

SDX RESOURCES, INC.

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

OIL CONSERVATION DIVISION
RECEIVED

NOV 20 1975 AM 9 21

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 unorthodox drilling locations on our State B.N. lease. The locations requested will be the State B.N. #5, #6, & #7. Survey plats and O.C.D. forms C-101 accompany this letter. A lease map detailing the project is also enclosed. The purpose of these locations is to convert the existing waterflood project on our East Millman and State B.N. leases 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. An application for approval of unorthodox locations in our East Millman lease will follow this application. Ownership in both of these leases is identical and no other offset operators are affected by any of the proposed unorthodox locations. Thanks for your prompt attention.

Sincerely,



Chuck Morgan, P.E.

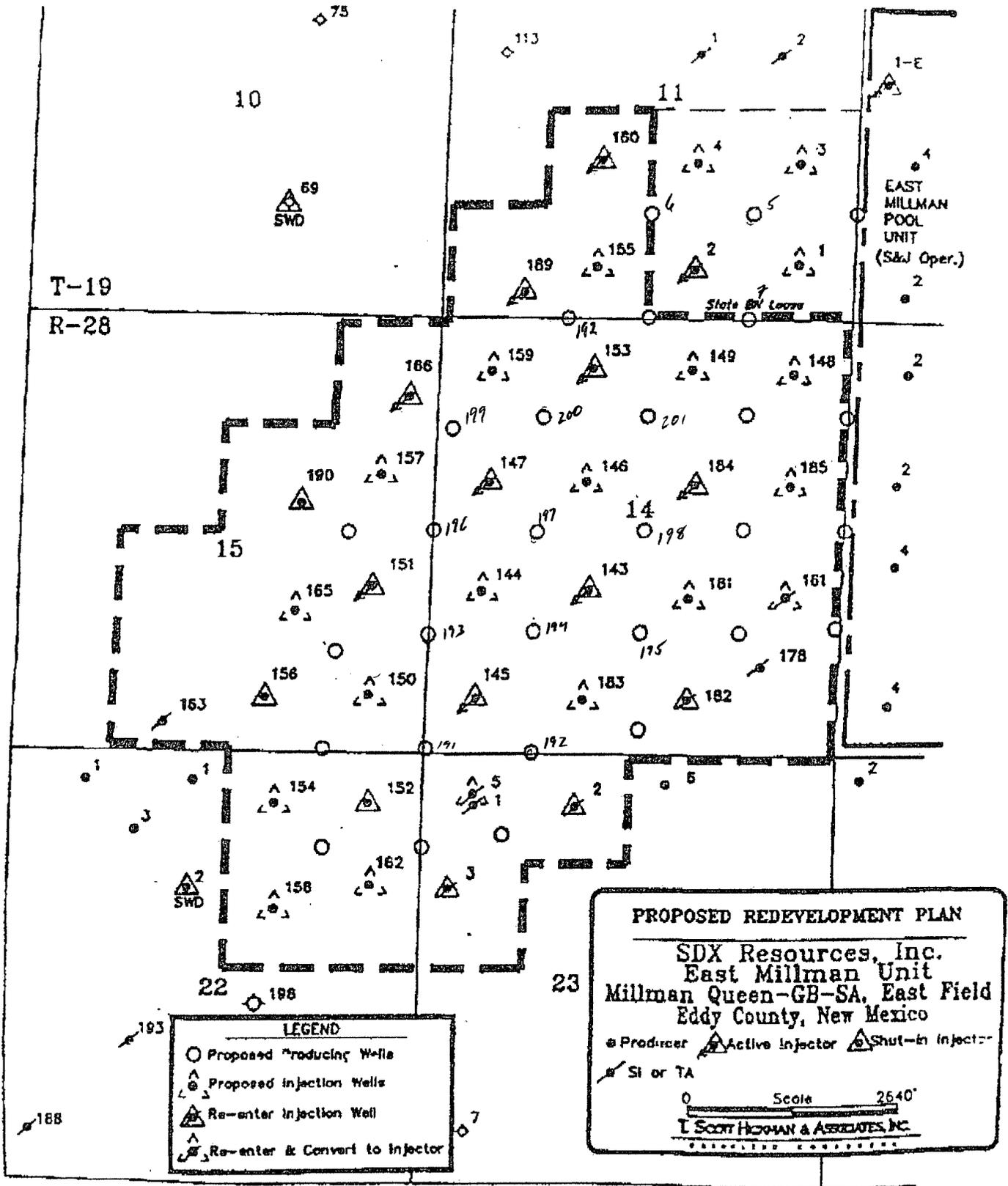


FIGURE 6



EAST MILLMAN UNIT

	191	10'	FNL & 10'	FEL	Sec. 27,	T19S	-	R28E
	192	10'	FSL & 1330'	FWL	Sec. 14,	T19S	-	R28E
	193	10'	FWL & 1310'	FSL	Sec. 14,	T19S	-	R28E
	194	1330'	FSL & 1330'	FWL	Sec. 14,	T19S	-	R28E
	195	2630'	FEL & 1310'	FSL	Sec. 14,	T19S	-	R28E
	196	10'	FWL & 2630'	FSL	Sec. 14,	T19S	-	R28E
Core	197	1310'	FWL & 2630'	FSL	Sec. 14,	T19S	-	R28E
	198	2630'	FSL & 2630'	FWL	Sec. 14,	T19S	-	R28E
	199	100'	FWL & 1330'	FNL	Sec. 14,	T19S	-	R28E
	200	1330'	FWL & 1310'	FNL	Sec. 14,	T19S	-	R28E
	201	2630'	FWL & 1330'	FNL	Sec. 14,	T19S	-	R28E

