

SDX RESOURCES, INC.

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

OIL CONSERVATION DIVISION
RECEIVED

'93 MAR 27 AM 9 24

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 for five additional unorthodox drilling locations on our East Millman lease. The locations requested will be the East Millman #207, 208, 209, 212, & #213. Survey plats and O.C.D. forms C-101 accompany this letter. A lease map detailing the project expansion 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 the proposed unorthodox locations. Thanks for your prompt attention.

Sincerely,



Chuck Morgan, P.E.

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.
 207

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 T : 1180 Feet From The East Line and 1400 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.) 3391 GR
 14. Kind & Status Plug. Bond Blanket
 15. Drilling Contractor Capstar
 16. Approx. Date Work will start June, 1st

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 5/24/93
 TYPE OR PRINT NAME Chuck Morgan TELEPHONE NO. 748-9224

(This space for State Use)

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

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 Energy, Minerals and Natural Resources Department

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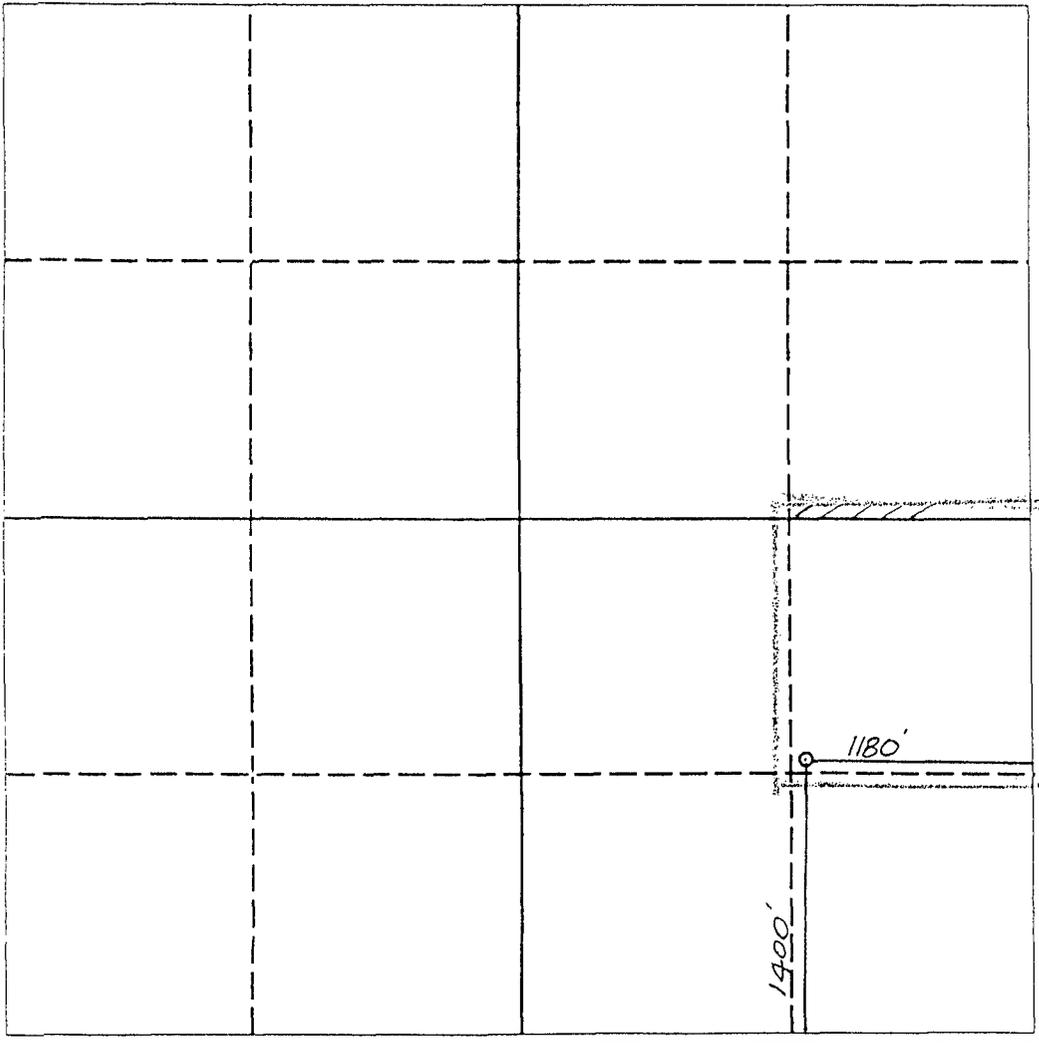
DISTRICT III
 1000 Rio Brazos Rd., Aztec, NM 87410

