

PC ~~1.5.94~~ 1.5.94
OIL CONSERVATION DIVISION
DEC 05 1993 08 47
SDX RESOURCES, INC.

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

Dec. 10. 1993

N.M. Energy Minerals &
Natural Resources Dept.
Oil Conservation Division
State Land Office Division
P.O. Box 2088
Santa Fe, N.M. 87504-2088

Attn: Mr. William Lemay

Re: Application for exception to commingling rules

Mr. Lemay,

SDX Resources, Inc. respectfully requests administrative approval to commingle production from 6 wells drilled on its BN State lease into a common storage facility. The BN State Wells #1,3,4,5,& 6 are marginal wells producing from the East Millman Qn.,Gb.,Sa. pool. The BN #7 was tested in the East Millman Qn.,Gb.,Sa. pool and was non commercial. It will be re-completed in the East Millman 7-Rivers pool and marginal production is anticipated. It is proposed to commingle production from all wells on the BN State lease into its existing battery located in the center of the lease.

This exception to commingling rules is requested to reduce operating cost for the BN #7 well. 7-Rivers production history for this area is normally marginal with low total reserves. Construction cost of an additional battery and the operating cost to maintain it would greatly shorten the economic life of this well. There will be no difference in the value of product as oil from the two pools concerned is of a similar gravity and both are sour. All royalty and working interests are identical for both pools on the BN lease as well as for the E. Millman Unit. As production from all wells concerned will be marginal, it is proposed to periodically test each well at the well head with a conventional port-a-check unit. The following diagrams, lease maps, & well production data are submitted for your information: Attachment IA-IB: Field & Lease Maps
Attachment II: BN St. Oct. C-115 reports

Attachment III: BN St. production history
(wells 1,3,& 4 E. Millman
Qn.,Gb.,Sa. pool)