STATE BN

	5	1330'	FSL & 1330'	FEL	Sec. 11,	T19S	-	R28E
	6	1310'	FSL & 2630'	FEL	Sec. 11,	T19S	-	R28E
	7	10'	FSL & 1330'	FEL	Sec. 11,	T19S	-	R28E

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.
E-1051

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

2. Name of Operator
SDX Resources, Inc.

3. Address of Operator
P.O. Box 5061 Midland, Tx 79704-5061

4. Well Location
 Unit Letter 0 : 1330 Feet From The East Line and 1265 Feet From The South Line
 Section 11 Township 19S Range 28E NMPM Eddy County

7. Lease Name or Unit Agreement Name
State BN

8. Well No.
5

9. Pool name or Wildcat
East Millman Q.-G.-S.A.

10. Proposed Depth
2650

11. Formation
Grayburg

12. Rotary or C.T.
Rotary

13. Elevations (Show whether DF, RT, GR, etc.)
3420 GL.

14. Kind & Status Plug. Bond
Blanket

15. Drilling Contractor
Capstar

16. Approx. Date Work will start
2/1/93

17. PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
<u>12 1/4"</u>	<u>8 5/8"</u>	<u>24#</u>	<u>350'</u>	<u>250</u>	<u>surface</u>
<u>7 7/8"</u>	<u>5 1/2"</u>	<u>15.5#</u>	<u>2650'</u>	<u>500</u>	<u>surface</u>

Plan to drill a 12 1/4" hole to ≈ 350' and set 8 5/8" 24# casing. Circulate "c" cement. Drill out with 7 7/8" bit to 2650'. Run open hole logs (LDT-CNL, DLL-GR). Run 5 1/2" 15.5# casing and circulate 50/50 Poz "c" cement. Perforate Grayburg - Queen and stimulate as necessary for optimum production.
 Mud Program : Fresh water mud 0-350'
 Salt water mud 350'-T.D.

