7012

N.M. Oil Cons. DIV-Dist. 2
1301 W. Grand Avenue
Artesia, NM 88210

Form 3160-3
(April 2004)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0137
Expires March 31, 2007

L-0516 0036

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No.
LC-NM-069107

1a. Type of Work [X] DRILL [ ] REENTER

6. If Indian, Allotee or Tribe Name
N/A

1b. Type of Well [X] Oil Well [ ] Gas Well [ ] Other [ ] Single Zone [ ] Multiple Zone

7. Unit or CA Agreement Name and No.
East Millman Pool Unit

2. Name of Operator
Stephens & Johnson Operating Co. 19958 9799

8. Lease Name and Well No.
9 G

3a. Address
P.O. Box 2249 Wichita Falls TX 76307-2249

3b. Phone No. (include area code)
940-723-2166

9. API Well No.
30-015-34886

4. Location of Well (*Report location clearly and in accordance with any State equirements)**

At surface 2143' FNL, 2106' FEL (SW/4 NE/4, Unit Letter G) 46555

10. Field and Pool, or Exploratory
Millman Yates-SR-QN-GB-SA, East

At proposed prod. zone 2143' FNL, 2106' FEL (SW/4 NE/4, Unit Letter G)

11. Sec., T., R., M., or Blk. and Survey or Area
Sec. 13, T19S, R28E

14. Distance in miles and direction from nearest town or post office*
15 miles north from Carlsbad, NM

12. County or Parish
Eddy

13. State
NM

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drg. unit line, if any)	16. No. of Acres in lease	17. Spacing Unit dedicated to this well
2106'	160	40
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	**19. Proposed Depth**	**20. BLM/BIA Bond No. on file**
200'	2700'	Rotary
21. Elevations (Show whether DF, KDB, RT, GL, etc.	**22. Approximate date work will start***	**23. Estimated duration**
3371' GR	November 15, 2005	7 days

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

1. Well plat certified by a registered surveyor.
2. A Drilling Plan
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification.
6. Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature	Name (*Printed/Typed*)	Date
William M. Kincaid	William M. Kincaid	9-23-2005

Title
Petroleum Engineer

Approved by (Signautre)	Name (*Printed/Typed*)	Date
/S/ Russell E. Sorensen	/S/ Russell E. Sorensen	MAY 17 2006
Title ACTING FIELD MANAGER	**Office** CARLSBAD FIELD OFFICE	

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

APPROVAL FOR 1 YEAR

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowlingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on page 2)

3-17 19.6

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

RECEIVED
MAY 19 2006

Witness Surface Casing

APPROPRIATE - Carlsbad Controlled Water Basin

If earthen pits are used in association with the drilling of this well, an OCD pit permit must be obtained prior to pit construction.

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 10, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

[1] API Number	[2] Pool Code	[3] Pool Name
	46555	Millman Yates-SR-QN-GB-SA, East

[4] Property Code	[5] Property Name	[6] Well Number
009799	EAST MILLMAN UNIT Tract 6	9

[7] OGRID No.	[8] Operator Name	[9] Elevation
019958	Stephens & Johnson Operating Co.	3371