Attachment IV: well plat: BN St. #7

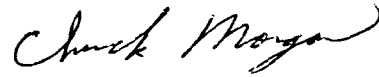
Attachment V: Oil Gravity Analysis

Attachment VI: Workover Procedure: BN St.#7

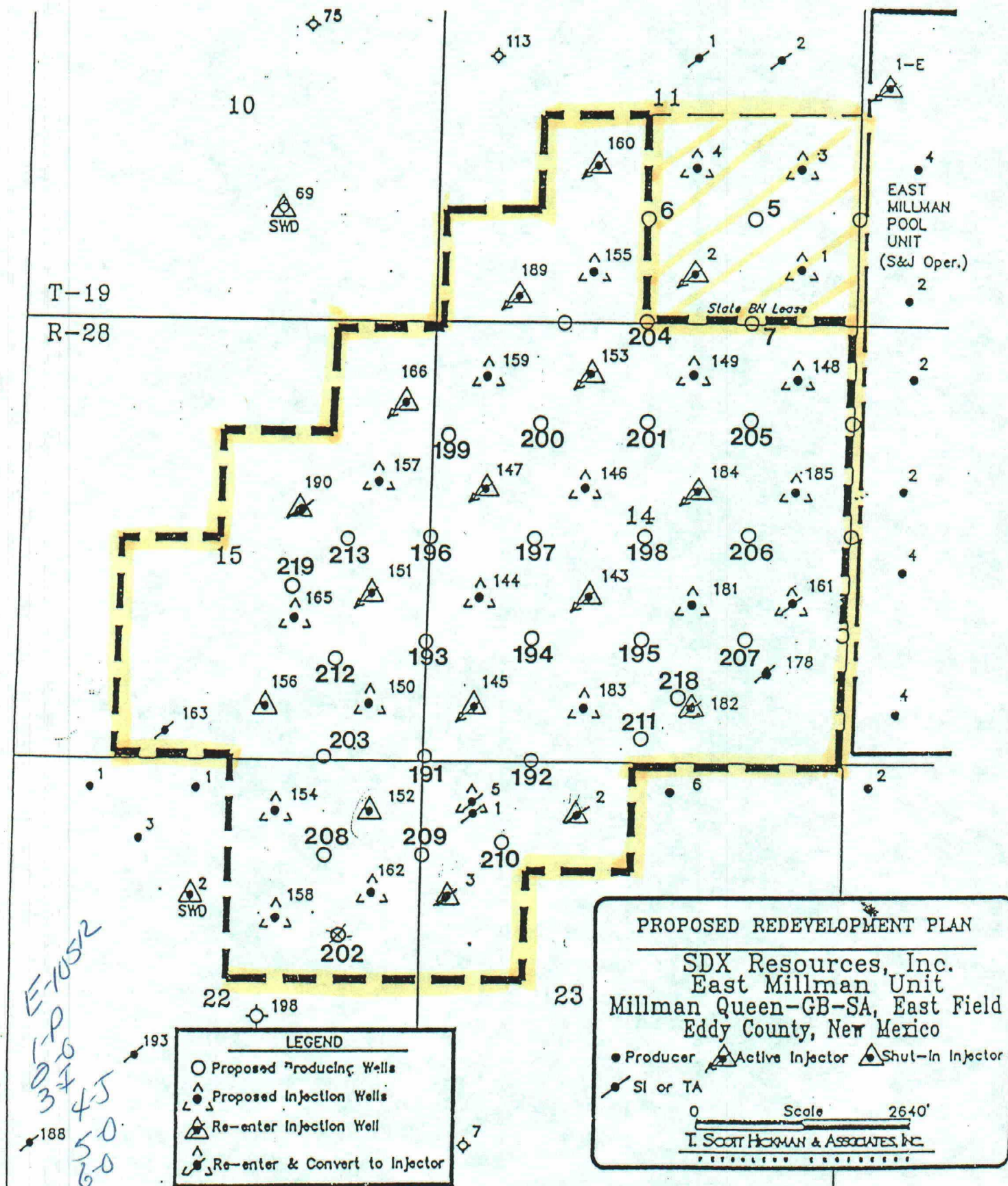
Attachment VII: Battery & Tester Diagram

Your cooperation on this matter is appreciated. Should you
need any additional information please contact me at 748-
9724.

