ATS-10-256

Form 3160-3
(April 2004)

OCD-HOBBS RECEIVED
APR 28 2010
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FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No.
NM-113965

6. If Indian, Allotee or Tribe Name

1a. Type of work: [X] DRILL [ ] REENTER

7 If Unit or CA Agreement, Name and No.

1b. Type of Well: [X] Oil Well [ ] Gas Well [ ] Other [X] Single Zone [ ] Multiple Zone

8. Lease Name and Well No. 38139
GOLDENEYE "18" FED. COM. 1H

2. Name of Operator 217955
OGX RESOURCES, LLC. (JEFF BIRKELBACH 432-685-1287)

9. API Well No.
30-025-39742

3a. Address
P. O. BOX 2064
MIDLAND, TEXAS 79702

3b. Phone No. *(include area code)*
432-685-1287

10. Field and Pool, or Exploratory
COTTON DRAW-DELAWARE E.

4. Location of Well *(Report location clearly and in accordance with any State requirements.*)*
At surface 330' FSL & 660' FWL SECTION 18 T24S-R32E Unit M
At proposed prod. zone 330' FNL & 660' FWL SEC. 18 T24S-R32E (BHL) Unit D

11. Sec., T. R. M. or Blk. and Survey or Area
SECTION 18 T24S-R32E

14. Distance in miles and direction from nearest town or post office*
Approximately 35 miles Southwest of Eunice New Mexico

12. County or Parish
LEA CO.

13. State
NM

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
200

17. Spacing Unit dedicated to this well
40 160 BA

18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.
NA

19. Proposed Depth
TVD-8400'
MD-12,821'

20. BLM/BIA Bond No. on file
NMB_000244

21. Elevations (Show whether DF, KDB, RT, GL, etc.)
3575' 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.
2. A Drilling Plan.
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).
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification
6. Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature Joe T. Janica
Name *(Printed/Typed)* Joe T. Janica
Date 03/02/10

Title Permit Eng.

Approved by *(Signature)* /s/ Don Peterson
Name *(Printed/Typed)* /s/ Don Peterson
Date APR 23 2010

Title FIELD MANAGER
Office CARLSBAD FIELD OFFICE

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
AND SPECIAL STIPULATIONS
ATTACHED

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

State of New Mexico
Energy, Minerals and Natural Resources Department

RECEIVED
APR 28 2010
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Form C-102
Revised October 15, 2009
Submit one copy to appropriate District Office

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
30-025-39742	96646	COTTON DRAW-DELAWARE EAST

Property Code	Property Name	Well Number
38130	GOLDEN EYE "18" FEDERAL COM	1H

OGRID No.	Operator Name	Elevation
217955	OGX RESOURCES, LLC	3575'

