

SDX RESOURCES, INC.

P.O. BOX 5061
MIDLAND, TEXAS 79704
(915) 685-1761

OIL CONSERVATION DIVISION
RECEIVED

'93 OCT 27 AM 9 01

N.M.O.C.D.
P.O. Box 2088
Santa Fe, N.M. 87504-2088
Attn. Mr. Stogner

Mr. Stogner,

This letter is intended to serve as an application for administrative approval of two additional unorthodox drilling locations on our East Millman lease. The locations requested will be the East Millman #222 & #223. Survey plats and O.C.D. forms C-101 accompany this letter. A lease map detailing the project is also enclosed. As discussed in our original applications, the purpose of these locations is to convert the existing waterflood project on our East Millman lease from an 80 acre 5 spot pattern to a 40 acre 5 spot pattern. This reduced spacing will result in the recovery of additional reserves that will otherwise be lost. No offset operators are affected by any of these proposed unorthodox locations. Thanks for your prompt attention.

Sincerely,

A handwritten signature in cursive script that reads "Chuck Morgan".

Chuck Morgan, P.E.

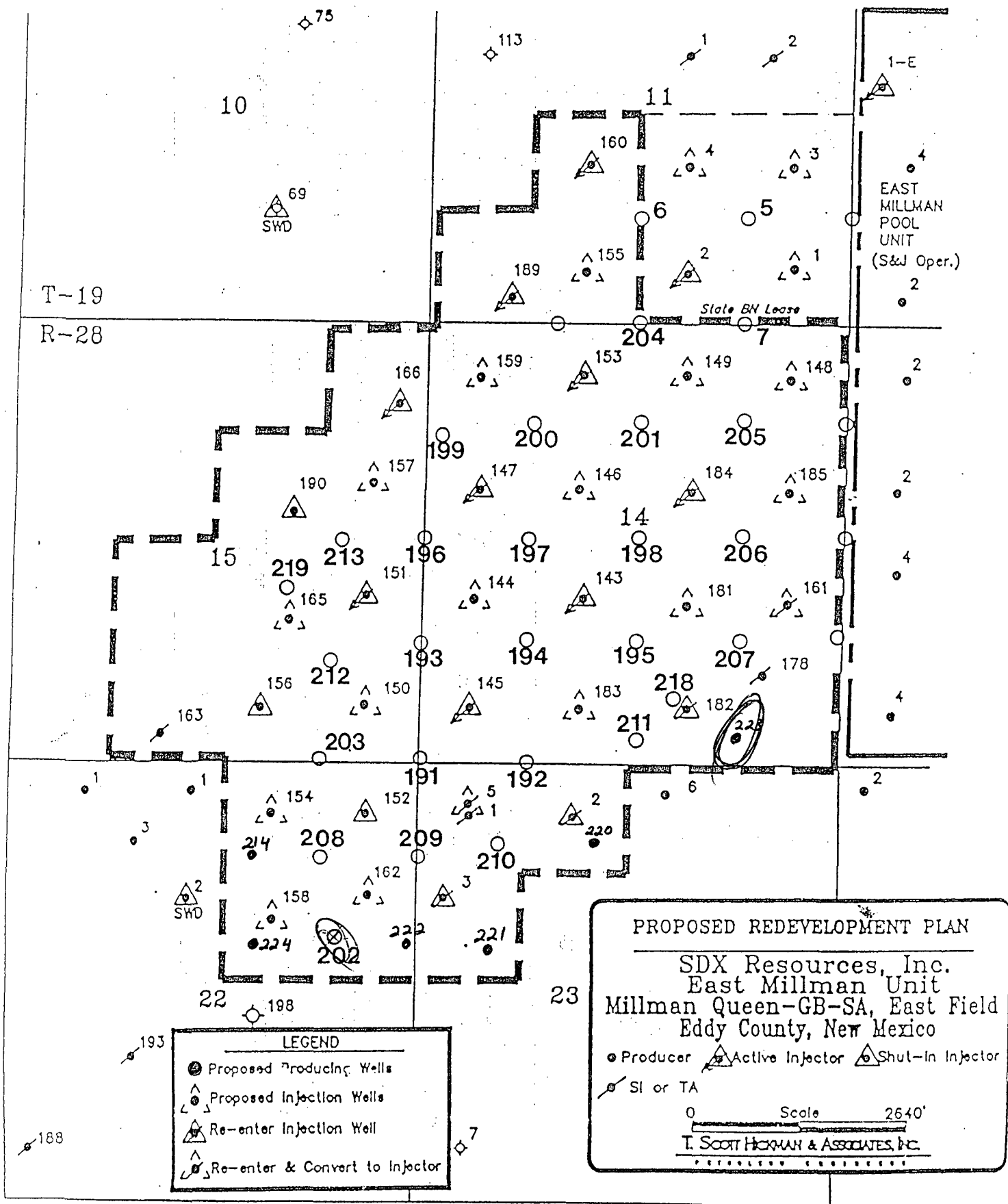


FIGURE 6

Submit to Appropriate
District Office
State Lease -- 6 copies
Fee Lease -- 5 copies