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 P.E. DATE 1/25/93
 TYPE OR PRINT NAME _____ TELEPHONE NO. _____

(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

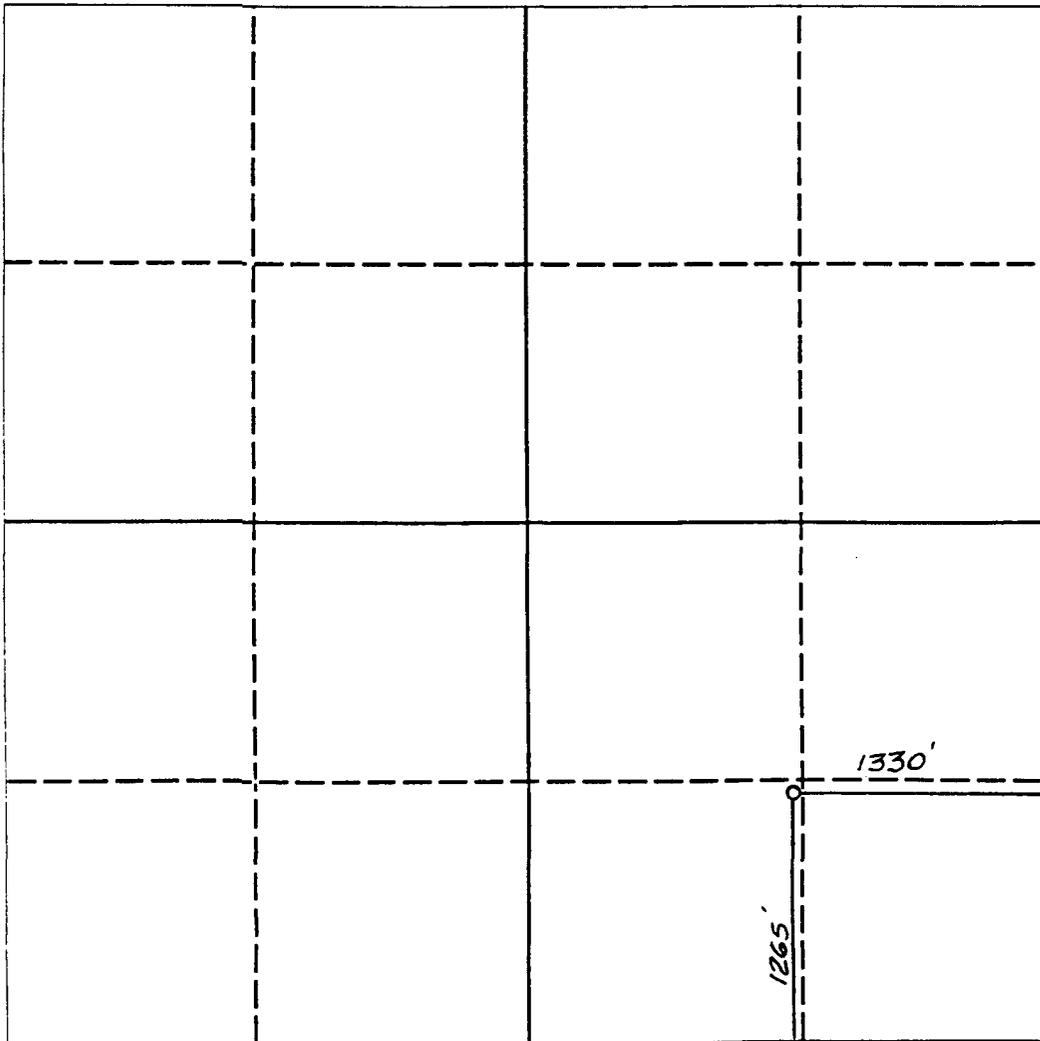
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator SDX RESOURCES, INC.			Lease STATE BN		Well No. 5
Unit Letter 0	Section 11	Township 19 SOUTH	Range 28 EAST	County EDDY COUNTY, NM	
Actual Footage Location of Well: 1330 feet from the EAST line and 1265 feet from the SOUTH line					
Ground level Elev. 3420.	Producing Formation Qm-Gb.		Pool East Millman Q-G-5A.	Dedicated Acreage: 40 Acres	

- Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- 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: **1/25/93**