Surface Location

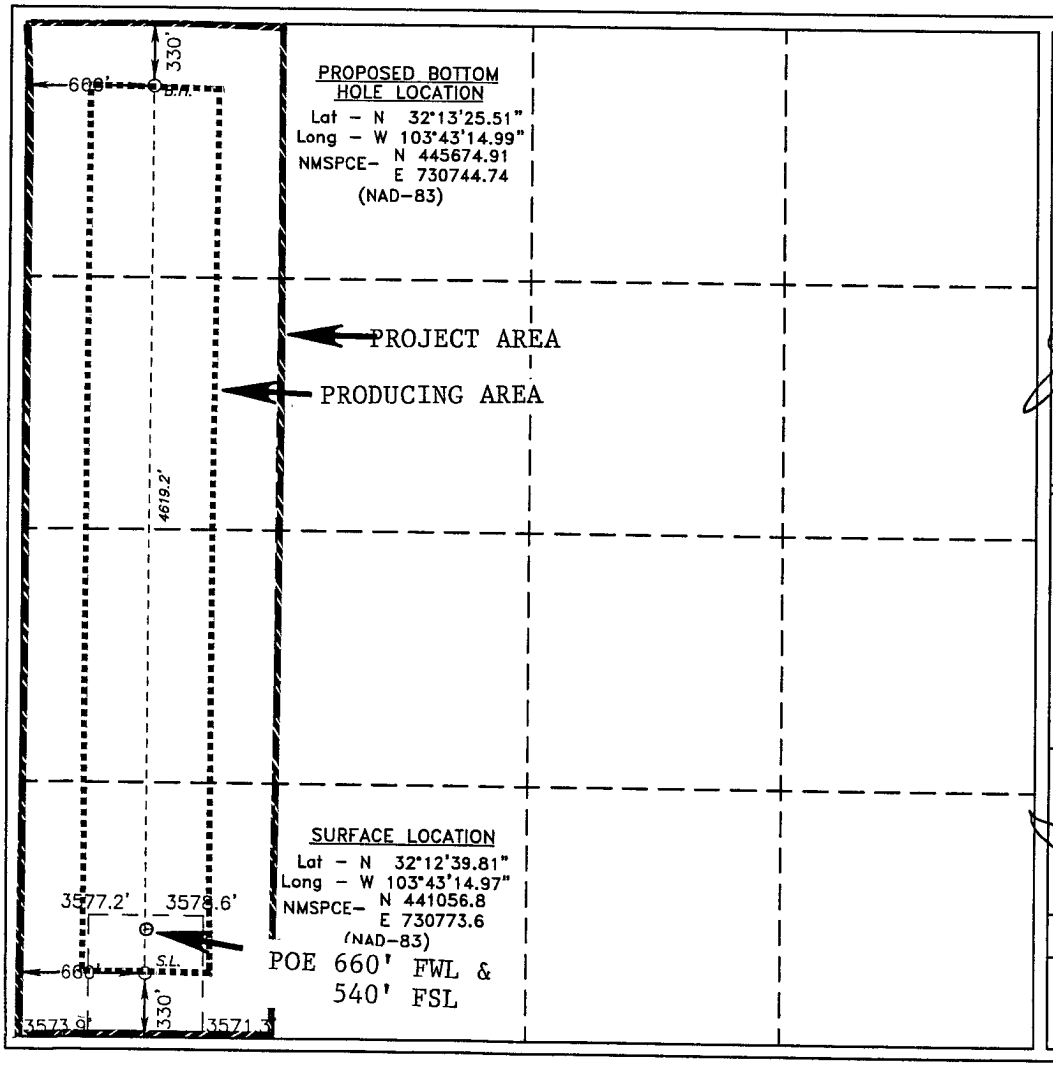
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	18	24 S	32 E		330	SOUTH	660	WEST	LEA

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
D	18	24 S	32 E		330	NORTH	660	WEST	LEA

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
160			

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



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.

Joe T. Janica
Signature

03/02/10
Date

Joe T. Janica
Printed Name

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 supervison, and that the same is true and correct to the best of my belief.

FEBRUARY 12, 2010
Date Surveyed

Signature & Seal of Professional Surveyor

GARY L. JONES
NEW MEXICO
7977
REGISTERED PROFESSIONAL SURVEYOR

W.O. No. 22359

Certificate No. Gary L. Jones 7977

BASIN SURVEYS

EXHIBIT "A"

APPLICATION TO DRILL

OGX RESOURCES, LLC.
GOLDENEYE "18" FEDERAL COM. #1H
LOT # 4 SECTION 18
T24S-R32E LEA CO. NM

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

1. LOCATION: 330' FSL & 660' FWL SECTION 18 T24S-R32E LEA CO. NM

2. ELEVATION ABOVE SEA LEVEL: 3575' GL.

3. GEOLOGICAL NAME OF SURFACE FORMATION: Quaternery 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 hole.

5. PROPOSED DRILLING DEPTH: TVD-8400' MD-12,821'

6. ESTIMATED TOPS OF GEOLOGICAL FORMATIONS:

Rustler Anhydrite	835'	Cherry Canyon	5700'
Salado Salt	1194'	Brushy Canyon	6800'
Delaware	4600'	TVD-	8400'

7. POSSIBLE MINERAL BEARING FORMATIONS:

Cherry Canyon	Oil/Gas
Brushy Canyon	Oil/Gas

8. CASING PROGRAM:

HOLE SIZE	INTERVAL	CASING OD	WEIGHT	THREAD	COLLAR	GRADE	CONDITION
26"	0-40'	20"	NA	NA	NA	Conductor	New
See COA 17½"	0-820'	13 3/8"	48#	8-R	ST&C	H-40	New
See COA 10 5/8"	0-4500'	8 5/8"	32#	8-R	ST&C	J-55	New
7 7/8"	0-8000'	5½"	17#	8-R	LT&C	P-110	New
7 7/8"	8000-12,821'	5½"	17#	BUTRESS	BT&C	P-110	New

Design Factors:

Collapse 1.125 Burst 1.0 Joint Strength 8-R 1.8 Body Yield 1.5
Butt. 1.6

APPLICATION TO DRILL

OGX RESOURCES, LLC.
GOLDENEYE "18" FEDERAL COM. #1H
LOT # 4 SECTION 18
T24S-R32E LEA CO. NM

9. CASING SETTING DEPTHS & CEMENTING:

20"	Conductor	Set 40' of 20" conductor pipe and cement to surface with Redi-mix.
13 3/8"	Surface	Run and set 585' of 13 3/8" 48# H-40 ST&C casing. Cement with 325 Sx. of 35/65/6 Premium PLus Class "C cement + 6% Bentonite, + 5% Salt, + 5% MPA-5, + 0.7% Soduium Metasilicate, + 5# LCM/Sx, Yield 2.00, tail in with 200 Sx. of Premium PLuc Class "C" cement + 2% CaCl. Yield 1.34, circulate cement to surface.
8 5/8"	Intermediate	Run and set 4500' of 8 5/8" 32# J-55 ST&C casing. Cement with 590 Sx. of Permium Pluc Class "C" POZ cement + 4% Bentonite, + 5% Salt, + 5% MPA-5, +0.7% Sodium Metasilicate, + 5# LCM/Sx. Yield 2.02, tail in with 200 Sx. of Premium Plus Class "C" cement + 2% CaCl, Yield 1.34, circulate cement to surface.
5½"	Production	Run and set 12,821' of 5½" casing as follows: 4821' of 5½" 17# BT&C P-110 casing, 8000' of 5½" 17# LT&C P-110 casing. Cement with 400 Sx. of 35/65 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 "H" cement + additives, Yield 1.5, top of cement top 4000' from surface or higher, 500' above the 8 5/8" casing shoe.

See COA

See COA

11. PRESSURE CONTROL EQUIPMENT:

Exhibit "E" shows a 1500 series 5000 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 nippled 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 will be available at all times on the derrick floor. Exhibit "E-1" shows a hydraulically operated closing unitand a 5000 PSI working pressure choke manifold with dual adjustiable chokes. No abnormal pressures or temperatures are expected while drilling this well.

APPLICATION TO DRILL

OGX RESOURCES, LLC.
GOLDENEYE "18" FEDERAL COM. #1H
LOT # 4 SECTION 18
T24S-R32E LEA CO. NM

11. PROPOSED MUD CIRCULATING SYSTRM:

DEPTH	MUD WT.	VISC.	FLUID LOSS	TYPE MUD SYSTEM
40-~~585~~ 920'	8.6-8.8	36-38	NC	Fresh water spud mud, add paper in order to control seepage and high viscosity sweeps to clean hole.
~~585~~-4500'	10.0-10.1	29-30	NC	Brine water use paper to control seepage, lime for Ph control and high viscosity sweeps to clean hole.
4500-7500'	8.4-9.1	28-29	NC	Fresh water mud system use LCM material if needed to control seepage, and high viscosity sweeps to clean hole.
7500-12,821'	8.4-9.1	34-36	12-15 or less	Same as above add Dynazan/ Starch , HB-411 to control desired water loss.

See COA

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.

THIS WELL WILL BE DRILLED USING A CLOSED MUD SYSTEM.

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

A. The production hole will be logged with open hole logs from 8400' back to the 8 5/8" casing shoe with Dual Laterolog, Gamma Ray, Neutron, Density, Caliper. Gamma Ray Neutron from 8 5/8" casing shoe back to surface.

B. The horizontal lateral will be logged with Gamma Ray via MWD.

C. Mud logger rigged up on hole at 13 3/8" casing shoe.

D. No DST's or cores are planned at this time.

13. POTENTIAL HAZARDS:

No abnormal pressures or temperatures are expected. There is no known presence of H^2S in this area. If H^2S 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 BHP 3680 PSI, and Estimated BHT 125°.

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 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 30 days will be needed to complete well and construct surface facilities and/or lay flowlines in order to place well on production.

15. OTHER FACETS OF OPERATIONS:

After running casing, cased hole Gamma Ray, Neutron Collar logs will be run from TD back to all possible productive zones. The Delaware formation will be perforated and stimulated in order to establish production. The well will be swab tested and potentialed as an oil well.

Goldeneye "18"Fed Com No.1H
Cotton Draw East (Delaware) Field
Lea County, New Mexico
Drilling Procedure
Feb 2010

General Information

Lease:	Goldeneye "18" Fed Com	AFE BCP:	$
Well No.:	1H	AFE ACP:	
Field:	Cotton Draw East	AFE Total:	
County:	Lea	AFE NO:	
State:	New Mexico	API No.:	30-000-XXXXX
Section:	18	Permit Date:	XX/XX/08
Township:	24S	Permit TVD:	8,400'
Range:	32E	Proposed MD:	12,236'
Surface Section Ties:	330' FSL & 660' FWL	Drilling Days:	28
BHL (target)	330' FNL& 660' FWL		
Ground Level:	3575'	KB:	3592'
Latitude:	32°12'39.81" N	Longitude	103°43'14.97"

Well Objectives

The primary objective of this well is to drill the Delaware horizontally without a pilot hole. Open hole logging will be accomplished at kick-off pt.

