

District I French Dr., Hobbs, NM 88240
District II 1301 W. Grand Avenue, Artesia, NM 88210
District III 1000 Rio Brazos Road, Aztec, NM 87410
District IV 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Form C-101
May 27, 2004

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit to appropriate District Office

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address SDX Resources, Inc. PO Box 5061 Midland, TX 79704		² OGRID Number 020451
³ Property Code 26503	⁴ Property Name Stateley State	⁵ API Number 30-015-34086
⁹ Proposed Pool 1 Red Lake, QN-GB-SA		¹⁰ Proposed Pool 2

7 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	30	17S	28E		2310	South	330	East	Eddy

8 Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Additional Well Information

¹¹ Work Type Code N	¹² Well Type Code O	¹³ Cable/Rotary R	¹⁴ Lease Type Code State	¹⁵ Ground Level Elevation 3601' GR
¹⁶ Multiple N	¹⁷ Proposed Depth 4000'	¹⁸ Formation QN-GB-SA	¹⁹ Contractor United Drig	²⁰ Spud Date 5/1/05
Depth to Groundwater >50 <1000		Distance from nearest fresh water well >1000		Distance from nearest surface water >1000
Pit: Liner: Synthetic X 20 mils thick Clay <input type="checkbox"/> Pit Volume: _____ bbls Drilling Method: Closed-Loop System <input type="checkbox"/> Fresh Water X Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>				

21 Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
* 12-1/4"	8-5/8"	24#	400	325	Surf
7-7/8"	5-1/2"	14#	4000	600	Surf

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

Plan to drill a 12-1/4" hole to appx 400' & set 8-5/8" surf csg to 400'. Circ Class C cmt. Drill 7-7/8" hole to TD (4000'). Run OH logs. Run 5-1/2" csg & circ cmt. Perf the QN/GB/SA zone & stimulate as necessary for optimum production.

* Fresh Water Mud

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines X, a general permit <input type="checkbox"/> , or an (attached) alternative OCD-approved plan <input type="checkbox"/> .		OIL CONSERVATION DIVISION	
Printed name: Bonnie Atwater		Approved by: TIM W. GUM	
Title: Regulatory Tech		Title: DISTRICT II SUPERVISOR	
E-mail Address: batwater@sdxresources.com		Approval Date: APR 26 2005 Expiration Date: APR 26 2006	
Date: 4/21/05	Phone: 432/685-1761	Conditions of Approval Attached <input type="checkbox"/>	

District I
1625 N. French Dr. Hobbs, NM 88240

District II
811 South First, Artesia, NM 88210

District III
1000 Rio Brazos Rd., Aztec NM 87410

District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, N M 87505

Form C-102

Revised March 17, 1999
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 51300	Pool Name Red Lake, QN-GB-SA
Property Code 26503	Property Name Staley State	Well Number 3
OGRID No. 020451	Operation Name SDX RESOURCES, INC.	Elevation 3601