[10] Surface Location

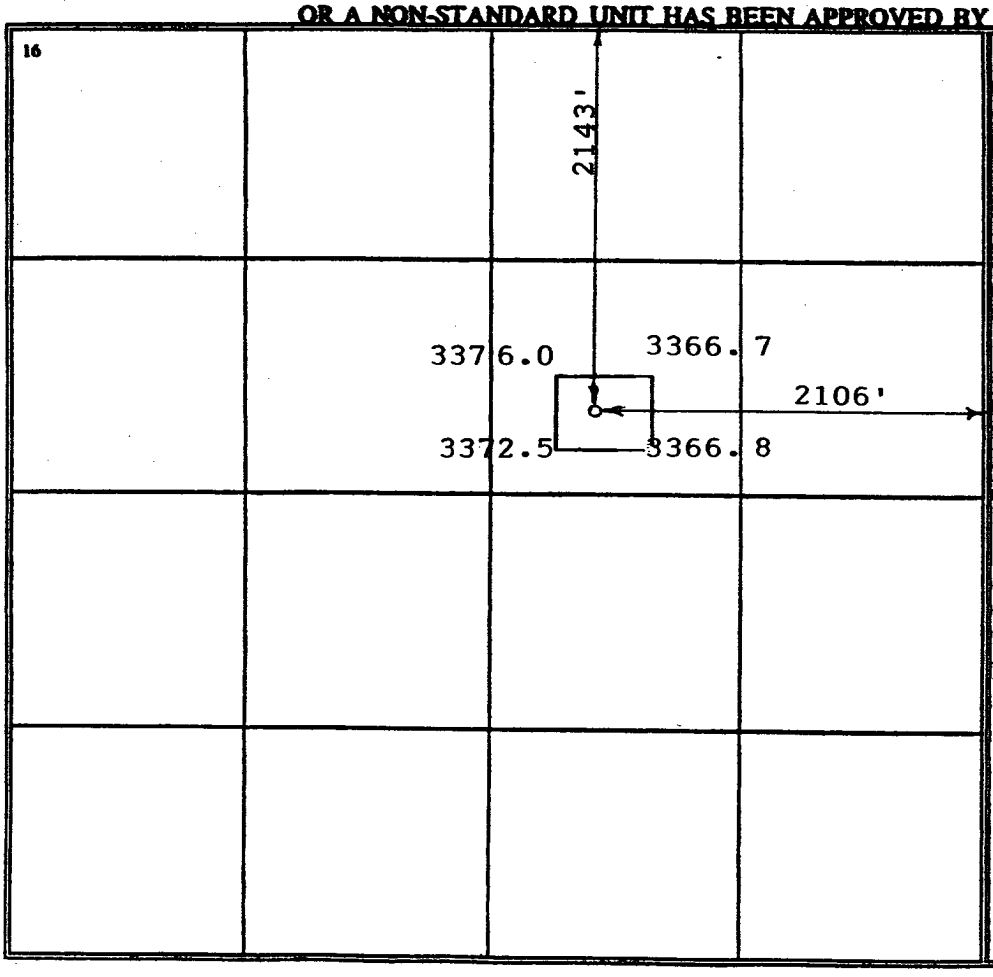
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	13	19 S	28 E		2143	NORTH	2106	EAST	EDDY

[11] 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

[12] Dedicated Acres	[13] Joint or Infill	[14] Consolidation Code	[15] Order No.
40			

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



[17] OPERATOR CERTIFICATION

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

Signature

William M. Kincaid
Printed Name

Petroleum Engineer
Title

4-8-2005
Date

[18] 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 belief.

March 5, 2005
Date of Survey

Signature and Seal of Professional Surveyor:

NEW MEXICO 8112 REGISTERED PROFESSIONAL LAND SURVEYOR

Certificate Number 8112

EXHIBIT NO. 2

DRILLING PROGRAM

Attached to Form 3160-3
Stephens & Johnson Operating Co.
East Millman Pool Unit Tract 6 Well No. 9
2143' FNL, 2106' FEL
Unit Letter G, Sec. 13, T19S, R28E
Eddy Co., NM

1. Geologic Name of Surface Formation:

   Permian

2. Estimated Tops of Important Geologic Markers:

Permian	Surface
Seven rivers	1117'
Queen	1642'
Grayburg	2002'
San Andres	2522'

3. Estimated Depths of Anticipated Fresh Water, Oil or Gas:

Upper Permian Sands	150'	fresh water
Seven Rivers	1117'	oil
Queen	1642'	oil
Grayburg	2002'	oil
San Andres	2522'	oil

No other formations are expected to give up oil, gas, or fresh water in measurable quantities. The surface fresh water sands will be protected by setting 8 5/8" csg at 300' and circulating cement back to surface. 5 1/2" production csg will be run to TD. All zones above TD will be protected by circulating cement back to surface.

4. Casing Program:

Hole Size	Interval	OD csg	Weight, Grade, Jr. Cond. Type
12 1/4"	0-300'	8 5/8"	24#, J-55, ST&C, new R-3 WITNESS
7 7/8"	300-2700'	5 1/2"	15.50#, J-55 LT&C, New Rge 3

Cement Program:

8 5/8" surface casing:	Cemented to surface with 225 sx Class "C"
5 1/2" production casing:	Cemented to surface with 500 sx Lite and 300 sx Premium Plus 50/50 Poz.