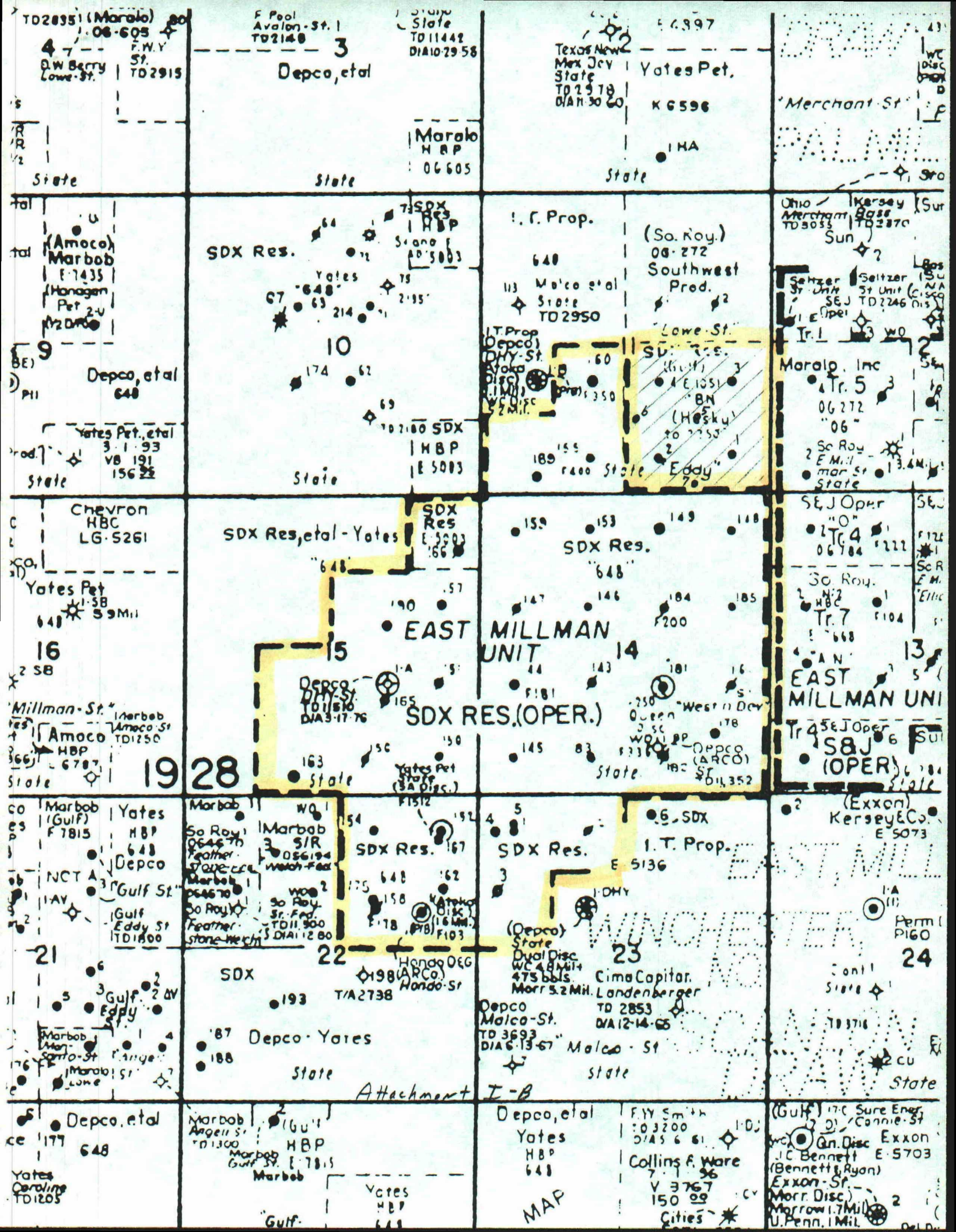
Sincerely,

A handwritten signature in cursive script that reads "Chuck Morgan". The signature is written in black ink and is positioned above the typed name.

Chuck Morgan, P.E.