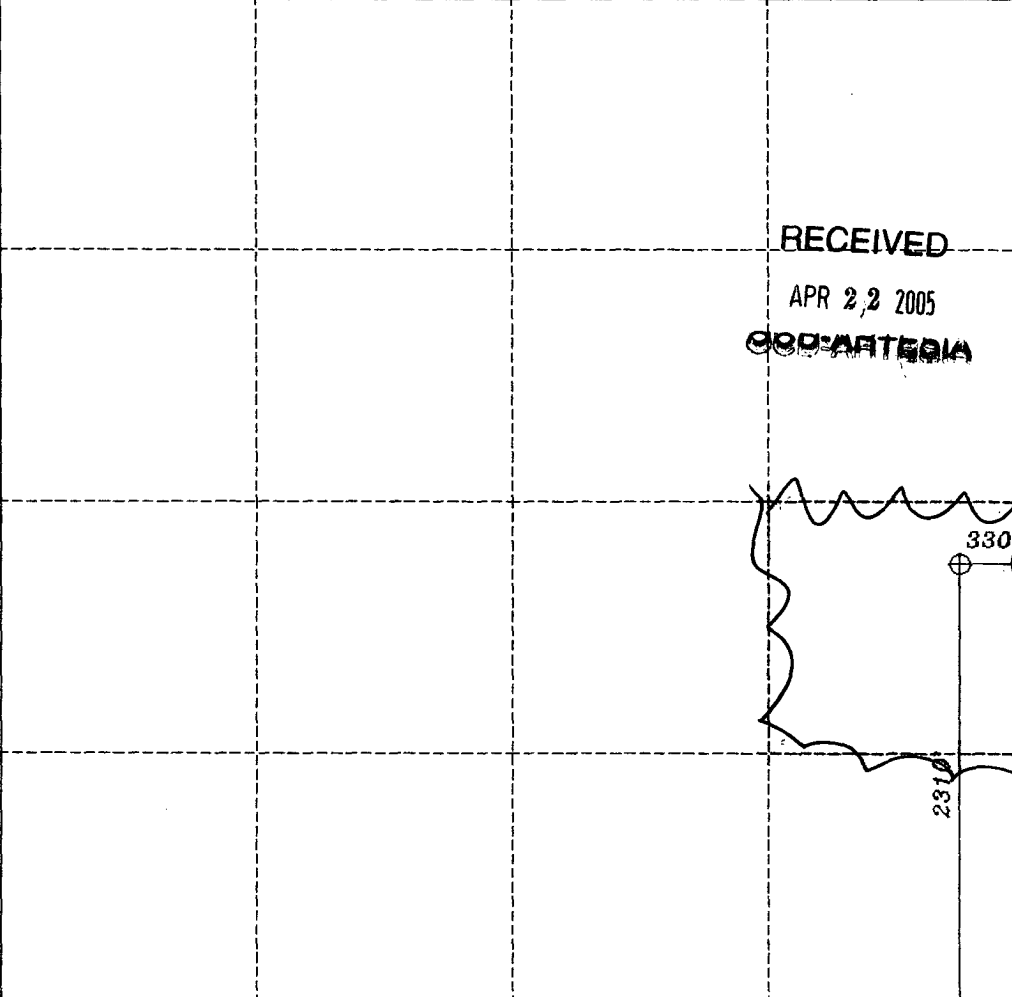
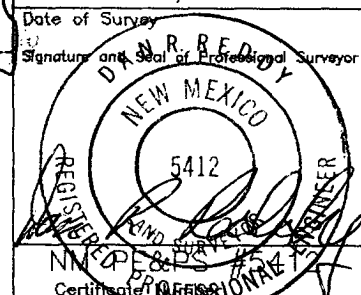
Surface Location