Directions To Well

From the junction of Hwy 128 & Buck Jackson Rd. - Go Sth-Wst on Buck Jackson for 0.4 mi. to lease rd. / Go Sth 1.4 mi. Est (Lft) to location.

Special Drilling Considerations

1. No hunting for game is permitted. No fire arms are to be taken to the location. Keep trash picked up on location and road.
2. Do not run hard-banded or hard-faced drill pipe in casing without consulting OGX.
3. Cement must be circulated on surface and intermediate. If cement does not circulate, run a temperature survey and contact the BLM and Operations Engineer for remedial instructions.
4. BOP equipment will be NU on the 13-3/8" surface casing. All safety and well control equipment should be rigged up and operational prior to drilling out the 13-3/8" casing shoe.

DRILLING PROGRAM

Geologic Name of Surface Formation:

Permian

FORMATION TOPS / ANTICIPATED FRESH WATER, OIL, or GAS / PRESSURES

Formation	Depth	Frm Pres	Remarks
Rustler	835'	8.4 ppge	Water
Salado	1194'	10 ppge	Drlg fluid must be saturated salt water
Delaware	4600'	8.4ppge	Water
Cherry	5700'	8.4 ppge	Oil / Gas / Formation water /Poss.H_2S
Brushy	6800'	9.1 ppge	Oil / Gas / Formation water
TVD	8400'	9.1 ppge	Oil / Gas / Formation water

No other formations are expected to yield oil, gas or fresh water in measurable volumes. The surface fresh water sands will be protected by setting 13 3/8" casing at ~~585'~~ 820' and circulating cement back to surface. Potash/ fresh water sands will be protected by setting 8 5/8" casing at 4500' / circulating cement on the 8 5/8" string. . The hydrocarbon producing intervals will be isolated by setting a 5 ½" production string and circulating cement 500' above the 8 5/8" csg. shoe (4000').

CASING PROGRAM:

HOLE SIZE	DEPTH	OD Csg	WEIGHT	COLLAR	GRADE	NEW/USED
17 1/2"	0-~~585'~~ 820'	13 3/8"	48	STC	H40	New
10 5/8"	0-4500'	8 5/8"	32	STC	J55	New
7 7/8"	0-8000'	5 1/2"	17	LTC	P110	New
7 7/8"	8000-12821'	5 1/2"	17	BTC	P110	New

See COA **Casing weight and grades are minimum – higher weights & better grades may be substituted**

(8 5/8" 32# will be special drift to 7.921)
(5 ½" BTC will be run thru the curve & Lateral)

DEPTH	OD Csg	WEIGHT	factors: Burst	/ Collapse	/ Tension
0-~~585'~~ 820'	13 3/8"	48	1.65	1.52	12+
0-4500'	8 5/8"	32	1.17	1.08*	2.58
0-12821'	5 ½"	17	1.66	1.69	2.04

** The Intermediate hole will never be evacuated**

(51/2 Burst & Collapse Calculated @ 8400' TVD)

CEMENT PROGRAM:

13 3/8" Surface

Spacer .....50 bbls of fresh water
Slurry .....Lead: 35:65:6 – Poz: Prem Plus C + 6% Bentonite + 5% salt + 5% MPA-5 + .7% Sodium Metasilicate + 5 lbs LCM + 97.9 fresh water
Tail: Premium Plus C + 2% $CaCl_2$ + 56.4% Fresh Water

Cement Properties	Lead	Tail
Est Volume (sacks)	325	200
Density (ppg)	12.80	14.80
Yield (ft3/sx)	2.00	1.34
Mix Water, gps	10.21	6.36
Thickening Time, hrs:min		~3:30
Free Water, %		0
Fluid Loss, cc's		~850
Top of Cement	surface	

8 5/8" Intermediate

Spacer .....30 bbls of fresh water
Lead ..... 35:65 – Poz: Prem Plus C + 4% Bentonite + 5% salt + 5% MPA-5 + .7% Sodium Metasilicate + 5 lbs LCM + 99.6% fresh water
Tail .....C + 2% $CaCl_2$ + 56.4% fresh water

