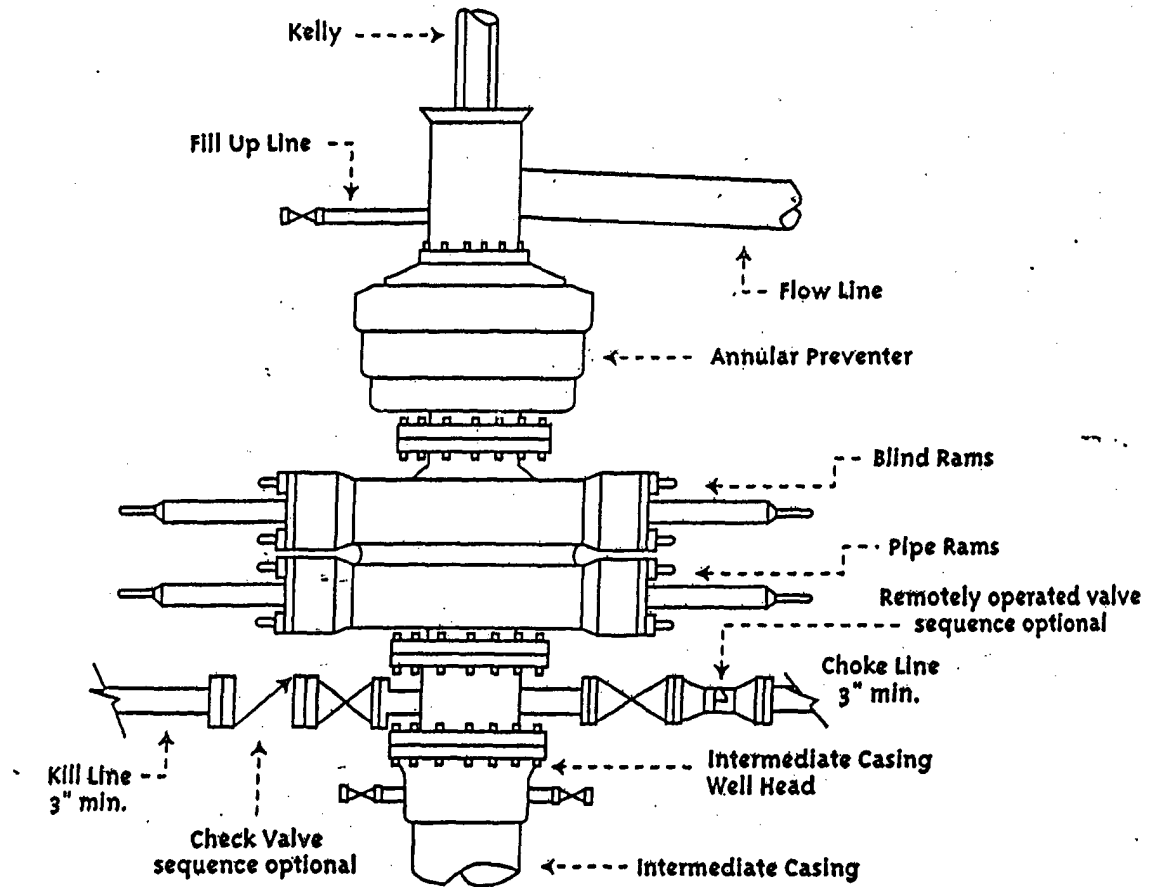
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
12 Dedicated Acres 320	13 Joint or Infill	14 Consolidation Code		15 Order No. NSL-5463					

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.

