

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

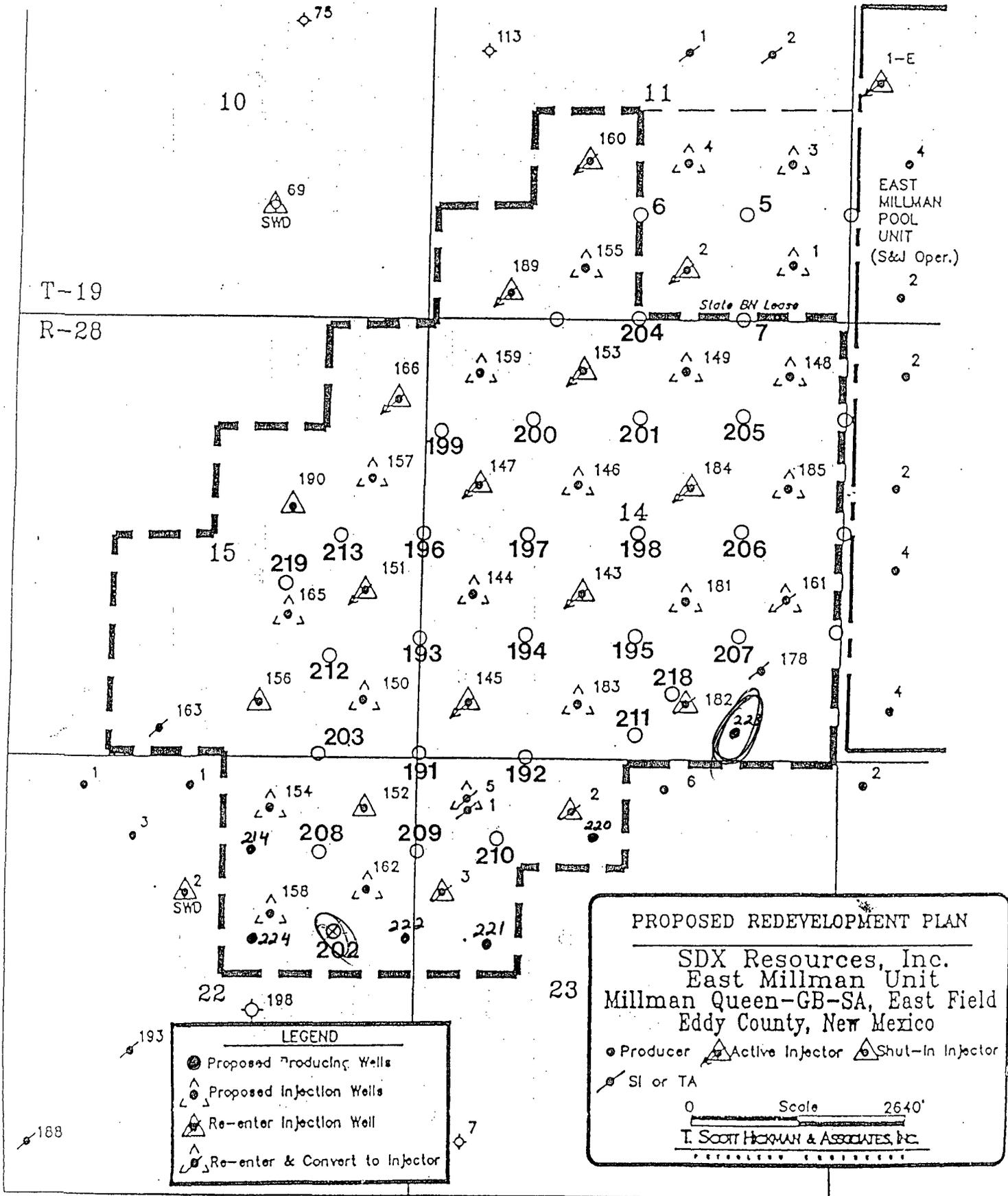
Mr. Stogner,

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,



Chuck Morgan, P.E.



LEGEND

- Proposed Producing Wells
- ▲ Proposed Injection Wells
- ◻ Re-enter Injection Well
- ◻ Re-enter & Convert to Injector

PROPOSED REDEVELOPMENT PLAN

SDX Resources, Inc.
 East Millman Unit
 Millman Queen-GB-SA, East Field
 Eddy County, New Mexico

● Producer ▲ Active Injector ◻ Shut-In Injector

◻ SI or TA

0 Scale 2640'

T. SCOTT HEKMAN & ASSOCIATES, INC.
 PETROLEUM ENGINEERS

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 <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No.	648

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 East Millman
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. 222
2. Name of Operator SDX RESOURCES, INC.	9. Pool name or Wildcat E. Millman Q-G-SA
3. Address of Operator P.O. BOX 5061 Midland, TX, 79704-5061	
4. Well Location Unit Letter <u>H</u> : <u>10</u> Feet From The <u>East</u> Line and <u>2310</u> Feet From The <u>North</u> Line Section <u>22</u> Township <u>19-S</u> Range <u>28-E</u> NMPM <u>Eddy</u> 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.		