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: **JANUARY 23 1993**

Signature & Seal of Professional Surveyor: *[Signature]*

Professional Engineer Seal: **REGISTERED PROFESSIONAL ENGINEER**
NEW MEXICO
5412
NM PE&PS NO. 5412

Submit to Appropriate District Office
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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.
 E-1051

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
 State B N

2. Name of Operator
 SDX RESOURCES, INC.

8. Well No.
 6

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 O : 2513 Feet From The East Line and 1310 Feet From The South Line
 Section 11 Township 19-S Range 28-E NMPM Eddy County

10. Proposed Depth 2600
 11. Formation Grayburg
 12. Rotary or C.T. Rot

13. Elevations (Show whether DF, RT, GR, etc.) 3433 GR
 14. Kind & Status Plug. Bond Blanket
 15. Drilling Contractor Capstar
 16. Approx. Date Work will start Feb. 01

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#	350'+	300	surf
7-7/8"	5-1/2"	15.50#	2600'	500	surf

Plan to drill a 12-1/4" hole to approx. 350'; 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 1/29/93
 TYPE OR PRINT NAME Chuck Morgan TELEPHONE NO. 748-9814

(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

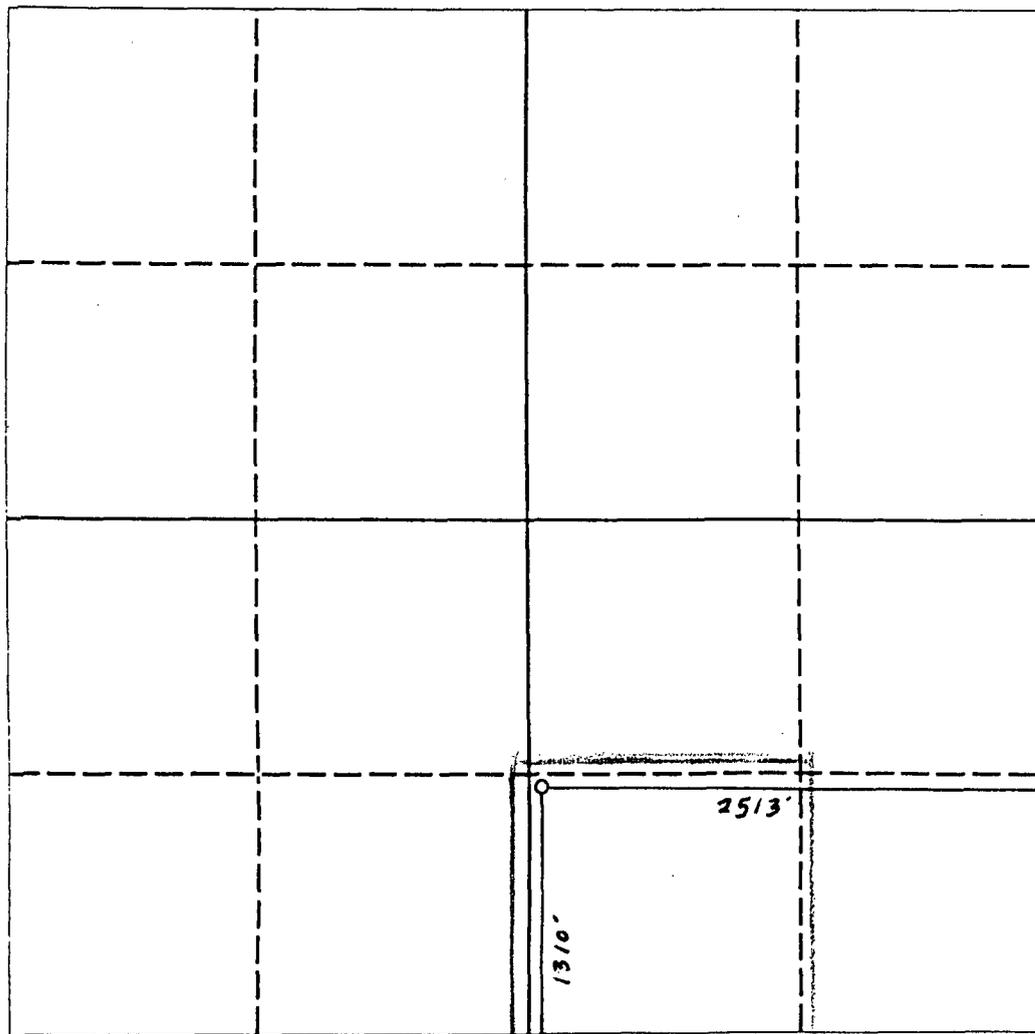
Operator SDX RESOURCES, INC.			Lease STATE BN		Well No. 6
Unit Letter 0	Section 11	Township 19 SOUTH	Range 28 EAST	County NMPM EDDY COUNTY, NM	
Actual Footage Location of Well: 1310 feet from the South line and 2513 feet from the East line					
Ground level Elev. 3433	Producing Formation Q-Gb.		Pool East Millman Q-G-SA.	Dedicated Acreage: 40 Acres	

- Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- 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: **Engr.**
Company: **SDX Resources**
Date: **1/29/93**

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

JANUARY 20, 1993

Signature & Seal of
Professional Surveyor



Certificate No. **5412**
NM PE&PS REG. NO. 5412

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

Submit to Appropriate District Office
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1000 Rio Brazos Rd., Aztec, NM 87410

API NO. (assigned by OCD on New Wells)
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. E-1051

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work: DRILL <input checked="" type="checkbox"/> RE-ENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/>	7. Lease Name or Unit Agreement Name State BN
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 checked="" type="checkbox"/>	8. Well No. 7
2. Name of Operator SDX Resources, Inc.	9. Pool name or Wildcat East Millman Q.-G.-SA.
3. Address of Operator P.O. Box 5061 Midland, Tx 79704-5061	
4. Well Location Unit Letter <u>0</u> : <u>1330</u> Feet From The <u>East</u> Line and <u>10</u> Feet From The <u>South</u> Line Section <u>11</u> Township <u>19S</u> Range <u>28E</u> NMPM <u>Eddy</u> County	

10. Proposed Depth 2650'	11. Formation Grayburg	12. Rotary or C.T. Rotary
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13. Elevations (Show whether DF, RT, GR, etc.) 3410 GL.	14. Kind & Status Plug. Bond Blanket	15. Drilling Contractor Capstar	16. Approx. Date Work will start 2/1/93
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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 #	350+	250	Surface
7 7/8"	5 1/2"	15.5 #	2650'	500	Surface

Plan to drill a 12 1/4" hole to ≈ 350' (plus), set 8 5/8" surface casing and circulate class "C" cement to the surface. Drill out with a 7 7/8" bit to 2650'. Run LDT-CVK and DLK-GR open hole logs. Run 5 1/2" casing to 2650'. Circulate 50/50 Poz "C" cement to the surface. Perforate the Grayburg and Queen and stimulate as necessary for optimum production.
Mud Program : Fresh water mud 0 - 350'
Salt water mud 350 - T.D.

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.

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SIGNATURE Chuck Morgan TITLE P.E. DATE 1/25/93
TYPE OR PRINT NAME _____ TELEPHONE NO. _____

(This space for State Use)

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

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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

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Santa Fe, New Mexico 87504-2088

