

Form 3160-3
(July 1992)

N.M. OIL CONS. COMMISSION
P.O. Box 1980
HOBBS, NEW MEXICO 88240
UNITED STATES

SUBMIT IN TRIPLICATE*
(Other instructions on
reverse side)

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

DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/>		5. LEASE DESIGNATION AND SERIAL NO. LC-032451-C
b. TYPE OF WELL OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME
2. NAME OF OPERATOR SDX Resources, Inc.		7. UNIT AGREEMENT NAME
3. ADDRESS AND TELEPHONE NO. PO Box 5061, Midland TX 79704		8. FARM OR LEASE NAME, WELL NO. AH Meyers A#2/A
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)* At surface 660' FNL & 660' FEL, Sec 22, T24S, R36E, Unit A At proposed prod. zone		9. API WELL NO.
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 6 miles NW of Jal NM		10. FIELD AND POOL, OR WILDCAT Jal Cooper
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 660'		11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Sec 22, T24S, R36E, A
16. NO. OF ACRES IN LEASE 160		12. COUNTY OR PARISH Lea
17. NO. OF ACRES ASSIGNED TO THIS WELL 40		13. STATE NM
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 466'		20. ROTARY OR CABLE TOOLS Rotary
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 3342' GL		22. APPROX. DATE WORK WILL START* 5/1/96

Existing & Proposed		PROPOSED CASING AND CEMENTING PROGRAM			
SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH		QUANTITY OF CEMENT
NA	12-1/2"	NA	244'		210 sx
NA	9-5/8" (cut & pulled from 130')	130'	1527'		450 sx
NA	7" (cut & pulled from 2294')	2294'	3484'		175 sx
6-1/4"	4-1/2 or 5-1/2"	9.5 or 14#	3515'		450 sx (tie back into 9 5/8" csg)

Plan to re-enter this well & drill out all plugs to old TD of 3515'. Run 4-1/2" or 5-1/2" csg to 3515' & circ cmt to surface. Run cased hole CNL-GR log, perf the Yates & stimulate as necessary for optimum production.

Specific programs as per Onshore Order #1 are outlined in the following attachments:
Drilling Program, Surface Use & Operating Plan,
Exhibit #1: Location and Elevation Plat
Exhibit #2: BOP & Equipment.
Exhibit #3: Access Roads
Exhibit #4: One Mile Radius Map
Exhibit #5: Downhole Diagrams

OPER. CONNO NO. 20451
PROPERTY NO. 13515
POOL CODE 33820
EFF DATE 4/2/96
API NO. 30125-14600

IN ABOVE SPACE DESCRIBE PROPOSED 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 <u>Janice Courtney</u> TITLE <u>Regulatory Tech</u> DATE <u>3/26/96</u>	
(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:	

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

APPROVED (ORIG. SGD.) RICHARD L. MANUS TITLE AREA MANAGER DATE APR - 8 1996
*See Instructions On Reverse Side

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

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

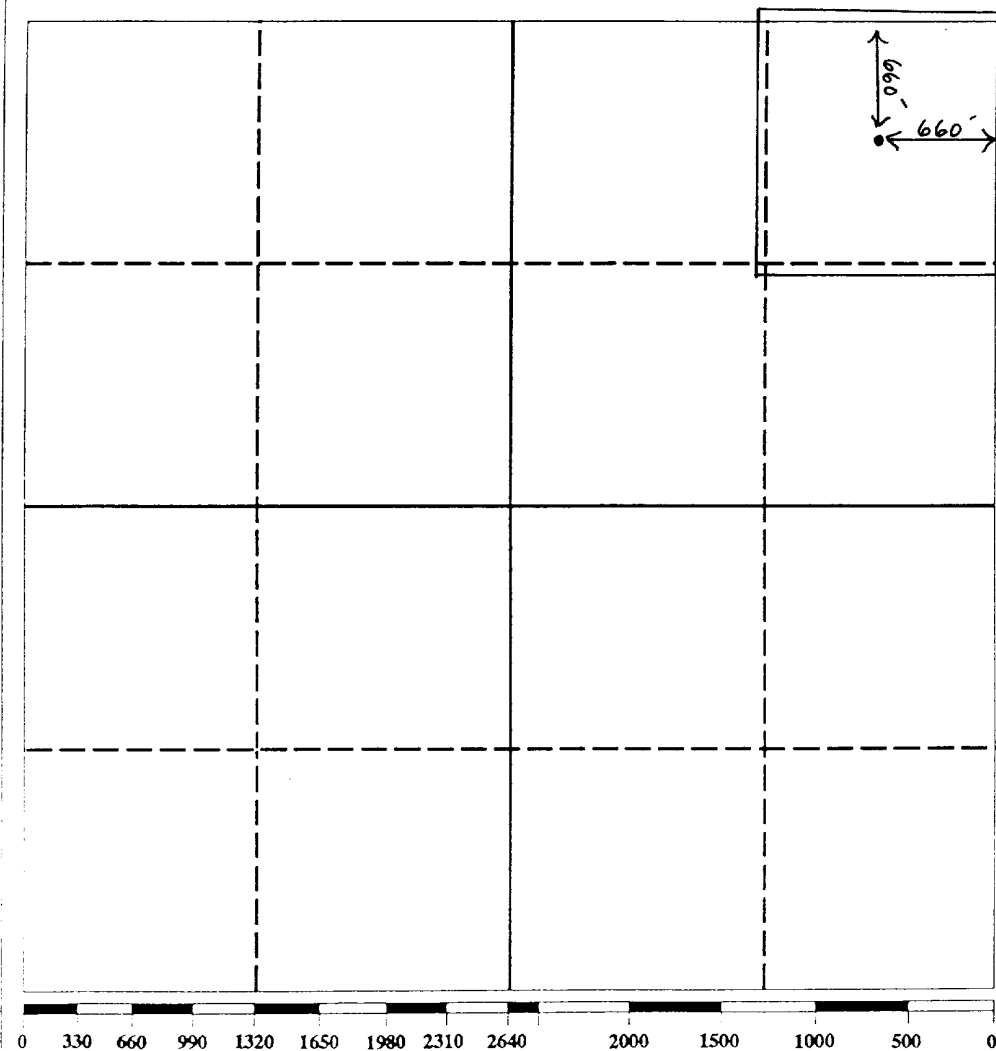
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator SDX Resources, Inc.			Lease AH Meyers <i>A</i>		Well No. 2X
Unit Letter A	Section 22	Township 24S	Range 36E	County NMPM	Lea
Actual Footage Location of Well: 660' feet from the North line and 660' feet from the East line					
Ground level Elev. 3342'	Producing Formation Yates		Pool <i>Teilmont Kewissill 4-SR Jal Cooper</i>	Dedicated Acreage: 40 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure 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.