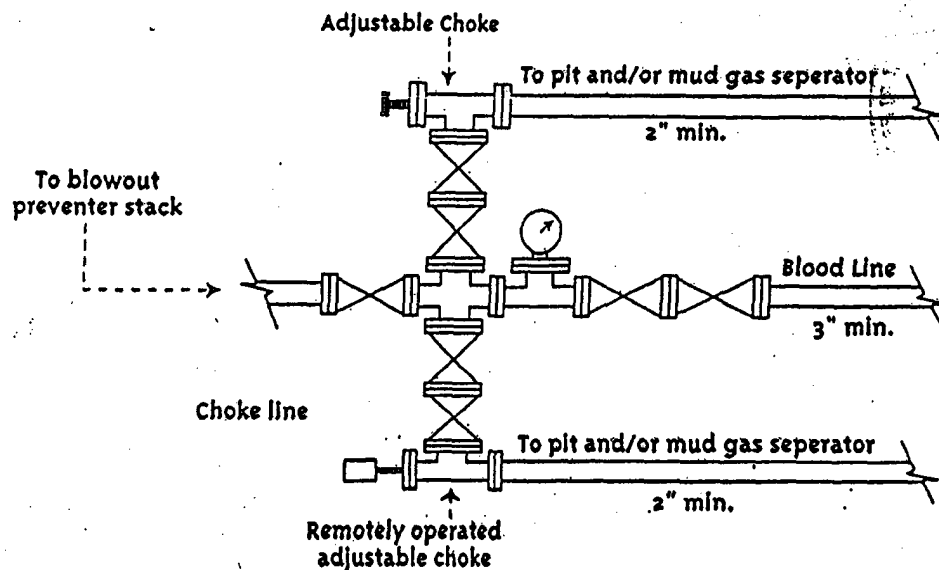
16					17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a 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.  Signature _____ Date 10-3-06 Ann E. Ritchie, Regulatory Agent Printed Name _____	
					18 SURVEYOR CERTIFICATION 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. June 10, 1981 -- recompletion filing Date of Survey _____ Signature and Seal of Professional Surveyor: _____ Merle E Shows #2189 Certificate Number _____	
						



Typical 3,000 psi Pressure System Schematic Annular Double Ram Preventer Stack



Typical 3,000 psi choke manifold assembly with at least these minimum features





NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

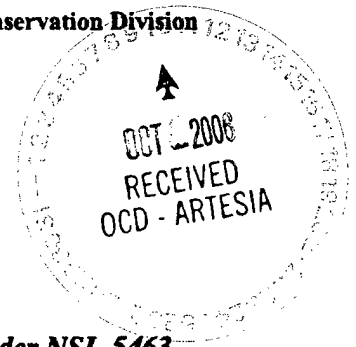
Mark E. Fesmire, P.E.

Director

Oil Conservation Division

September 25, 2006

OGX Resources, L.L.C.
c/o **W. Thomas Kellahin**
706 Gonzales Road
Santa Fe, New Mexico 87501



Administrative Order NSL-5463

Dear Mr. Kellahin:

Reference is made to the following: (i) your application on behalf of the operator, OGX Resources, L.L.C. ("OGX") initially submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on August 15, 2006 (*administrative application reference No. pTDS0-622830681*); (ii) your telefax of September 2, 2006 amending your application; and (iii) the Division's records in Artesia and Santa Fe: all concerning OGX's request for an unorthodox Morrow gas well location for its existing Vasquez Well No. 1 (*API No. 30-015-23850*), located 2310 feet from the South line and 1980 feet from the East line (Unit J) of Section 11, Township 24 South, Range 26 East, NMPM, Eddy County, New Mexico.

The E/2 of Section 11, being a standard 320-acre stand-up deep gas spacing unit for the Malaga-Morrow Gas Pool (80920), is to be dedicated to this well.

Your application for OGX, as amended, has been duly filed under the provisions of Division Rules 104.F and 1210.A (2) [formerly Division Rule 1207.A (2), see Division Order No. R-12327-A, issued by the New Mexico Oil Conservation Commission in Case No. 13482 on September 15, 2005].

It is the Division's understanding that Coquina Oil Corporation of Midland, Texas originally drilled the above-described Vasquez Well No. 1 in late 1981/early 1982 to a total depth of 12,900 feet into the Morrow formation, but completed the well in the Malaga-Atoka Gas Pool (80890) within the E/2 of Section 11 at a location considered to be standard at that time.

It is further understood that OGX, who became the operator of this well on April 1, 2006, now intends to recomplete this well into the Morrow formation; however, pursuant to Division Rule 104.C (2) (a) now in affect, this location is now considered to be unorthodox for deep gas production in southeast New Mexico.

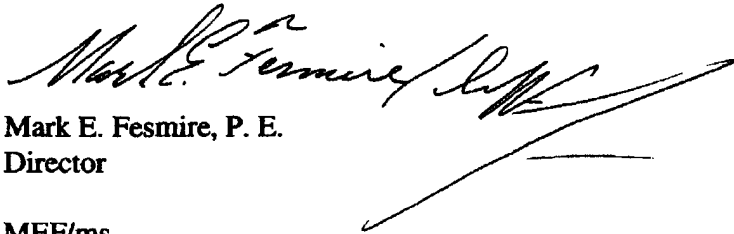
September 25, 2006

Page 2

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox Morrow gas well location within this 320-acre unit is hereby approved.

Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,



Mark E. Fesmire, P. E.
Director

MEF/ms

cc: New Mexico Oil Conservation Division – Artesia
U. S. Bureau of Land Management – Carlsbad