

PMESD-518 148989

SDX Resources, Inc.
P.O. Box 5061
MIDLAND, TX 79704
TEL: (432) 685-1761 FAX: (432) 685-0533
TOLL FREE: (800) 344-1761

RECEIVED
JUN - 2 2005
OIL CONSERVATION
DIVISION

NMOCD
1220 S. St. Francis Drive
Santa Fe, NM 87504

May 27, 2005

Attention: Mr. Stogner

RE: Non Standard Location
Williams A Fed. Lease
NM048344
Sec. 29 T17S R28E
Eddy County, New Mexico

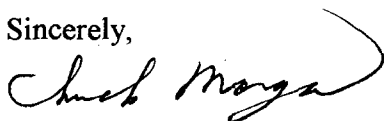
Dear Mr. Stogner,

SDX Resources has staked the Williams A Federal # 3 well at a location 1400' FSL & 1150' FWL of section 29 T17S R28E unit letter L in Eddy County. This letter is intended to serve as application for administrative approval of this Non Standard Location. Topographic constraints combined with the necessity to drill infill wells to adequately drain a 40 acre proration make this NSL necessary. Approval of this NSL will result in the recovery of reserves that would otherwise be lost.

The following data is submitted for your information:

Attachment 1	Lease and Well Map
Attachment 2	Offset Operator Map
Attachment 3	Proof of Notification
Attachment 4	APD (page 1)
Attachment 5	Survey Plat

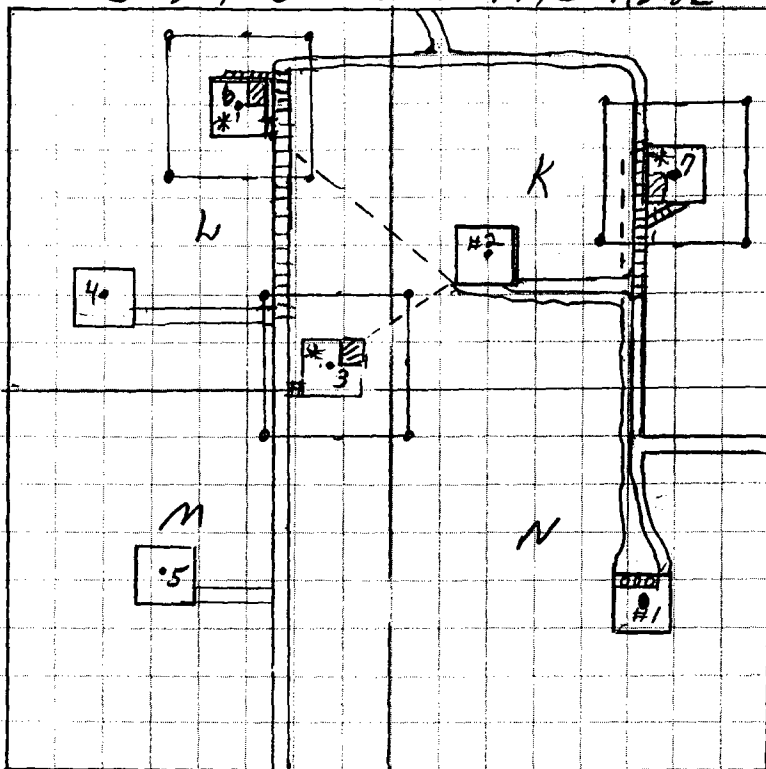
Sincerely,



Chuck Morgan

SDX Resources, Inc.
Williams A Fed. Lease
NM 048344

SW/4 Sec. 29 T17S R28E



Legals:

#1	590' FSL	2185' FWL
#2	1800' FSL	1650' FWL
*#3	1400' FSL	1150' FWL
#4	1650' FSL	330' FWL
#5	690' FSL	530' FWL
*#6	2310' FSL	790' FWL
*#7	2060' FSL	2260' FWL

* proposed location

1" = 660'