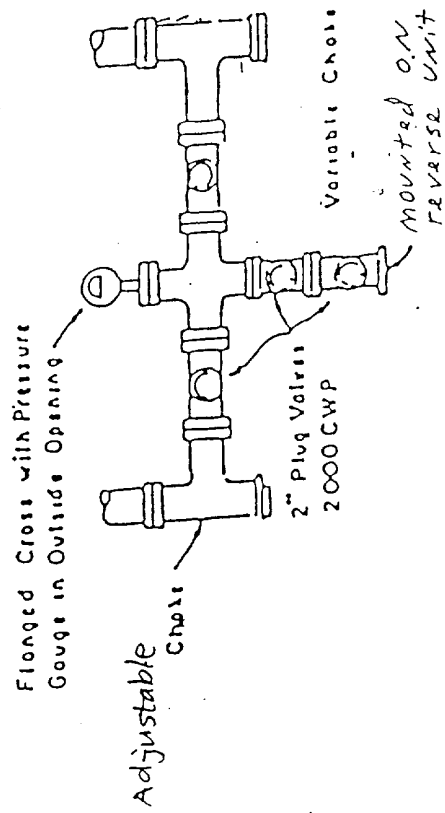
Signature *Chuck Morgan*
Printed Name
Chuck Morgan
Position
Engineer
Company
SDX Resources, Inc.
Date
3-22-96

SURVEYOR CERTIFICATION

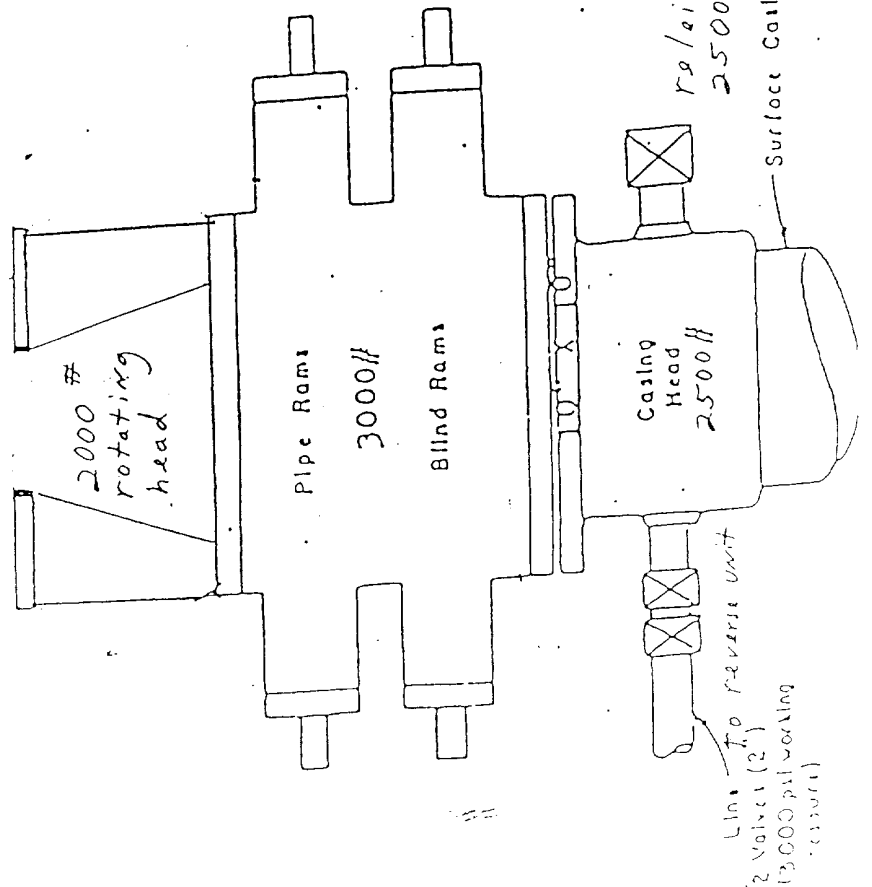
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed
Signature & Seal of Professional Surveyor
Certificate No.