5. Minimum Specifications for Pressure Control:

The blowout preventer equipment (BOP) shown in Exhibit #1 will consist of a double ram-type (3000 psi WP) preventer equipped with blind rams on top and 4 1/2" drill pipe rams on bottom. BOP will be nippled up on 8 5/8" surface csg and used continuously until TD is reached. BOP and accessory equipment will be tested to 3000 psi before drilling out of surface casing. Pipe rams will be operationally checked each 24 hour period. Blind rams will be operationally checked on each trip out of the hole. These checks will be noted on the daily tour sheets. A 2" kill line and 3" choke line will be included in the drilling spool located below the ram-type BOP. Other accessories to the BOP equipment will include a kelly cock and floor safety valve (inside BOP) and choke lines and choke manifold with 3000 psi WP rating.

6. Types and Characteristics of the Proposed Mud System:

The well will be drilled to TD with a brine water mud system. The applicable depths and properties of this system are as follows:

Depth	Type	Weight (ppg)	Viscosity (sec)	Waterloss (cc)
0-300'	Fresh Water (spud)	8.4-9.4	32-34	N.C.
300-2700'	Brine Water	9.8-10.1	28-30	N.C.

Sufficient mud materials to maintain mud properties and meet minimum lost circulation and weight increase requirements will be kept at the well site at all times. Drill out from under surface pipe with saturated brine circulating the reserve pit for solids control. Use brine additions for volume and dilution to control solids, weight and to minimize dissolution of salt sections. Add caustic soda to control pH at 10.0-11.0. At total depth of 2700′ sweep the hole with 60 bbls of pre-mix mud and then spot 70 bbls of viscous pill of pre-mix mud with 42 viscosity, 10.0 ppg, and 10-12 cc filtrate on bottom for open hole logs and casing operations.

7. Auxiliary Well Control and Monitoring Equipment:

(A) A kelly cock will be kept in the drill string at all times.

(B) A full opening drill pipe stabbing valve (inside BOP) with proper drill pipe connections will be on the rig floor at all times.

(C) A mud logging unit complete with H_2S detector will be continuously monitoring drilling penetrations rate and hydrocarbon shows from 300′ to TD.

8. Logging, Testing and Coring Program:

(A) No drillstem testing is anticipated.

(B) The electric logging program will consist of GR-Dual Laterolog-MSFL and GR-Compensated Neutron-Density from TD to surface.

(C) No conventional coring is anticipated.

(D) Further testing procedures will be determined after the 5 1/2″ production casing has been cemented at TD based on drill shows and log evaluation.

9. Abnormal Conditions, Pressures, Temperatures & Potential Hazards:

No abnormal pressures or temperatures are anticipated. The estimated bottom hole temperature (BHT) at TD is 90° and estimated maximum bottom hole pressure (BHP) is 1060 psig. No hydrogen sulfide or other hazardous gases or fluids have been encountered, reported or are known to exist at this depth in this area. No major lost circulation zones have been reported in offsetting wells.

10. Anticipated Starting Date and Duration of Operations:

Road and location work will not begin until approval has been received from the BLM. The anticipated spud date is October 15, 2005. Once commenced, the drilling operation should be finished in approximately 6 days. If the well is productive, an additional 12 days will be required for completion and testing before a decision is made to install permanent facilities.

SURFACE USE AND OPERATING PLAN

Attached to Form 3160-3
Stephens & Johnson Operating Co.
East Millman Unit Tract 6 Well No. 9
2143' FNL & 2106' FEL
SW/4 NE/4, Sec. 13, T19S, R28E
Eddy County, New Mexico

1. Existing Road:

   A. The well site and elevation plat for the proposed well is shown in Exhibit #2. It was staked by P. R. Patton & Associates, Roswell, NM.

   B. All roads to the location are shown in Exhibit #3. The existing roads are illustrated in red and are adequate for travel during drilling and production operations. Upgrading of the road prior to drilling will be done where necessary as determined during the onsite inspection

   C. Directions to location: Go east on Hwy 82 from Artesia 12 miles to road 206. Go south 6 miles on road 206 to road 235. Go east 6 1/2 miles on road 235. Go south on road 242 1/4 mile. Location is 200' west of road 242.

   D. Routine grading and maintenance of existing roads will be conducted as necessary to maintain their condition as long as any operations continue on this lease.