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

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Santa Fe, New Mexico 87504-2088

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

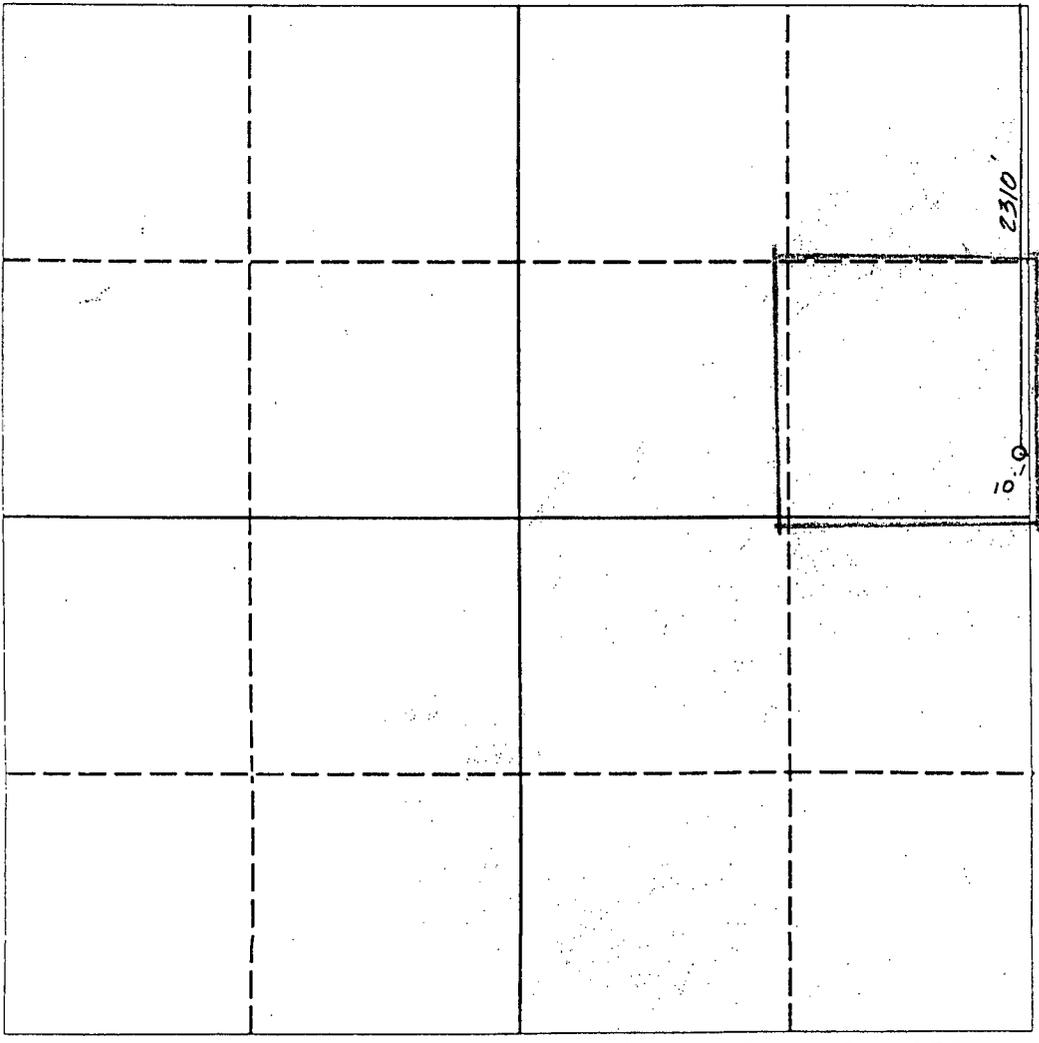
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

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 NMPM		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-66-5A		Pool E. Millman Q_u-66-5A	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.