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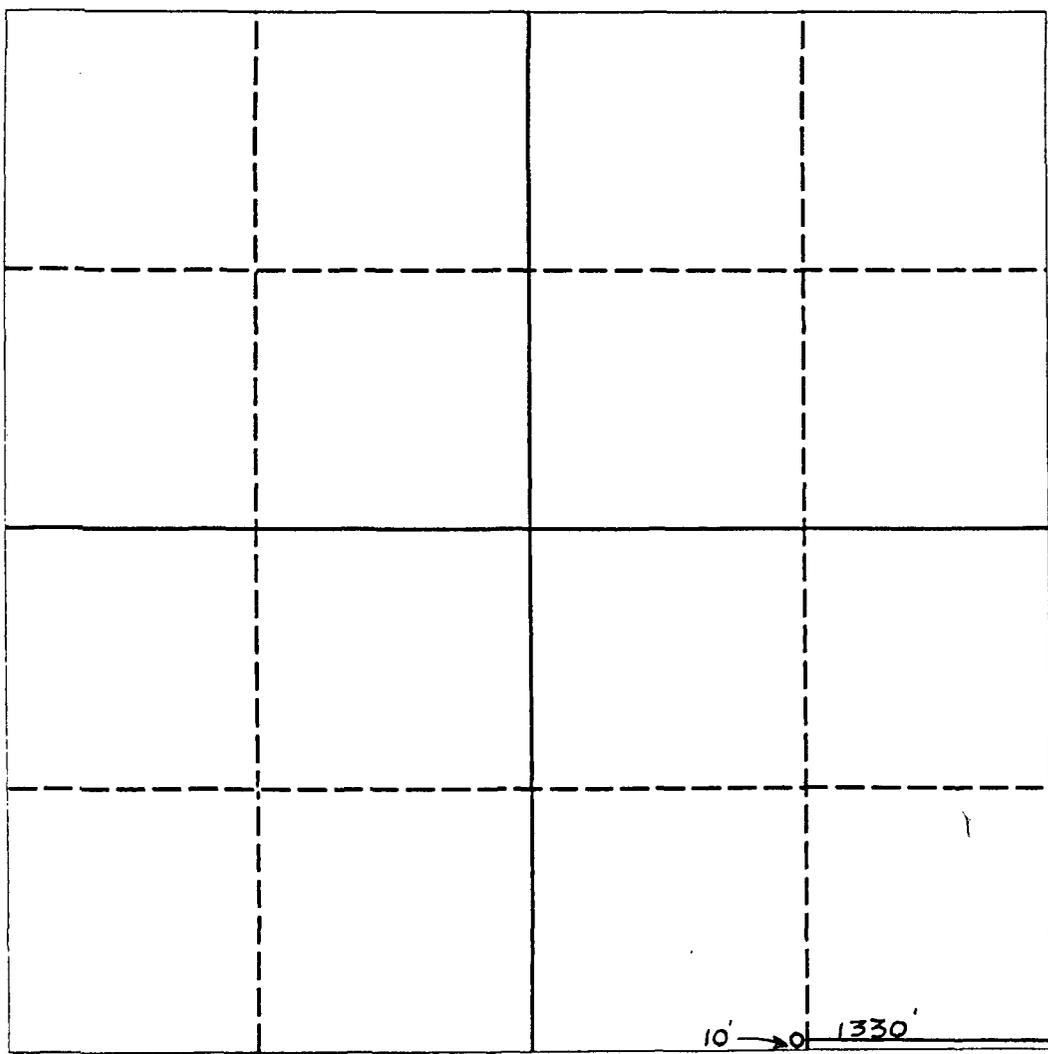
WELL LOCATION AND ACREAGE DEDICATION PLAT
All Distances must be from the outer boundaries of the section

Operator SDX RESOURCES, INC.			Lease STATE BN			Well No. 7		
Unit Letter 0	Section 11	Township 19 SOUTH	Range 28 EAST	County NMPM EDDY COUNTY, NM				
Actual Footage Location of Well: 1330 feet from the EAST line and 10 feet from the SOUTH line								
Ground level Elev. 3410.	Producing Formation Qn. - Gb.		Pool East Millman Q.-G.-SA.			Dedicated Acreage: 40 Acres		

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

Chuck Morgan
Signature

Chuck Morgan
Printed Name

Engineer
Position

SDX Resources, Inc.
Company

1/25/93
Date

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
JANUARY 23, 1993

Signature & Seal of Professional Surveyor
Chuck Morgan

NEW MEXICO
REGISTERED PROFESSIONAL ENGINEER
5412
Certificate No. SURV-1094-12
NM PE&PS

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