Attachment I-A

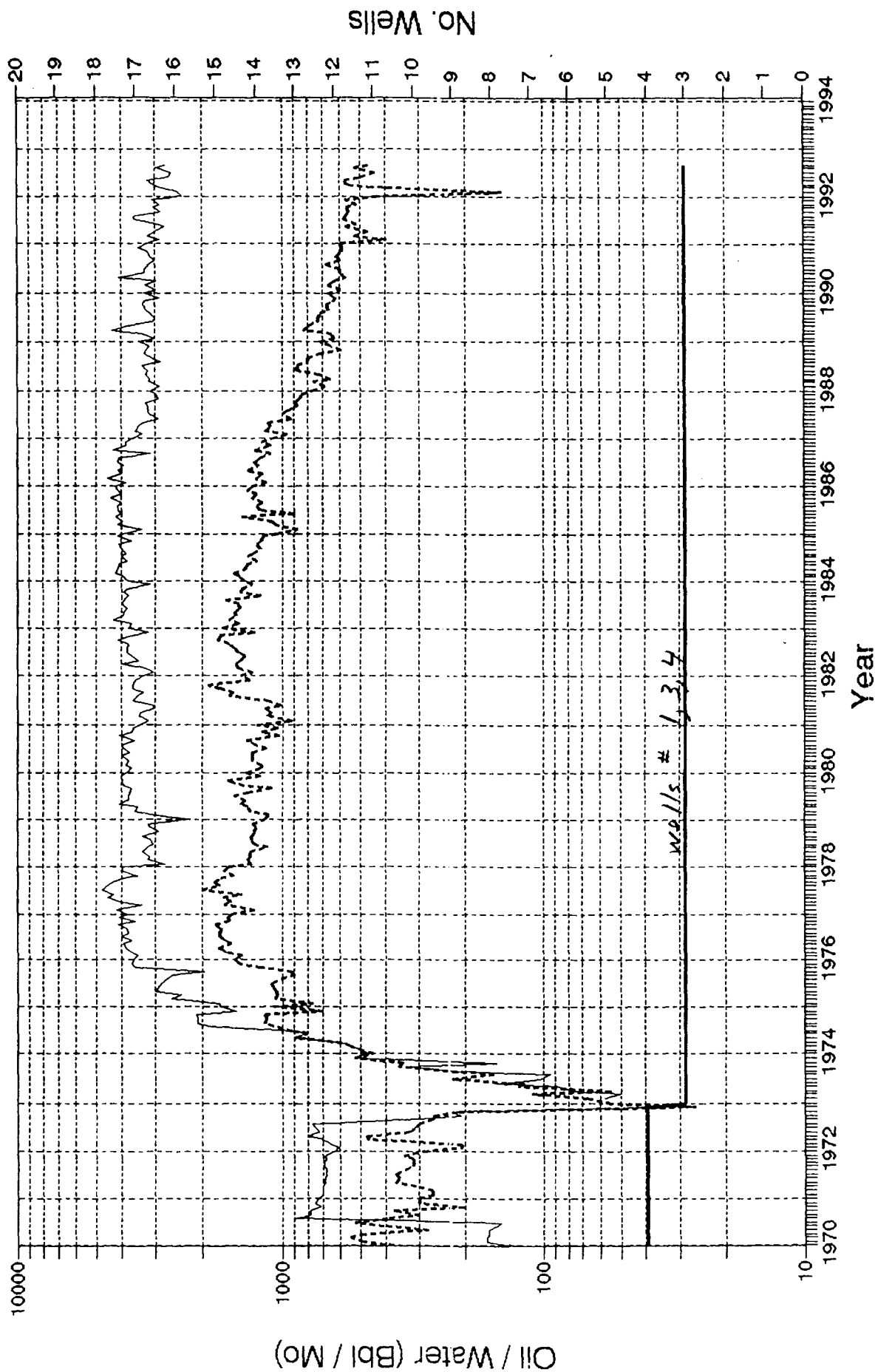


PAGE 18 OF 20

POOL NAME (Underline)				WELL STA- TUS	INJECTION VOLUME / PRESS.	PRODUCTION			DISPOSITION OF GAS			DISPOSITION OF OIL							
API#	WELL NO.	UNIT	SEC. TWP. RNG.			BARRELS OIL/ COND. PRODUCED	BARRELS OF WATER PRODUCED	GAS PRODUCED (MCF)	DAYS PROD.	SOLD	TRANS- POR- TER	OTHER	CODE	OIL ON HAND AT BEG. OF MONTH	BARRELS TO TRANS- PORTER	TRANS- POR- TER	OTHER	COOR HAND AT END OF MONTH	
MILLMAN - QUEEN - GRAYBURG - SAN ANDRES, EAST																			
MILLMAN UNIT, EAST																			
	30-015-27298	#197 F	14-19S-28E	P	0	0	293	2342	388	31	388								
	30-015-27303	#198 K	14-19S-28E	P	0	0	368	1134	540	31	540								
	30-015-27304	#199 E	14-19S-28E	P	0	0	368	6051	539	31	539								
	30-015-27348	#203 B	22-19S-28E	P	0	0	2000	6518	2933	31	2933								
	30-015-27351	#206 G	14-19S-28E	P	0	0	1053	2524	1544	31	1544								
	30-015-27406	#207 I	14-19S-28E	P	0	0	569	4389	835	31	835								
	30-015-27467	#208 H	22-19S-28E	P	0	0	28	33	40	31	40								
	30-015-27468	#209 H	22-19S-28E	P	54957	0	3275	3984	4804	31	4804			14637	NRC	15	1044		
	LEASE TOTALS																		
	30-015-02210	#1 P	11-19S-28E	P	0	0	76	150	79	31	79								
	30-015-02211	#2 O	11-19S-28E	P	6071	720	0	0	0	31	0								
	30-015-02212	#3 I	11-19S-28E	P	0	0	76	430	79	31	79								
	30-015-02213	#4 J	11-19S-28E	P	0	0	248	992	256	31	256								
	30-015-27307	#5 O	11-19S-28E	P	0	0	39	116	122	31	122								
	30-015-27309	#6 O	11-19S-28E	P	0	0	83	2729	304	31	304								
	30-015-27308	#7 O	11-19S-28E	P	6071	0	660	680	203	31	203			304	NRC	0	409		
	LEASE TOTALS																		
WELCH FEDERAL																			
	30-015-02284	#1 C	22-19S-28E	P	0	0	0	883		31									
	30-015-23774	#3 C	22-19S-28E	P	0	0	0	0	0	31	0			0	NRC	0	37		
	LEASE TOTALS																		
FEATHERSTONE FEDERAL																			
	30-015-02280	#1 D	22-19S-28E	P	0	0	40	0	0	31	0								
	LEASE TOTALS																		
FEATHERSTONE - WELCH FEDERAL																			
	30-015-22921	#1 E	22-19S-28E	P	0	0	29	0	0	31	0								
	LEASE TOTALS																		