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. 207		
Unit Letter I	Section 14	Township 19 SOUTH	Range 28 EAST		County EDDY COUNTY, NM			NMPM
Actual Footage Location of Well: 1400 feet from the SOUTH line and 1180 feet from the EAST line								
Ground level Elev. 3391.		Producing Formation Qn - Gk - SA		Pool E. Millman Qn - Gk - 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

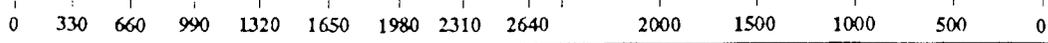
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature: *Chuck Morgan*
 Printed Name: **Chuck Morgan**
 Position: **Engr.**
 Company: **SDX Resources**
 Date: **5/24/93**

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: **MAY 21, 1993**
 Signature: *Ed Eddy*
 Professional Surveyor
 NEW MEXICO
 75412
 REGISTERED PROFESSIONAL ENGINEER
 Certificate No. **5412**
 NM PE&PS NO. **5412**



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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.
208

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 H : 1310 Feet From The East Line and 1360 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.) 3405 GR
14. Kind & Status Plug. Boord Blanket
15. Drilling Contractor Capstar
16. Approx. Date Work will start June, 1st

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 5/24/93
TYPE OR PRINT NAME Chuck Morgan TELEPHONE NO. 748-9724

(This space for State Use)

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

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District Office
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Energy, Minerals and Natural Resources Department

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1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

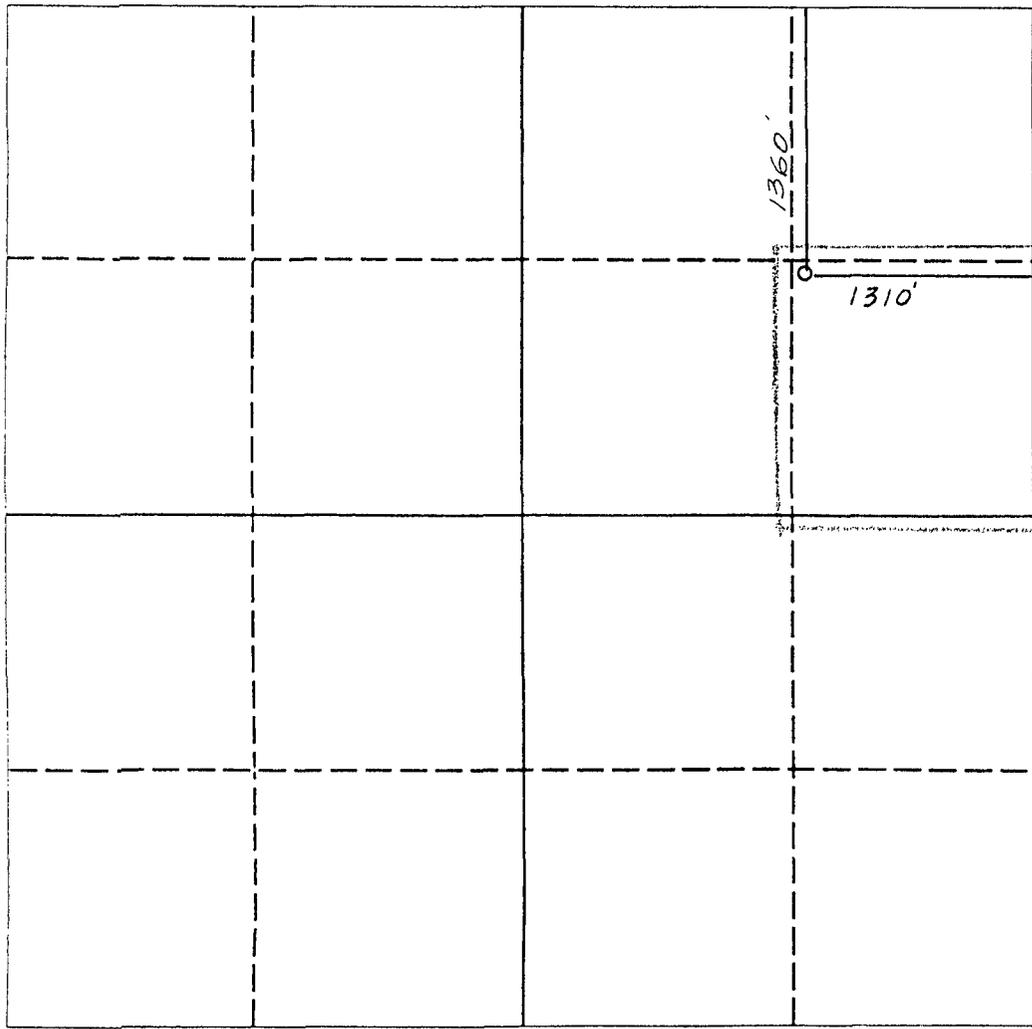
Operator SDX RESOURCES, INC.			Lease EAST MILLMAN UNIT		Well No. 208
Unit Letter H	Section 22	Township 19 SOUTH	Range 28 EAST	County EDDY COUNTY, NM	