Cement Properties

See COA

	Lead	Tail
Est Volume (sacks)	590	200
Density (ppg)	12.7	14.8
Yield (ft3/sx)	2.02	1.34
Mix Water, gps	10.39	6.36
Thickening Time, hrs:min	4:07	3:32
Free Water, %	2.0	0
Fluid Loss, cc's	~750	~600
Top of Cement	surface	

5 1/2" Production

See COA

Spacer .....30 bbls of fresh water
Lead ..... 35:65 – Poz: Prem Plus C + 4% Bentonite + 5% salt + 5% MPA-5 + .7% Sodium Metasilicate + 5 lbs LCM + 99.6% fresh water
Tail .....C + 2% $CaCl_2$ + 56.4% fresh water

Cement Properties

	Lead	Tail
Est Volume (sacks)	400	600
Density (ppg)	12.7	14.8
Yield (ft3/sx)	2.02	1.34
Mix Water, gps	10.39	6.36
Thickening Time, hrs:min	4:07	3:32
Free Water, %	2.0	0
Fluid Loss, cc's	~750	~600
Top of Cement	surface	

The above cement volumes will be revised pending fluid and open hole caliper measurements.

See COA

Kick-Off plug in Pilot Hole for Horizontal

No Plug Required

MUD PROPERTIES SUMMARY:

Depth (feet)	Weight (ppg)	Viscosity (sec/1000cc)	Fluid Loss (cc/30min)	PV (cps)	YP (lb/100ft²)	Mud Type
0' – ~~585'~~ 420' Set 13-3/8" Casing	8.6 – 8.8	36 – 38	N/C	6 – 10	6 – 20	Spud Mud
~~585'~~ – 4,500' Set 8-5/8" Casing	10.0 – 10.1	29 – 30	N/C	0 – 1	0 – 1	Brine
4,500' – 7,500'	8.4 – 9.1	28 – 29	N/C	0 – 1	0 – 1	Fresh Water
7,500' – 12821,' MD Set 5-1/2"	8.4 – 9.10	34 – 36	12 – 15	4 – 8	4 – 8	Dynazan / Starch HB 411

See COA

Auxiliary Well Control & Monitoring Equipment:

A Kelly cock will be in the drill string at all times.

A full opening drill pipe stabbing valve having the appropriate connections will be on the floor at all times.

H_2S detection equipment will be in operation after drilling out the 13 3/8" casing shoe until the 5 ½" csg is cemented.

LOGGING, CORING, AND TESTING See COA

No logs at surface.

Mud loggers on below 13 3/8" casing shoe – no electric logs at intermediate depth

The Vertical @ KO pt. (Production) hole will be logged: Gyro (Thru DP) & GR / Dual Laterolog / Neutron-Density / Caliper

No DST's or pressure testing is anticipated.