BATTERY TOTAL																			
							69	0	0	0	0		106	0	NRC	0	175		
I HEREBY CERTIFY THAT THE INFORMATION GIVEN IS TRUE AND COMPLETE TO THE BEST OF MY KNOWLEDGE																			
DISTRIBUTION Original OCD Santa Fe One Copy OCD Dist. Office in which lease is located One Copy to Transporter(s) DATE DUE To be postmarked by 24th day of next succeeding month.				STATUS CODE F.....FLOWING P.....PUMPING G.....GAS LIFT S.....SHUT IN T.....TEMP ABANDONED L.....INJECTION D.....DISCONTINUED				"OTHER" GAS DISPOSITION CODE X.....USED OFF LEASE D.....USED FOR DRILLING G.....GAS LIFT L.....LOST (MCF ESTIMATED) E.....EXPLANATION ATTACHED R.....REPRESSURING OR P.....PRESSURE MAINTENANCE V.....VENTED U.....USED ON LEASE				"OTHER" OIL DISPOSITION CODE C.....CIRCULATING OIL L.....LOST S.....SEDIMENTATION (B S & W) E.....EXPLANATION ATTACHED T.....THEFT				ANA NATIVIDAD AGENT (915) 885-1761			
NOVEMBER 23, 1993																			

Attachment II

SDX Resources, Inc. - State BN Lease East Millman (Queen Grayburg San Andres) Eddy Co., N.M.



..... Oil — Water

A Hachman + III

OIL CONSERVATION DIVISION

P.O. Box 2083
Santa Fe, New Mexico 87504-2088

Attachment TV

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

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

DISTRICT III
 000 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. 7
Unit Letter O	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. 34 10.	Producing Formation Q ₂ -G ₆	Pool East Millman Q-G-5A.	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.

10' → 1330'

OPERATOR CERTIFICATION

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

Signature Charles Morgan

Printed Name Chuck Morgan

Position Engineer

SOX 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 1998

Signature & Seal of Professional Surveyor

NEW MEXICO
5412
REGISTERED PROFESSIONAL ENGINEER
State of New Mexico
Certificate No. 5412
NM P.E. 5412

Oil Sample Review:

Sample #	Field	Source	API Gravity 60' F.	Type
#1	E. Millman Qn., Gb., Sa.	BN St. #4	39	Sour
#2	E. Millman 7-Rivers	E. Millman 7-Rivers Well	38.5	Sour