Proposed road



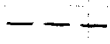
existing road



proposed location
pit area



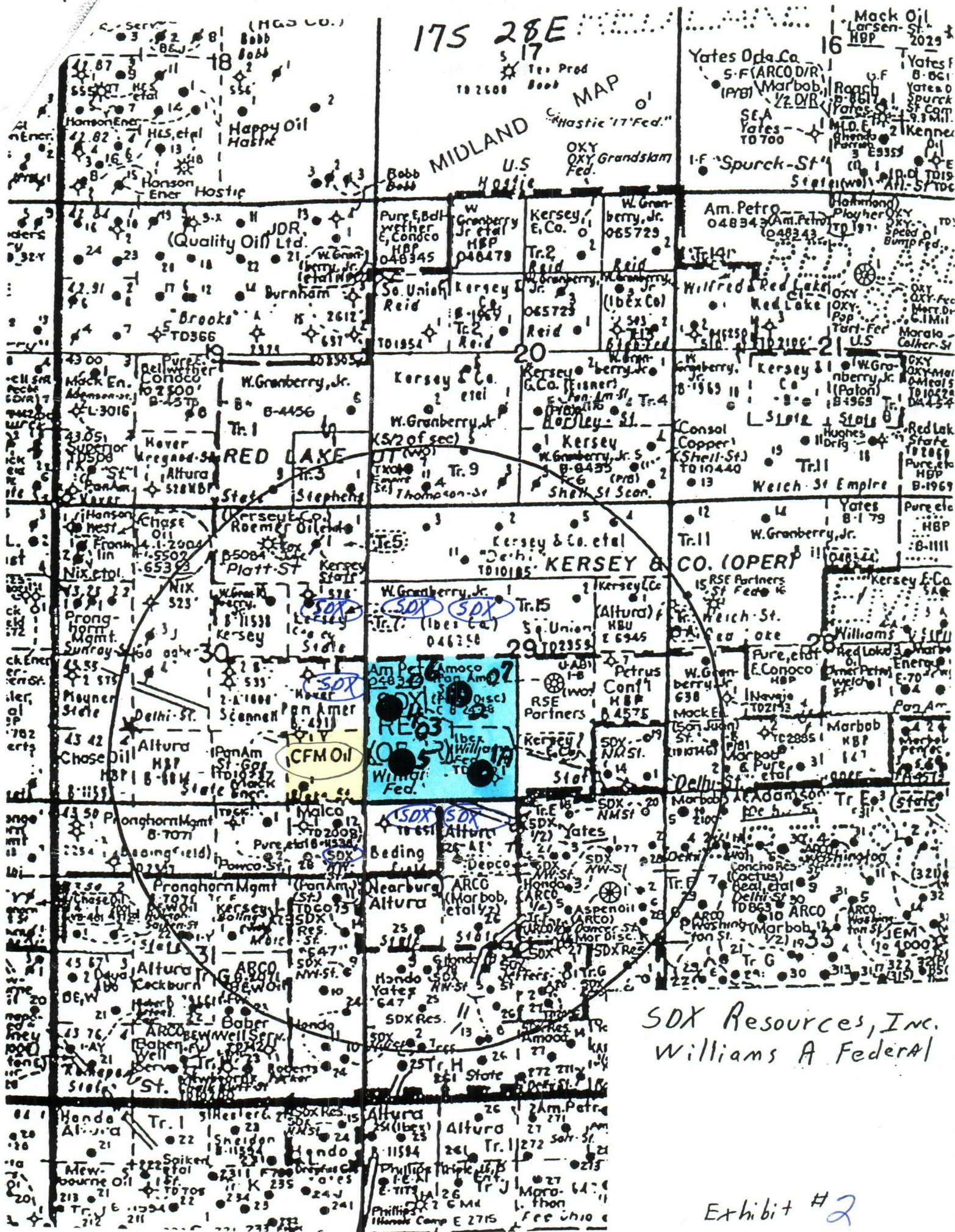
500x500 archaeological
survey area



Proposed flow line



existing flow line



SDX Resources, Inc.
Williams A Federal

Exhibit #2

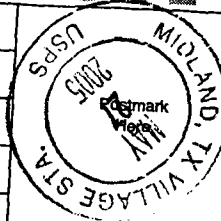
4535 8940 5000 05TE 2002

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or PO
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CFM
Louis Fulton
PO Box 1176
Artesia, NM 88211-1176

Instructions

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPLICATE*
(Other instructions on
reverse side)