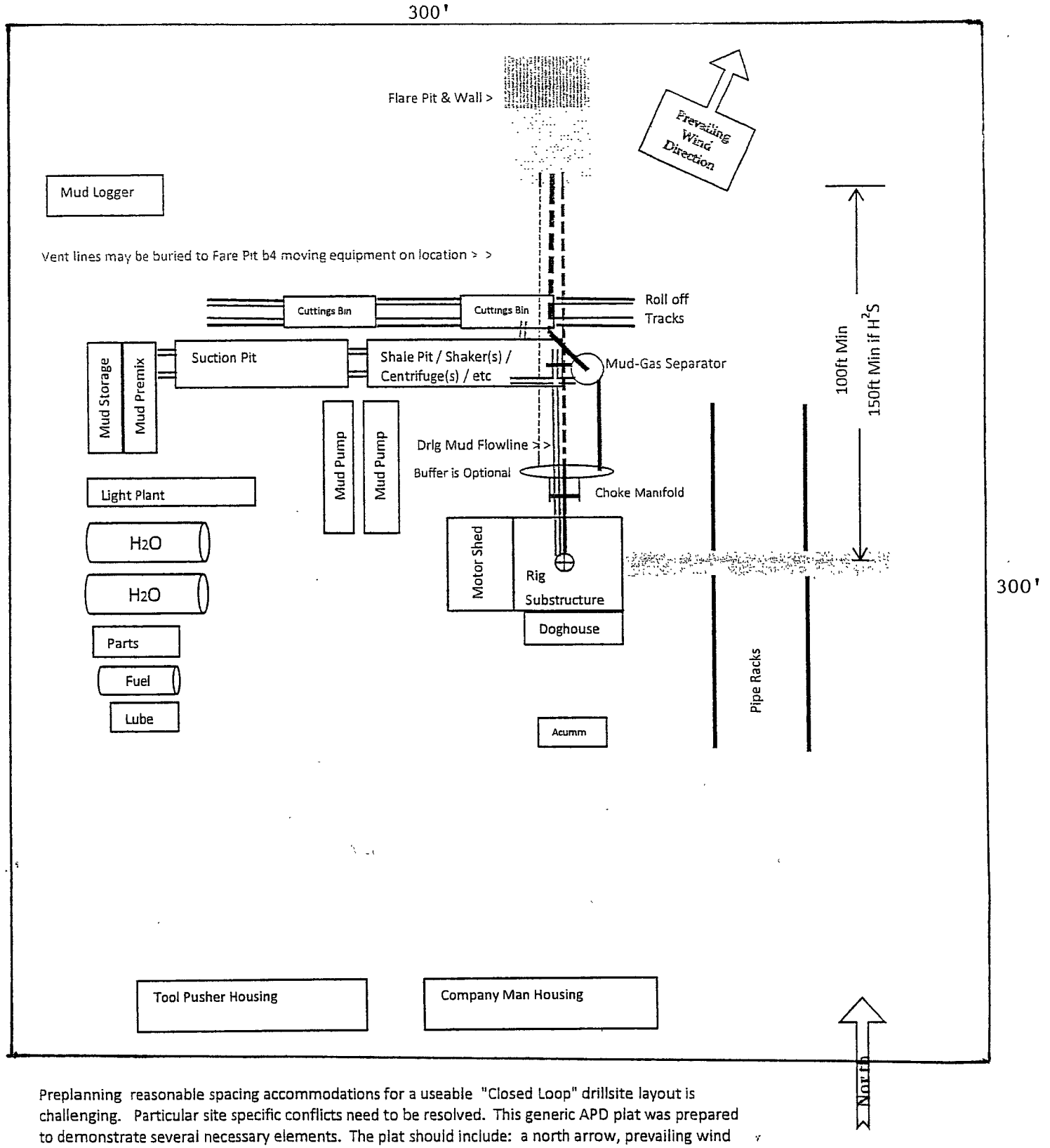
The horizontal lateral will be mud logged and GR via MWD.

Potential Hazards:

No abnormal pressures or temperatures are expected. There is no known presence of H_2S in this area. If H_2S Is encountered the operator will comply with the provisions of Onshore Oil & Gas Order No.6. No loss 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 BHP is 3680 psi. & BHT is 125° F.

Anticipated Starting Date & Duration:

Road and location construction will begin after the BLM has approved the APD. Anticipated spud date will be ASAP subsequent to APD approval. Move in and drilling operations will take 35 days with an additional 20 days to complete the well and construct production facilities.