Actual Footage Location of Well:
1310 feet from the **EAST** line and **1360** feet from the **NORTH** line

Ground level Elev. 3405.	Producing Formation Qn-6b-SA	Pool E. Millman Qn-6b-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: **5/24/93**

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.

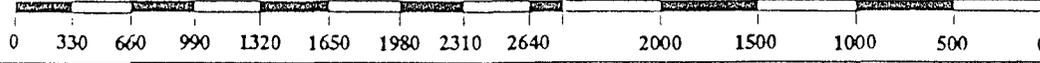
Date Surveyed: **MAY 22, 1993**

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

Certificate No. **5412**

NEW MEXICO REGISTERED PROFESSIONAL SURVEYOR ENGINEER

NM PE&PS NO. 5412



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 Energy, Minerals and Natural Resources Department

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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.
 209

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 H : 10 Feet From The East Line and 1390 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.)
 3409 GR
 14. Kind & Status Plug Bond
 Blanket
 15. Drilling Contractor
 Capstar
 16. Approx. Date Work will start
 June, 1st

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.

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SIGNATURE Chuck Morgan TITLE Engr. DATE 5/24/93

TYPE OR PRINT NAME Chuck Morgan TELEPHONE NO. 748-9724

(This space for State Use)

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

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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

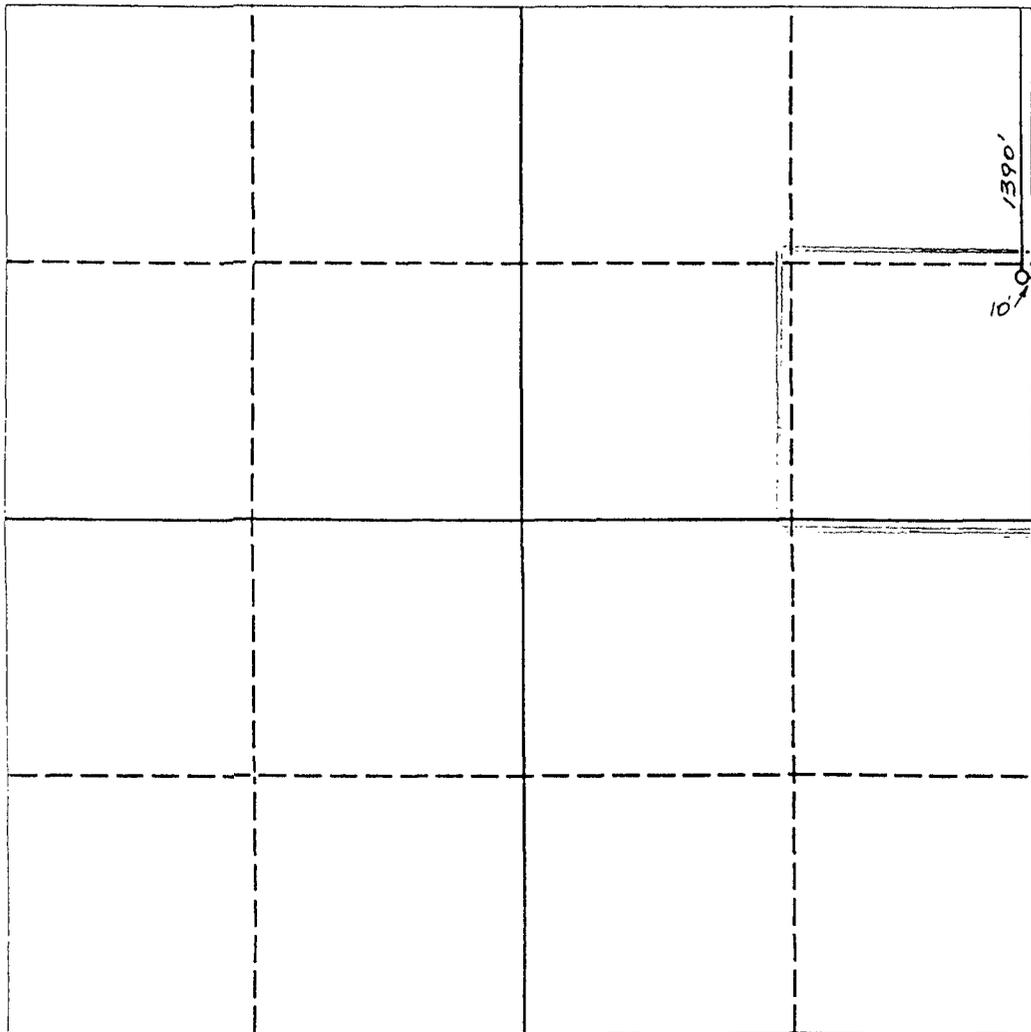
Operator SDX RESOURCES, INC.			Lease EAST MILLMAN UNIT		Well No. 209
Unit Letter H	Section 22	Township 19 SOUTH	Range 28 EAST	County EDDY COUNTY, NM	

Actual Footage Location of Well:

1390 feet from the **NORTH** line and **10** feet from the **EAST** line