FORM APPROVED
OMB NO. 1004-0136
Expires: February 28, 1995

APPLICATION FOR PERMIT TO DRILL OR DEEPEN				5. LEASE DESIGNATION AND SERIAL NO. NMNM-048344
1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/>				6. IF INDIAN, ALLOTTEE OR TRIBE NAME
b. TYPE OF WELL OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>				7. UNIT AGREEMENT NAME
2. NAME OF OPERATOR SDX Resources, Inc. 020451				8. FARM OR LEASE NAME, WELL NO. Williams A Federal #3
3. ADDRESS AND TELEPHONE NO. PO Box 5061, Midland, TX 79704 432/685-1761				9. API WELL NO.
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface 1400' FSL 1150' FWL At proposed prod. zone Same				10. FIELD AND POOL, OR WILDCAT Red Lake, GL-YE
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 10 miles East of Artesia, NM				11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Sec 29, T17S, R28E, L
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT (Also to nearest drg. unit line, if any) 1150' (80')		16. NO. OF ACRES IN LEASE 200	17. NO. OF ACRES ASSIGNED TO THIS WELL 40	12. COUNTY OR PARISH Eddy
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 640'		19. PROPOSED DEPTH 3500	20. ROTARY OR CABLE TOOLS Rotary	13. STATE NM
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 3653' GR				22. APPROX. DATE WORK WILL START* 07/01/05
23. PROPOSED CASING AND CEMENTING PROGRAM				
SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4"	8-5/8" J-55	24#	450'	325 sx CI C
7-7/8"	4-1/2-5-1/2" J-55	9.5# - 17#	3500'	300 sx C + 400 sx Lite C

Plan to drill a 12-1/4" hole to 450'. Set 24# 8-5/8" csg & cmt to surf. Drill 7-7/8" hole to 3500' Run LDT-CNL-GR & DLL-GR OH logs. Run 4-1/2 - 5-1/2" J-55 9.5# - 17# csg & cmt to surf.

Will perf & stimulate the San Andres as necessary for optimum production.

Surface Use & Operations Plan
Drilling Program
H2S Plan

EXHIBITS:

- 1: BOP Diagram
- 2: Survey Plat
- 3: Access Maps
- 4: One Mile Radius Map
- 5: Rig orientation Diagram
- 6: Letter of Responsibility

IN ABOVE SPACE DESCRIBE PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED Bonnie Osterwater TITLE Regulatory Tech DATE 05/25/05

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

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:

APPROVED BY _____ TITLE _____ DATE _____

*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes 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.

Revised June 10, 2003

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

State of New Mexico

Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 51120	Pool Name <i>Red Lake, GL-YE</i>
Property Code 26370	Property Name WILLIAMS A FEDERAL	Well Number 3
OGRID No. 020451	Operation Name SDX RESOURCES, INC.	Elevation 3653

Surface Location

UL or Lot No.	Section	Township	Range	Lot Idn.	Feet from the	North/South line	Feet from the	East/West line	County
<i>L</i>	<i>29</i>	<i>17-S</i>	<i>28-E</i>		<i>1400</i>	<i>SOUTH</i>	<i>1150</i>	<i>WEST</i>	<i>EDDY</i>

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

Dedicated Acres 40	Joint or Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTEREST HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

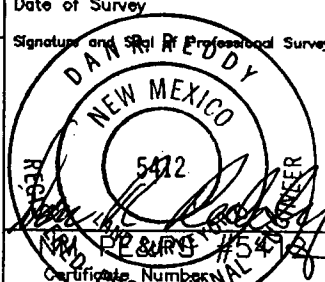
<p>LAT $N32^{\circ}48'06.3''$ LON $W104^{\circ}12'09.5''$ 330' #4 1150' #3 1650' 1400'</p>	<p>OPERATOR CERTIFICATION</p> <p>I HEREBY CERTIFY THAT THE INFORMATION CONTAINED HEREIN IS TRUE AND COMPLETE TO THE BEST OF MY KNOWLEDGE AND BELIEF.</p> <p><i>Bonnie Atwater</i> Signature</p> <p>Bonnie Atwater Printed Name</p> <p>Regulatory Tech Title and E-mail Address</p> <p>5/25/05 Date</p>	
	<p>SURVEYOR CERTIFICATION</p> <p>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 KNOWLEDGE AND BELIEF.</p> <p>MAY 17, 2005 Date of Survey</p> <p>Signature and Seal of Professional Surveyor </p>	

EXHIBIT #5