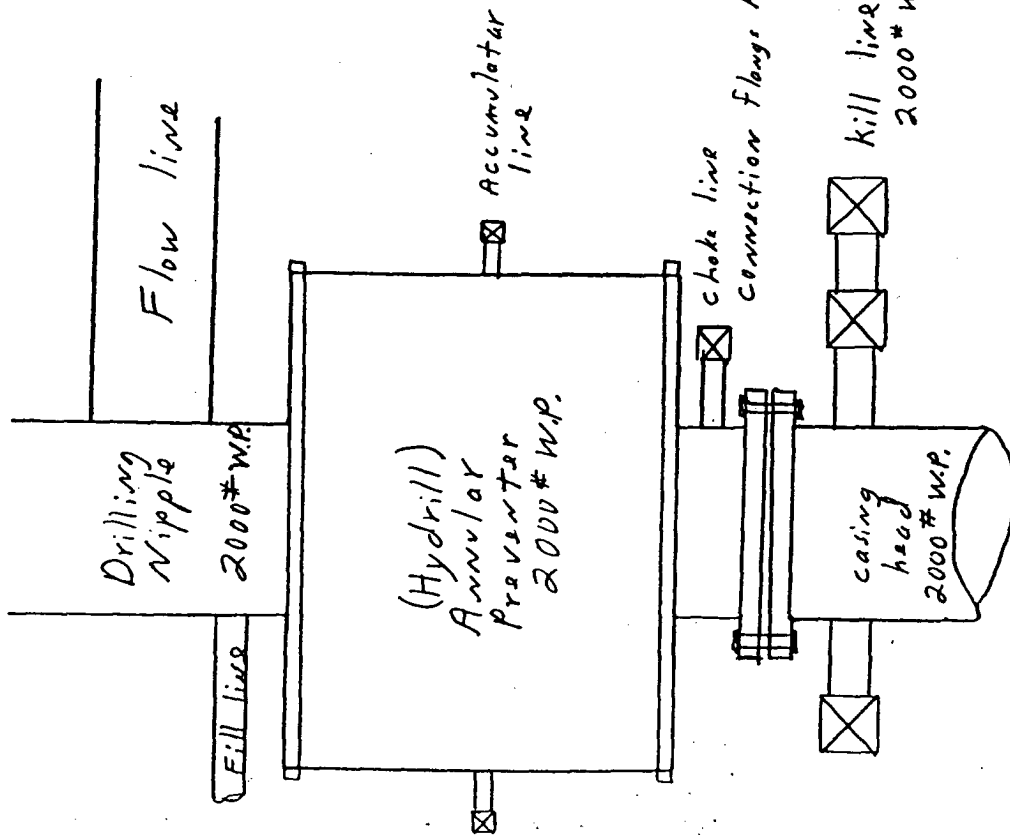
UL or Lot No. I	Section 30	Township 17-S	Range 28-E	Lot Idn.	Feet from the 2310	North/South line SOUTH	Feet from the 330	East/West line EAST	County EDDY
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Bottom Hole Location If Different From Surface

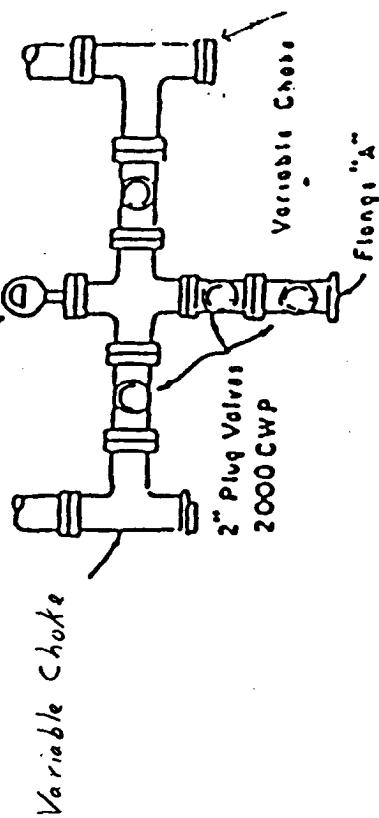
UL or Lot No.	Section	Township	Range	Lot Idn.	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 40	Joint or Infill	Consolidation Code	Order No.						

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTEREST HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	OPERATOR CERTIFICATION I HEREBY CERTIFY THAT THE INFORMATION HEREIN IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.
	RECEIVED APR 22 2005 OCC-ARTESIA
	Signature <i>Bonnie Atwater</i>
	Printed Name Bonnie Atwater
	Title Regulatory Tech
	Date 4/21/05
	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.
	JULY 20, 2000
	Date of Survey
	Signature and Seal of Professional Surveyor
	



Flanged Cross with Pressure Gauge in Outside Opening



PLAN VIEW-CHOKE MANIFOLD

SDX Resources, Inc.
P.O. Box 5061
MIDLAND, TX 79704
TEL: (432) 685-1761 FAX: (432) 685-0533
TOLL FREE: (800) 344-1761

April 26, 2005

RECEIVED

APR 27 2005

OCD-ARTESIA

OCD
1301 W Grand Ave
Artesia, NM 88210

Attn: Bryan Arrant

Re: Staley #3
2310' FSL 330' FEL
Sec 30, T17S, R28E
Eddy Co., NM

Anticipated H2S levels are not expected to be high enough to require an H2S Contingency Plan.

Sincerely,



Bonnie Atwater
Regulatory Tech