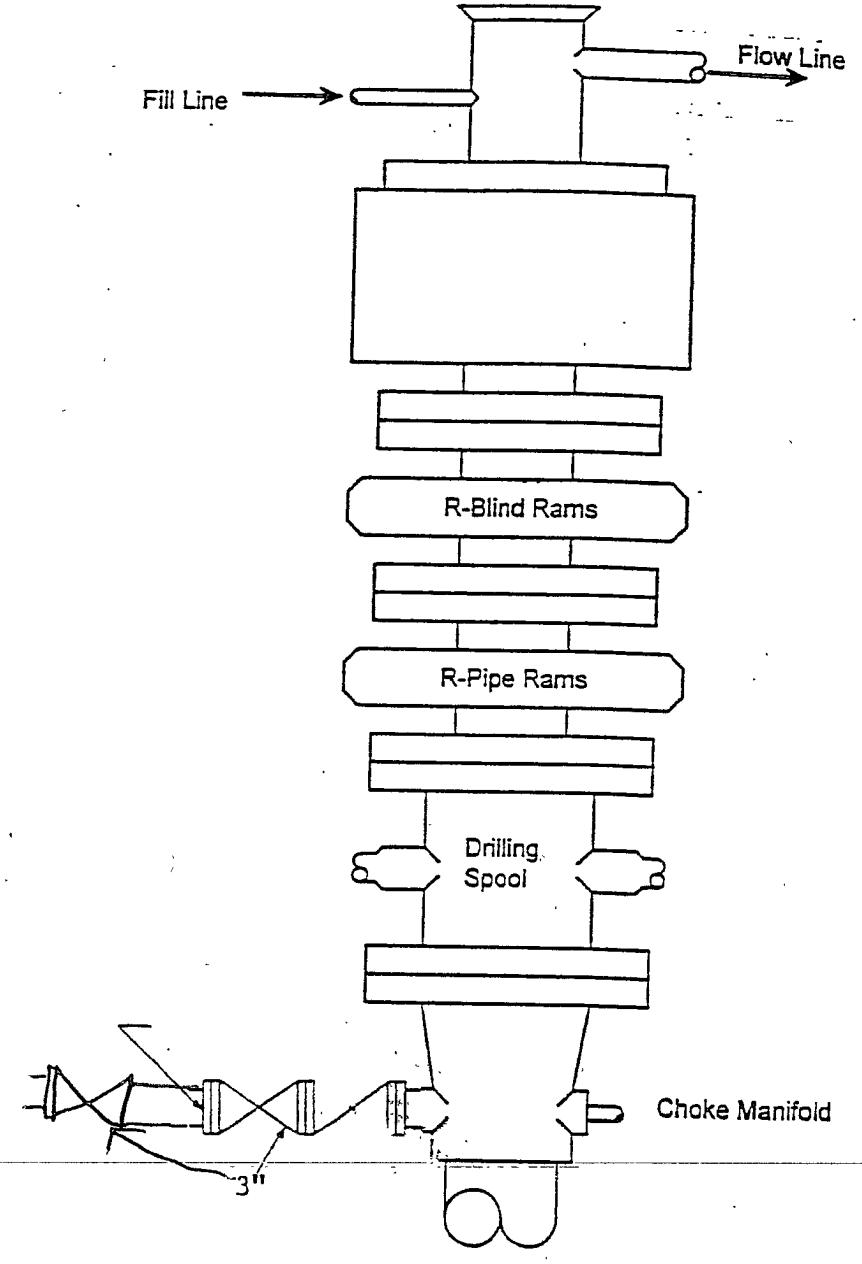


Preplanning reasonable spacing accommodations for a useable "Closed Loop" drillsite layout is challenging. Particular site specific conflicts need to be resolved. This generic APD plat was prepared to demonstrate several necessary elements. The plat should include: a north arrow, prevailing wind direction, spacing access for truck removal of cutting bins, flare pit location, and piping provision to vent all combustible gas to the flare pit. Include the choke manifold and mud-gas separator location and their connection routing.