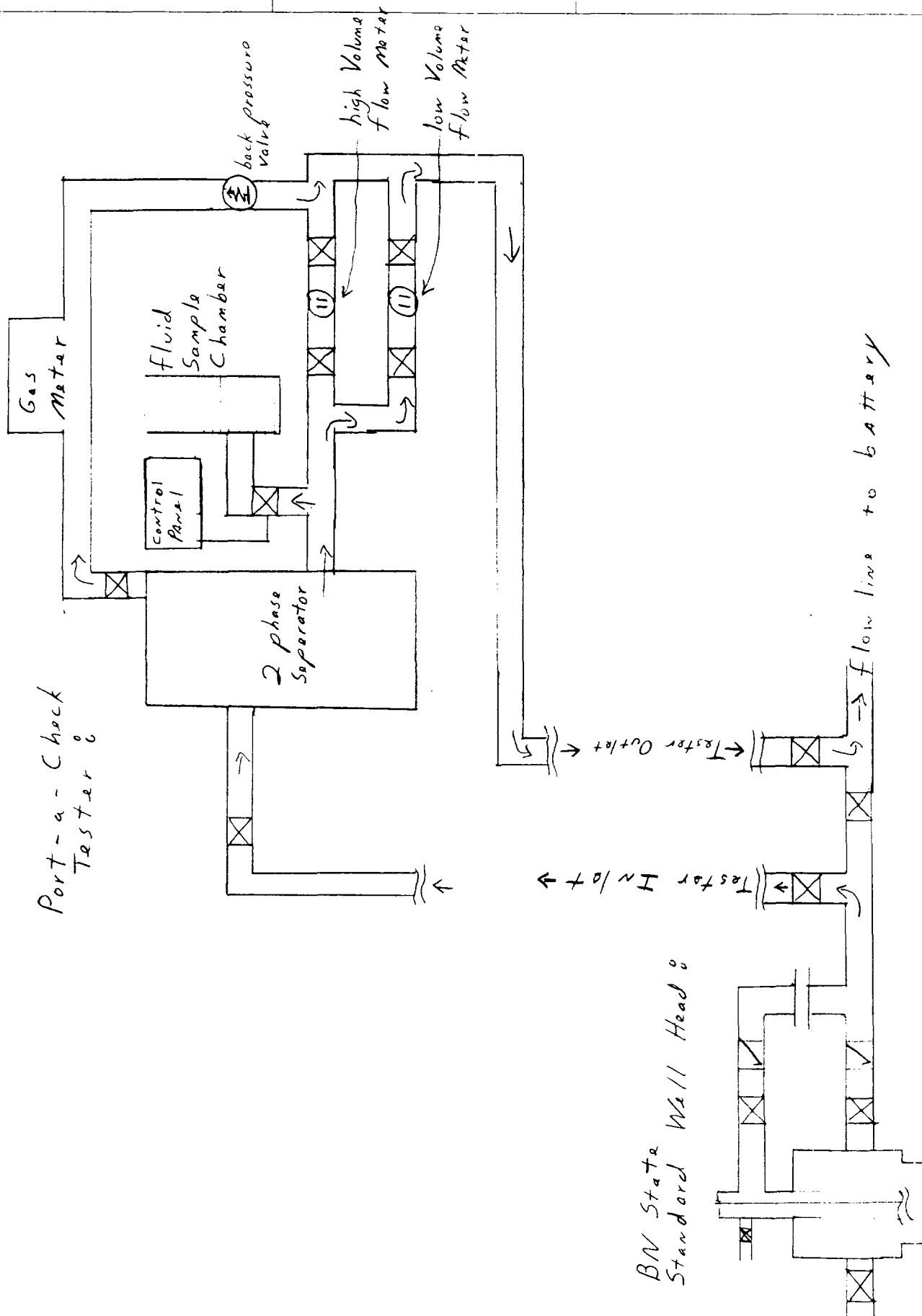
Attachment: V

BN State #7
T19S R28E Sec.11
1330' FEL & 10' FSL
EDDY CO., N.M.