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-101
Revised 1-1-89

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

API NO. (assigned by OCD on New Wells)

5. Indicate Type of Lease

STATE ☒

FEE ☐

6. State Oil & Gas Lease No.

648

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work:

DRILL ☒

RE-ENTER ☐

DEEPEN ☐

PLUG BACK ☐

b. Type of Well:

OIL
WELL ☒

GAS
WELL ☐

OTHER ☐

SINGLE
ZONE ☐

MULTIPLE
ZONE ☒

7. Lease Name or Unit Agreement Name

East Millman

2. Name of Operator

SDX RESOURCES, INC.

3. Address of Operator

P.O. BOX 5061 Midland, TX 79704-5061

8. Well No.

222

9. Pool name or Wildcat

E. Millman Q-G-SA

4. Well Location

Unit Letter H : 10 Feet From The East Line and 2310 Feet From The North Line

Section 22

Township 19-S

Range 28-E

NMPM Eddy

County

10. Proposed Depth

2900

11. Formation

Grayburg

12. Rotary or C.T.

Rot

13. Elevations (Show whether DF, RT, GR, etc.)

3404 GR

14. Kind & Status Plug. Bond

Blanket

15. Drilling Contractor

Capstar

16. Approx. Date Work will start

Nov., 15th.

17. PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
12-1/4"	8-5/8"	24#	380' +	300	surf
7-7/8"	5-1/2"	15.50#	2900'	500	surf

Plan to drill a 12-1/4" hole to approx. 380'; set 8-5/8" surface casing. Circulate "C" cement. Drill 7-7/8" hole to TD. Run open hole logs (LDT-CNL-GR & DLL). Run 5-1/2" casing and circulate 50/50 POZ "C" cement. Perforate the Grayburg-Queen and stimulate as necessary for optimum production.

Mud Program: Fresh water mud 0'-350'
Salt water mud 350'-TD.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW PRODUCTIVE ZONE. GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE

Chuck Morgan

TITLE

Engr.

DATE

10/23/93

TYPE OR PRINT NAME

Chuck Morgan

TELEPHONE NO.

748-9724

(This space for State Use)

APPROVED BY

TITLE

DATE

CONDITIONS OF APPROVAL, IF ANY:

Submit to Appropriate
District Office
State Lease - 4 copies
Fee Lease - 3 copies