Generic Drill Site Layout

EXHIBIT "D"
RIG LAY OUT PLAT

OGX RESOURCES, LLC.
GOLDENEYE "18" FEDERAL COM. #1H
T24S-R32E SECTION 18
T24S-R32E LEA CO. NM



Type 1500 SERIES
5000 psi WP

EXHIBIT "E"
SKETCH OF B.O.P. TO BE USED ON

OGX RESOURCES, LLC.
GOLDENEYE "18" FEDERAL COM. #1H
LOT # 4 SECTION 18
T24S-R32E LEA CO. NM

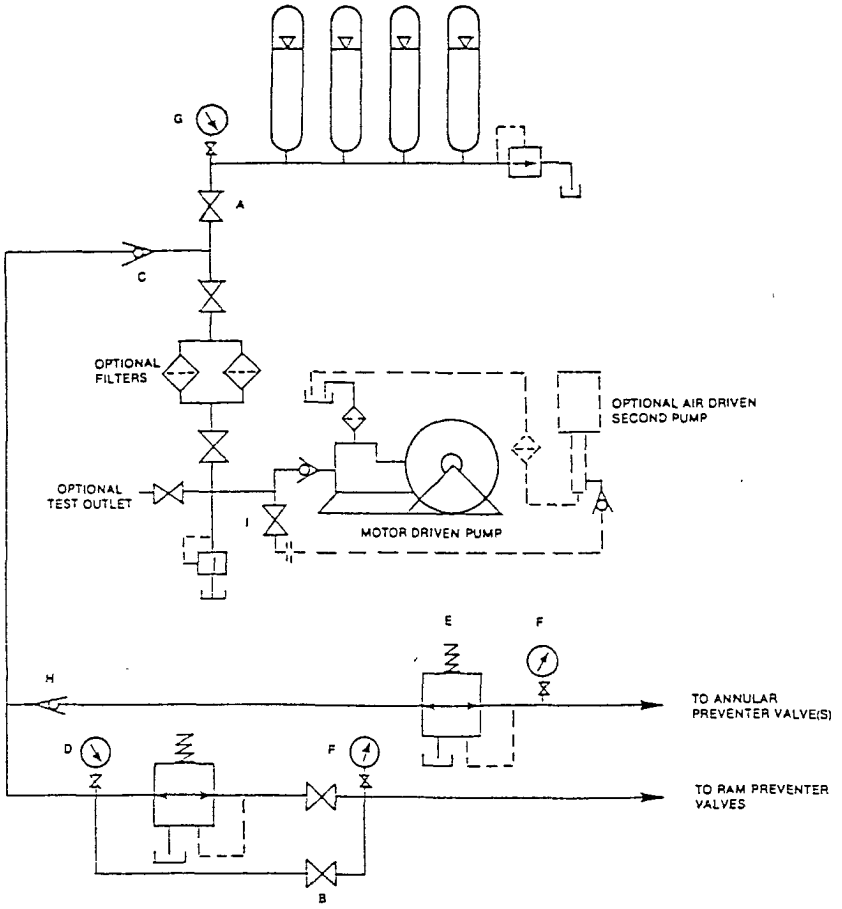


FIGURE K6-1. The schematic sketch of an accumulator system shows required and optional components.

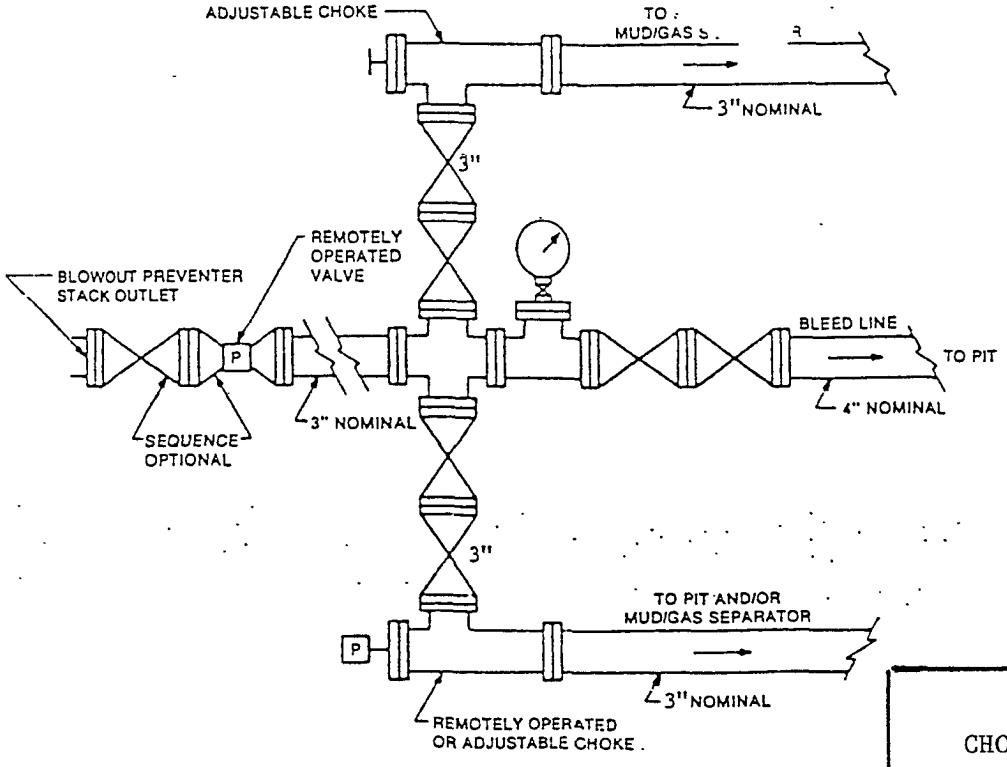


FIGURE K4-2. Typical choke manifold assembly for 5M rated working pressure service — surface installation.

EXHIBIT "E-1"
CHOKE MANIFOLD & CLOSING UNIT

OGX RESOURCES, LLC.
GOLDENEYE "18" FEDERAL COM. #1H
LOT # 4 SECTION 18
T24S-R32E LEA CO. NM

OGX RESOURCES, LLC.

HYDROGEN SULFIDE CONTINGENCY PLAN
FOR DRILLING/WORKOVER/FACILITY

This well and its anticipated facility are not expected to have Hydrogen Sulfide releases. However, there may be Hydrogen Sulfide production in the nearby area. There are no Private residences in the area but a contingency plan has been orchestrated. OGX RESOURCES, LLC. Will have a company representative available to rig personnel throughout drilling or production operations. If Hydrogen Sulfide is detected or suspected, monitoring equipment will be acquired for monitoring and/or testing.