Ground level Elev. 3409.	Producing Formation Qn - Gb - SA.	Pool E. Millman Qn - Gb - SA	Dedicated Acreage: 40 Acres
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- 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).
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 Yes No If answer is "yes" type of consolidation _____
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OPERATOR CERTIFICATION

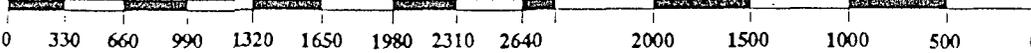
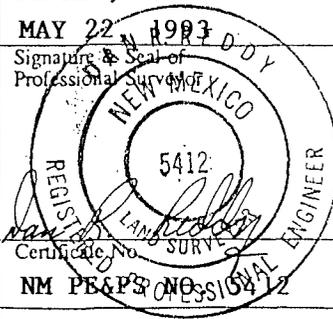
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature <i>Chuck Morgan</i>
Printed Name Chuck Morgan
Position Engr.
Company SDX Resources
Date 5/24/93

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 MAY 22 1993
Signature & Seal of Professional Surveyor <i>David L. D'Or</i>
Certificate No. 5412



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 State Lease - 6 copies
 Fee Lease - 5 copies

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 Energy, Minerals and Natural Resources Department

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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.
 212

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 p : 1310 Feet From The East Line and 1310 Feet From The South Line
 Section 15 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.)
 3438 GR
 14. Kind & Status Plug. Boord
 Blanket
 15. Drilling Contractor
 Capstar
 16. Approx. Date Work will start
 June, 1st

17. PROPOSED CASING AND CEMENT PROGRAM

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12-1/4"	8-5/8"	24#	380'	300	surf
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TYPE OR PRINT NAME Chuck Morgan TELEPHONE NO. 748-9224