EXHIBIT 2
BLOWOUT PREVENTER
DIAGRAM



PLAN VIEW - CHOKES MANIFOLD



1/15/96 BA

Stanolind O&H
A.H. Meyer 2-A

660 FNL + 660 FEL
Sec 22, 24S-36E

Completed: 11/34

P&A: 3/17

12 1/2" @ 244'
210 SW



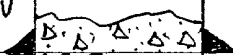
cmt plug @ surf
in 12 1/2" csg.

"Existing Condition"

9 5/8" csg cut off @ 1130'

20 3/4 cmt plug
@ 1527' in 9 5/8" csg

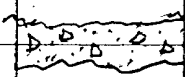
9 5/8" @ 1527'
450 SW



Proposed Condition is:

1. Remove marker
2. Drill out All plugs and clean out PBTD
3. Run 4 1/2" or 5 1/2" csg to PBTD and circulate cement to surface

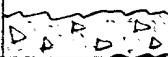
20 3/4 cmt plug
@ 2294' in 7" csg



7" csg cut off @ 2294'

mud

25 3/4 cmt plug
@ 3336' - 3436'



7" @ 3484'
175 SW

TD 3515'

EXHIBIT #5

DRILLING PROGRAM

SDX Resources, Inc.
AH Meyers #2-A
660' FNL & 660' FEL
Unit A Sec. 22, T24S, R36E
Lea County, New Mexico

1. Geologic Name of Surface Formation:

2. Estimated Tops of Important Geologic Markers:

Top of Salt	1200'
Base of Salt	2200'
Tansill	2950'
Yates	3170'
7 Rivers	3440'

3. Estimated Depth of Anticipated Fresh Water, Oil or Gas:

Water Sands	150'	Fresh H2O
Tansill	2940'	Oil & Gas
Yates	3170'	Oil & Gas
7 Rivers	3440'	Oil & Gas

Fresh water sands are protected by 12-1/2" casing set at 244' and cemented w/210 sx.

4. Casing Program:

<u>Hole Size</u>	<u>Interval</u>	<u>OD csg</u>	<u>Weight Grade Jt Cond Type</u>
NA	0-244'	12-1/2"	NA Cmtd w/210 sx
NA	1130-1527'	9-5/8"	NA (Existing csg) cmt w/450 sx.
NA	2294-3484'	7"	NA (Existing csg) cmt w/175 sx.
6-1/4"	0-3515'	4-1/2" - 5-1/2"	9.5# Used J-55 cmt 17# to surface

Cement Program:

- A. Spot 35 sx plug "C" 3400'-3300'
- B. 4-1/2" - 5-1/2" liner - cemented with 450 sx of "C" with 2% CACL.

5. Minimum Specifications for Pressure Control:

The blowout preventer equipment (BOP) shown in Exhibit #1 will consist of a double ram workover preventer (3000 psi WP). Unit will be manually operated. BOP will be nipped up on the 12-1/2" csg and used continuously until TD is reached. BOP and accessory equipment will be tested to 1000 psi before drilling out of surface casing. A 2" kill line and a 2" choke line will be included in the drilling equipment. Other accessories to the BOP equipment will include a kelly cock.

6. Types and Characteristics of the Proposed Mud System:

The well will be drilled to TD with 10# brine. Sufficient mud materials to maintain mud properties and meet minimum lost circulation and weight increase requirements will be used if necessary.

7. Auxiliary Well Control and Monitoring Equipment:

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

8. Logging, Testing and Coring Program:

The electric logging program will consist of a GR-CNL log from 3200' - 3515'.

9. Abnormal Conditions, Pressures, Temperatures, & Potential Hazards:

No abnormal pressure or temperatures are anticipated. The estimated bottom hole temperature (BHT) at TD is 104 F and estimated maximum bottom-hole pressure (BHP) is 1200 psig. Very little H₂S or other hazardous gases or fluids should be encountered during the re-entry. H₂S warning signs, flags and safety monitors will be used at all times.

10. Anticipated Starting Date and Duration of Operations:

Road and location work will not begin until approval has been received from the BLM. The anticipated spud date is May 1, 1996. Once commenced, the drilling operation should be finished in approximately 3 days. If the well is productive, an additional 30 days will be required for completion and testing before a decision is made to install permanent facilities.