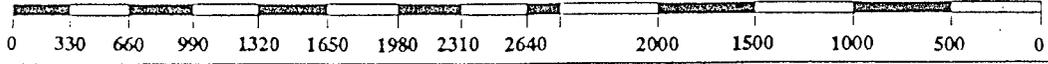
Signature: *Chuck Morgan*
 Printed Name: **Chuck Morgan**
 Position: **Engr.**
 Company: **SDX Resources**
 Date: **10/23/93**

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 **EDDY**
 Professional Surveyor

 Certificate No. **5412**
 NM PE&PS NO. **5412**
 PROFESSIONAL ENGINEER



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 State Lease - 6 copies
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State of New Mexico
 Energy, Minerals and Natural Resources Department

Form C-101
 Revised 1-1-89

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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 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

PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
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TYPE OR PRINT NAME Chuck Morgan TELEPHONE NO. 748-9724

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 Revised 1-1-89

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WELL LOCATION AND ACREAGE DEDICATION PLAT

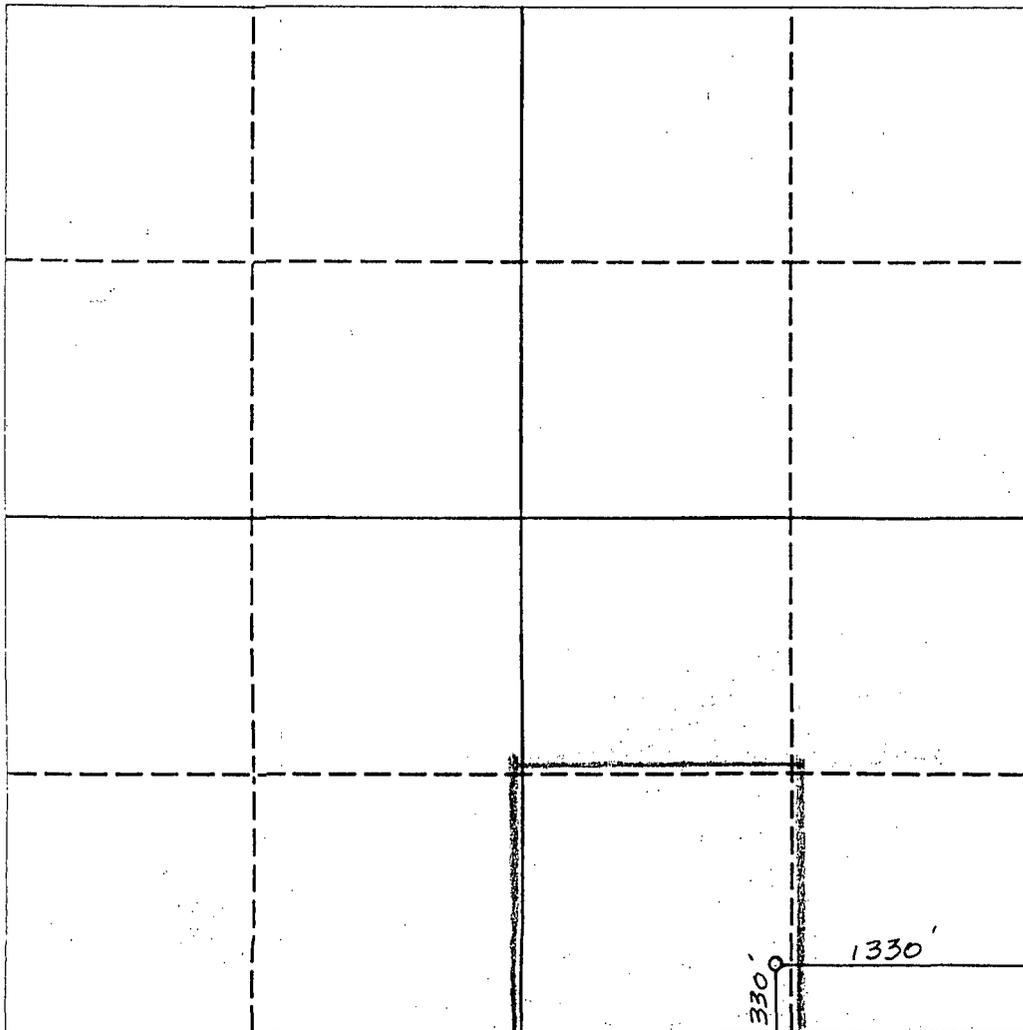
All Distances must be from the outer boundaries of the section

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

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-6b-SA	Pool E. Millman Q_u-6b-SA	Dedicated Acreage: 40 Acres
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Signature: *Chuck Morgan*
 Printed Name: **Chuck Morgan**
 Position: **Engr.**
 Company: **SDX Resources**
 Date: **10/23/93**

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Date Surveyed: **OCTOBER 22, 1993**
 Signature & Seal of Professional Surveyor: *R. Reddy*

 NM PE&PS NO. **5412**