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised 1-1-89

OIL CONSERVATION DIVISION

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

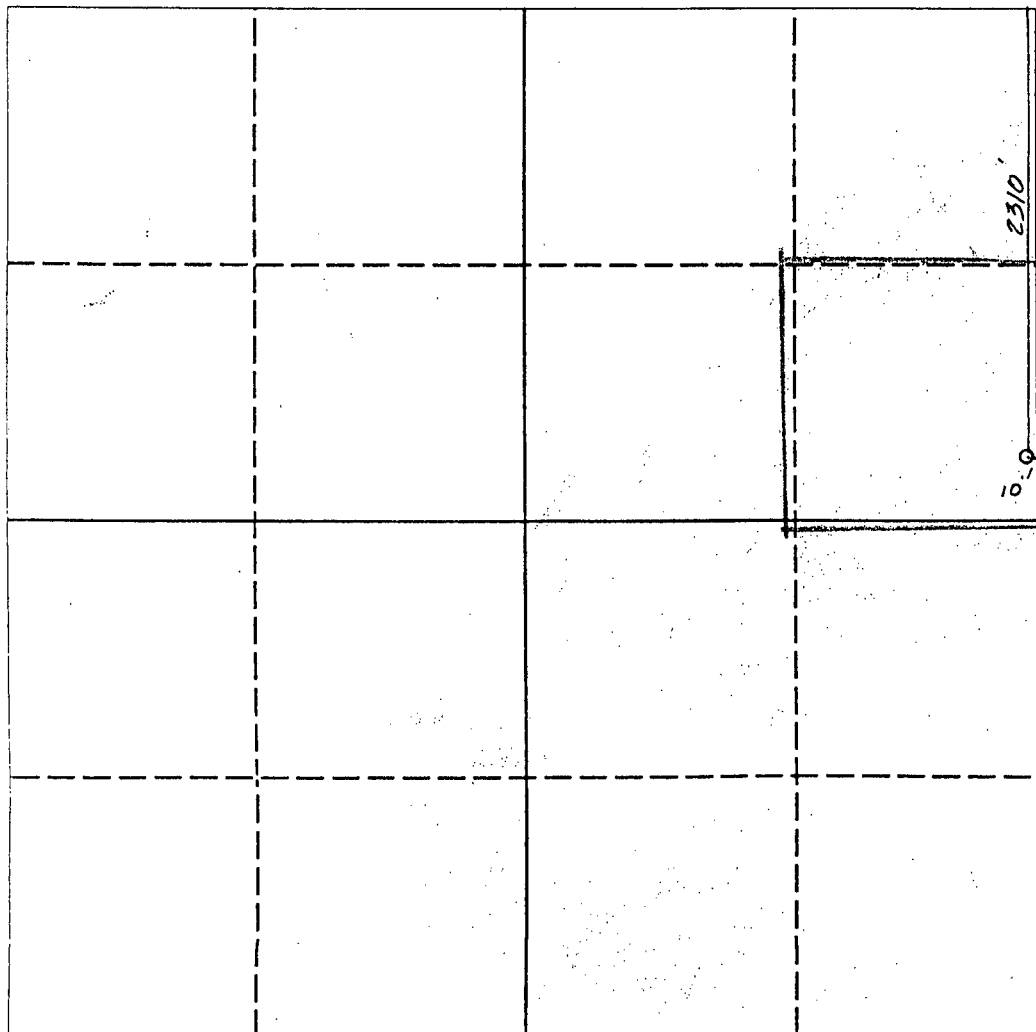
DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator SDX RESOURCES, INC.			Lease EAST MILLMAN UNIT		Well No. 222
Unit Letter H	Section 22	Township 19 SOUTH	Range 28 EAST	County EDDY COUNTY, NM	
Actual Footage Location of Well: 2310 feet from the NORTH line and 10 feet from the EAST line					
Ground level Elev. 3404.	Producing Formation Q_u-G₆-S_A		Pool E. Millman Q_u-G₆-S_A	Dedicated Acreage: 40 Acres	
<p>1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.</p> <p>2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).</p> <p>3. If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.? <input type="checkbox"/> Yes <input type="checkbox"/> No If answer is "yes" type of consolidation _____</p> <p>If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____</p> <p>No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.</p>					



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature
Chuck Morgan
Printed Name
Chuck Morgan
Position
Engr.
Company
SDX Resources
Date
10/23/93

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 knowledge and belief.

Date Surveyed
OCTOBER 22, 1993
Signature & Seal of Professional Surveyor
EDDY
NEW MEXICO
5412
REGISTERED PROFESSIONAL ENGINEER
Certificate No. 5412
NM PE&PS NO. 5412

0 330 660 990 1320 1650 1980 2310 2640 2000 1500 1000 500 0

Submit to Appropriate
District Office
State Lease - 6 copies
Fee Lease - 5 copies

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-101
Revised 1-1-89

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

API NO. (assigned by OCD on New Wells)

5. Indicate Type of Lease
STATE ☒ FEE ☐

6. State Oil & Gas Lease No.
648

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work:

DRILL ☒ RE-ENTER ☐ DEEPEN ☐ PLUG BACK ☐

b. Type of Well:

OIL WELL ☒ GAS WELL ☐ OTHER ☐

SINGLE ZONE ☐ MULTIPLE ZONE ☒

7. Lease Name or Unit Agreement Name

East Millman

2. Name of Operator

SDX RESOURCES, INC.

8. Well No.

223

3. Address of Operator

P.O. BOX 5061 Midland, TX. 79704-5061

9. Pool name or Wildcat

E. Millman Q-G-SA

4. Well Location

Unit Letter Q : 1330 Feet From The East Line and 330 Feet From The South Line

Section 14

Township 19-S

Range 28-E

NMPM Eddy

County

10. Proposed Depth

2900

11. Formation

Grayburg

12. Rotary or C.T.

Rot

13. Elevations (Show whether DF, RT, GR, etc.)

3393 GR

14. Kind & Status Plug. Bond

Blanket

15. Drilling Contractor

Capstar

16. Approx. Date Work will start

Nov 15th

17. PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
12-1/4"	8-5/8"	24#	380'±	300	surf
7-7/8"	5-1/2"	15.50#	2900'	500	surf

Plan to drill a 12-1/4" hole to approx. 380'; set 8-5/8" surface casing. Circulate "C" cement. Drill 7-7/8" hole to TD. Run open hole logs (LDT-CNL-GR & DLL). Run 5-1/2" casing and circulate 50/50 POZ "C" cement. Perforate the Grayburg-Queen and stimulate as necessary for optimum production.

Mud Program: Fresh water mud 0'-350'
Salt water mud 350'-TD.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW PRODUCTIVE ZONE. GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE

Chuck Morgan

TITLE

Eng'r.