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WELL LOCATION AND ACREAGE DEDICATION PLAT

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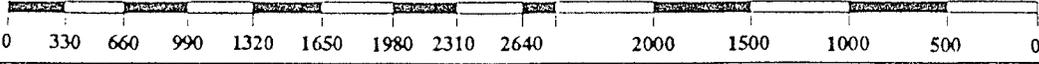
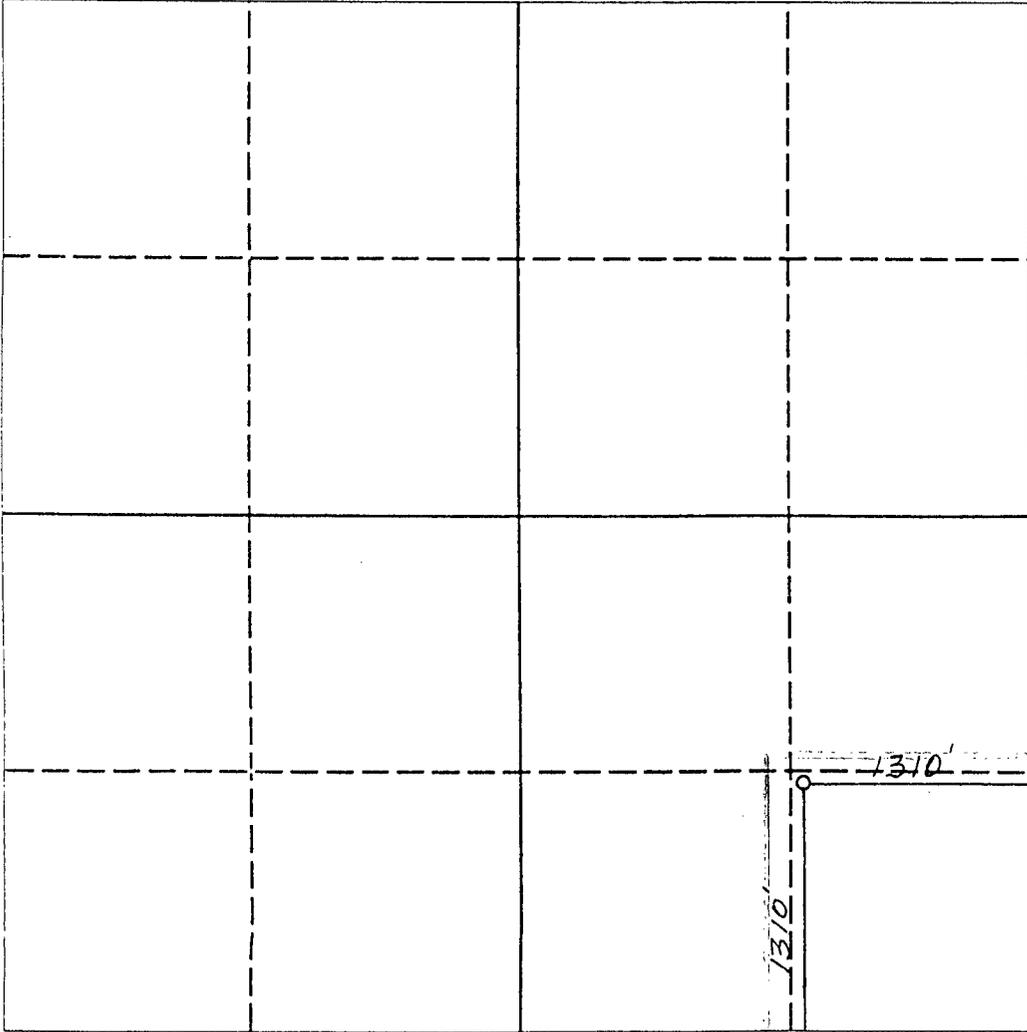
Operator SDX RESOURCES, INC.			Lease EAST MILLMAN UNIT			Well No. 212		
Unit Letter P	Section 15	Township 19 SOUTH	Range 28 EAST	County EDDY COUNTY, NM		NMPM		
Actual Footage Location of Well: 1310 feet from the SOUTH line and 1310 feet from the EAST line								
Ground level Elev. 3438.	Producing Formation Qn-Gb-SA.			Pool E. Millman Qn-Gb-SA.		Dedicated Acreage: 40 Acres		

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Signature
Chuck Morgan

Printed Name
Chuck Morgan

Position
Engr.