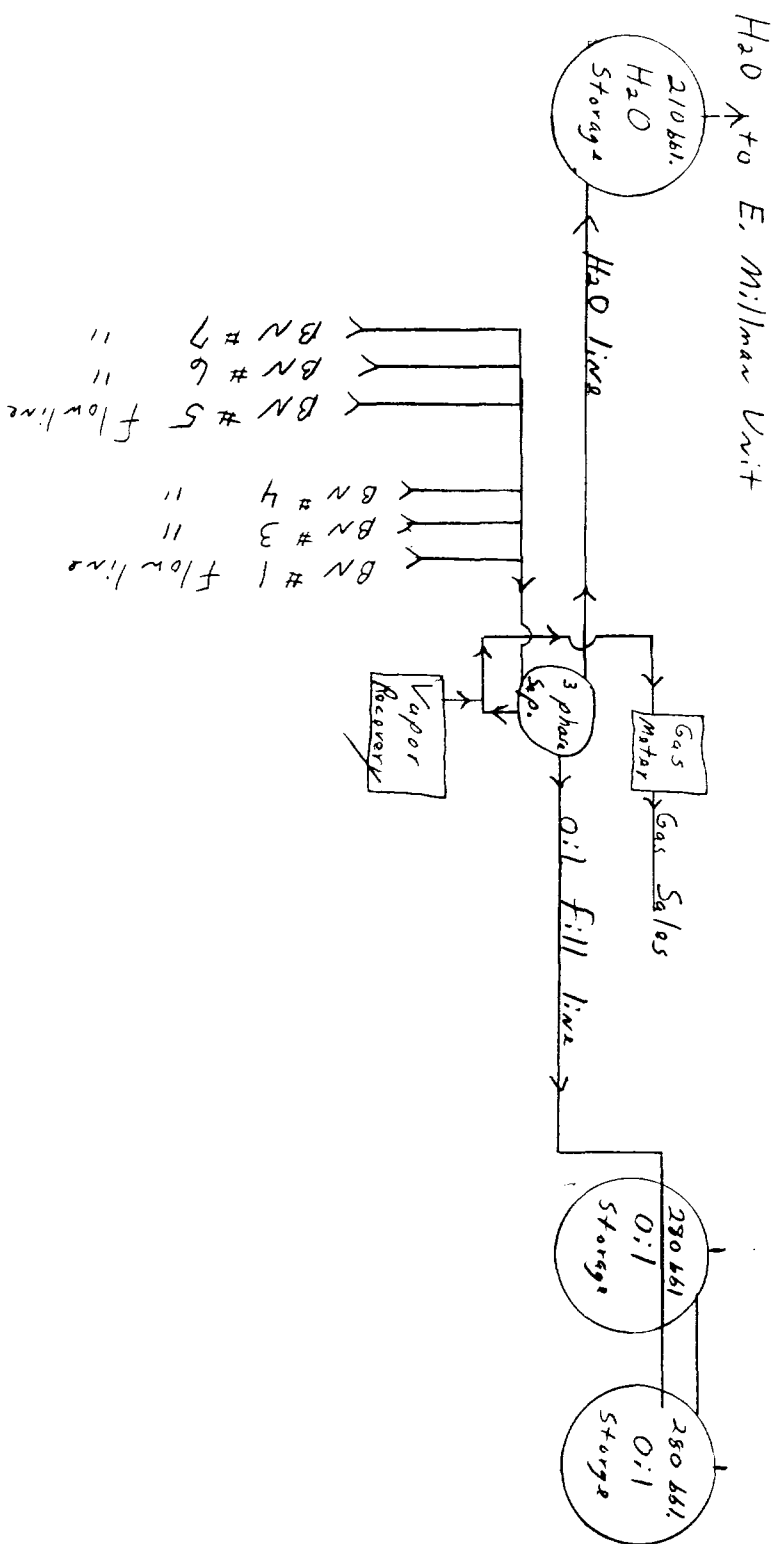
Workover Proposal

1. R.U. unit & N.U. B.O.P.
2. T.O.H. with all equipment
3. Set C.I.B.P. at 2010' and cap with 35' of cement.
4. Perforate: 1093,94,1146,48,50,79,80,86,91,
1204,12,16,27,50,62,63,79,90,91,96,97,98
1314,15,22.
5. Acidize with 2500 gallons 15% NEFE.
6. Frac if necessary with 30,000 gallons gellrd water
and 45,000# 20/40 brady sand

Attachment: VI



BN State Battery



Attachment VII - B