DATE

10/23/93

TYPE OR PRINT NAME

Chuck Morgan

TELEPHONE NO. *748-9724*

(This space for State Use)

APPROVED BY

TITLE

DATE

CONDITIONS OF APPROVAL, IF ANY:

Submit to Appropriate
District Office
State Lease - 4 copies
Fee Lease - 3 copies

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised 1-1-89

OIL CONSERVATION DIVISION

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

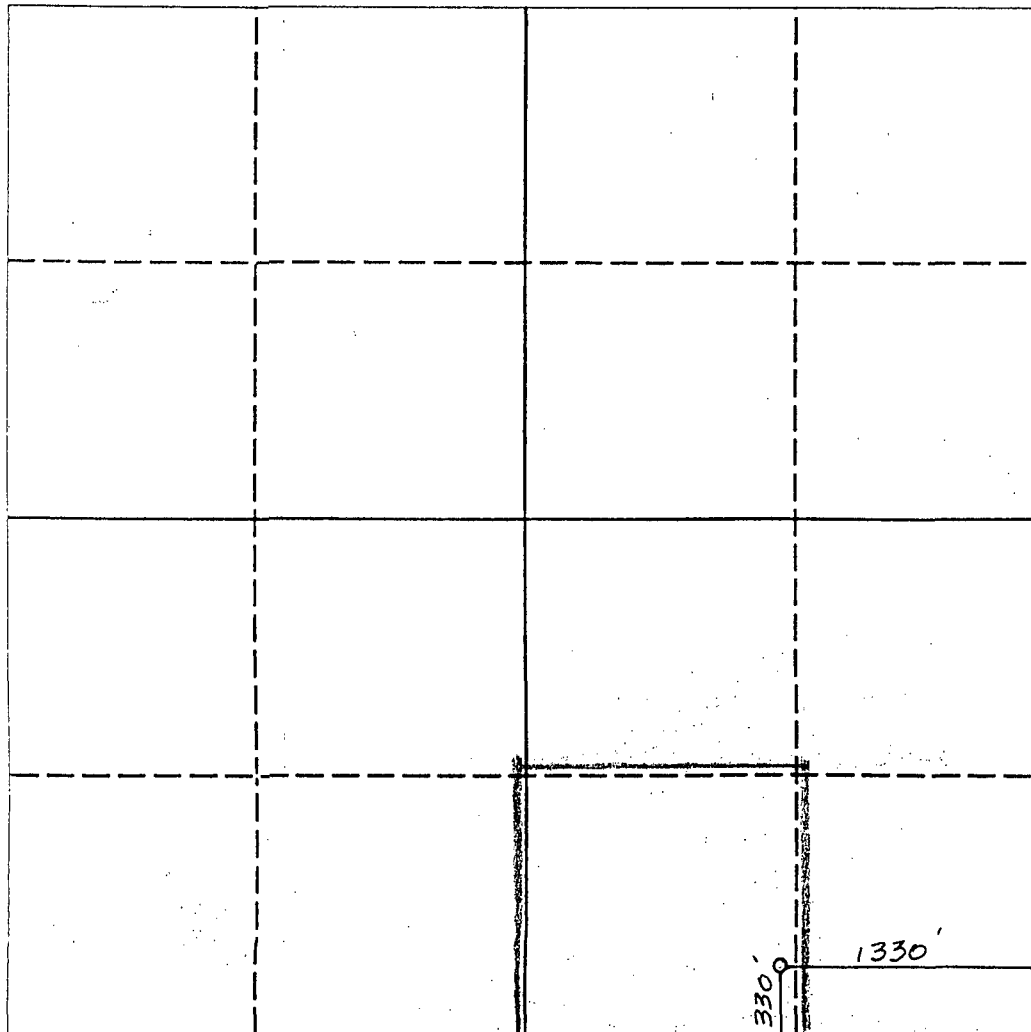
All Distances must be from the outer boundaries of the section

Operator SDX RESOURCES, INC.			Lease EAST MILLMAN UNIT		Well No. 223
Unit Letter 0	Section 14	Township 19 SOUTH	Range 28 EAST	County EDDY COUNTY, NM	

Actual Footage Location of Well:

1330 feet from the EAST line and 330 feet from the SOUTH line			
Ground level Elev. 3393.	Producing Formation Q_u-G_b-SA	Pool E. Millman Q_u-G_b-SA	Dedicated Acreage: 40 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?
☐ Yes ☐ No If answer is "yes" type of consolidation _____
If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary. _____
No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, 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.

Signature <i>Chuck Morgan</i>
Printed Name Chuck Morgan
Position Engr.
Company SDX Resources
Date 10/23/93

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 knowledge and belief.

Date Surveyed OCTOBER 22, 1993
Signature & Seal of Professional Surveyor <i>R. Reddy</i>
Professional Surveyor NEW MEXICO 5412
Certificate No. 5412
NM REGS. NO. 5412