Company
SDX Resources

Date
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Date Surveyed
MAY 22, 1993

Signature & Seal of Professional Surveyor
Edward D. Dwyer

Certificate No.
5412

NEW MEXICO
 PROFESSIONAL ENGINEER
 AND SURVEYOR
 STATE OF NEW MEXICO
 REG. NO. 5412

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 E. Millman Q-G-SA

4. Well Location
 Unit Letter G : 1330 Feet From The East Line and 2630 Feet From The North Line
 Section 15 Township 19-S Range 28-E NMPM Eddy County

10. Proposed Depth
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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 5/24/93

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

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

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

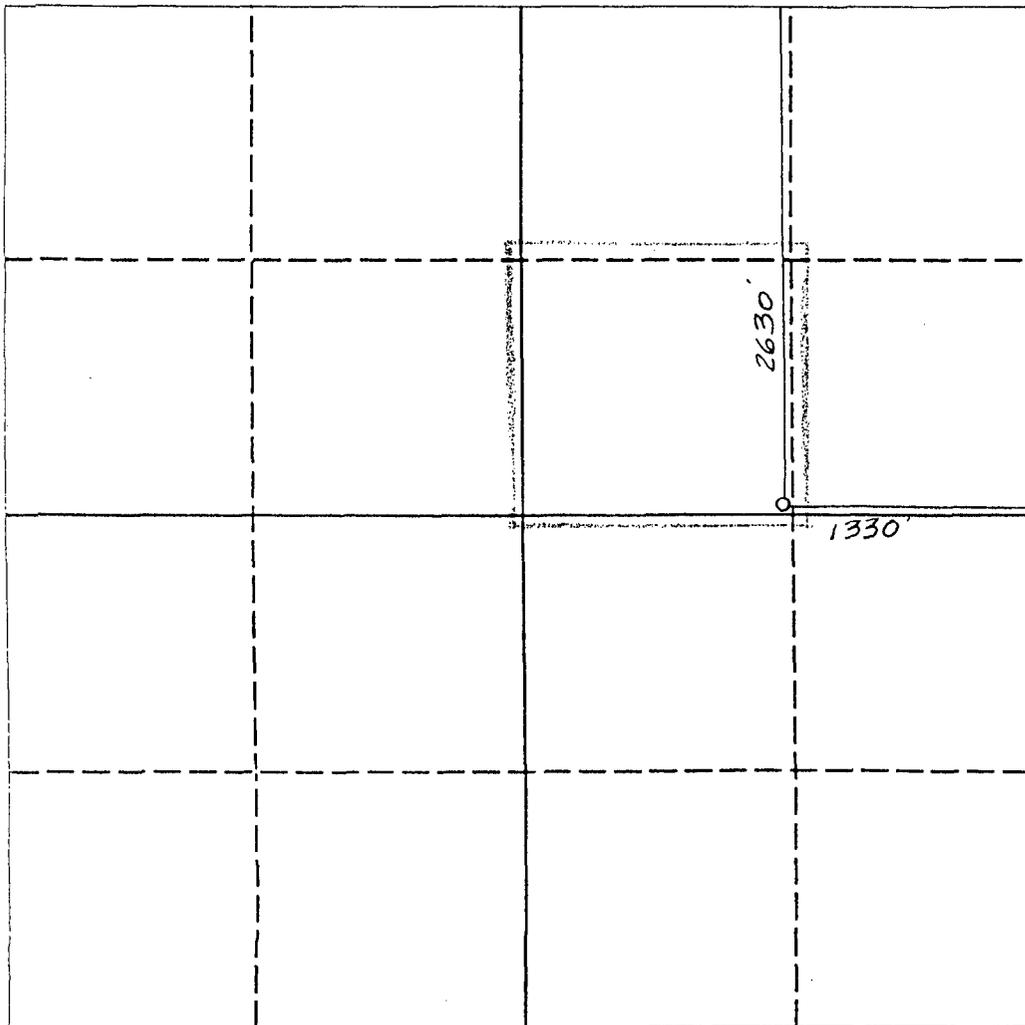
DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

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 EAST MILLMAN UNIT		Well No. 213
Unit Letter G	Section 15	Township 19 SOUTH	Range 28 EAST	County EDDY COUNTY, NM
Actual Footage Location of Well: 1330 feet from the EAST line and 2630 feet from the NORTH line				
Ground level Elev. 3462.	Producing Formation Qr-6b-5A	Pool E. Millman Qr-6b-5A	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 _____ 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.</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
5/24/93

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
MAY 22 1993

Signature & Seal of Professional Surveyor
[Signature]

REGISTRY OF PROFESSIONAL ENGINEERS
NEW MEXICO
5412
CERTIFICATE NO. 3084
NM PE&PS NO. 05412