2. Proposed Access Road:

   Exhibit #3A and #6 show the new access road to be constructed. The road will be constructed as follows:

   A. The maximum width of the running surface will be 15'. Water will be diverted where necessary to avoid ponding, prevent erosion, maintain good drainage, and to be consistent with local drainage patterns. BLM may specify any additions or changes during the onsite inspection.

   B. The average grade will be less than 1%.

   C. No turnouts are planned.

D. No culverts, cattleguard, gates, low-water crossings or fence cuts are necessary.

E. Surfacing material will consist of native caliche. Caliche will be obtained from the nearest BLM approved caliche pit. Any additional materials that are required will be purchased from the dirt contractor.

3. Location of Existing Wells:

Exhibit #4 shows all existing wells within a one-mile radius of this well. A list of these wells is shown on the attachment to Exhibit #4.

4. Location of Existing and/or Proposed Facilities:

A. Stephens & Johnson Operating Co. operates one production facility on this lease. The East Millman Pool Unit, Millman Yates-SR-QN-GB-SA, East Field - Tank Battery - Unit Letter C. This facility is shown in Exhibit 5.

B. If the well is productive, contemplated facilities will be as follows:

(1) A 3" poly pipe flowline will be laid on the surface to the existing East Millman Pool Unit tank battery.

(2) Electrical power will be installed from the nearest power line by Central Valley Electric Cooperative, Inc.

C. If the well is productive, rehabilitation plans are as follows:

(1) The reserve pit will be back-filled after the contents of the pit are dry (within 120 days after the well is completed).

(2) Caliche from unused portions of the drill pad will be removed. Topsoil removed from the drill site will be used to recontour the pit area and any unused portions of the drill pad to the original natural level, as nearly as possible, and reseeded as per BLM specifications.

5. Location and Type of Water Supply:

The well will be drilled with a combination brine and fresh water mud system as outlined in the drilling program. The water will be obtained from commercial water stations in the area and hauled to the location by transport truck over the existing and proposed access roads shown in Exhibit #3.

6. Source of Construction materials:

All caliche required for construction of the drill pad and the proposed new access road will be obtained from a BLM - approved caliche pit. All roads and pads will be constructed of 6" of rolled and compacted caliche.

7. Methods of Handling Water Disposal:

A. Drill cuttings not retained for evaluation purposes will be disposed into the reserve pit.

B. Drilling fluids will be contained in earthen pits. The reserve pit will contain any excess drilling fluid or flow from the well during drilling, cementing, and completion operations. The reserve pit will be an earthen pit, approximately 55' x 80' x 6' deep and fenced on three sides prior to drilling. It will be fenced on the fourth side immediately following rig removal. The pits will be plastic-lined (20 mil thickness) to minimize loss of drilling fluids and saturation of the ground with brine water.

C. Water produced from the well during completion may be disposed into the reserve it (depending on the rates). After the well is permanently placed on production, produced water will be collected at the existing East Millman Pool Unit production facility and re-injected into the Queen-Grayburg waterflood program currently being conducted by Stephens & Johnson Operating Co.

D. A portable chemical toilet will be provided on the location for human waste during the drilling and completion operations.

E. Garbage and trash produced during drilling or completion operations will be contained in a trash bin and hauled off for proper disposal. All waste material will be contained to prevent scattering by the wind. All water and fluids will be disposed of into the reserve pit. Salts and other chemicals produced during drilling or testing will be disposed into the reserve pit. No toxic waste or hazardous chemicals will be produced by this operation.

F. After the rig is moved out and the well is either completed or abandoned, all waste materials will be cleaned-up within 30 days. No adverse materials will be left on the location. The reserve pit will be completely fenced and netted and kept closed until it has dried. When the reserve pit is dry enough to breakout and fill the unused portion of the well site will be leveled and reseeded as per BLM specifications. Only that part of the pad required for production facilities will be kept in use. In the event of a dry hole, only a dry hole marker will remain.

8. Ancillary Facilities:

No airstrip, campsite, or other facilities will be built as a result of the operations on this well.

9. Well Site Layout:

A. The drill pad layout is shown in Exhibit #6. Dimensions of the pad and pits and location of major rig components are shown. Top soil, if available, will be stockpiled per BLM specifications as determined at the on-site inspection. Because the pad is almost level no major cuts will be required.

B. Exhibit #6 shows the planned orientation for the rig and associated drilling equipment, reserve pit, trash trailer, pipe racks, turn-around and parking areas, and access road. No permanent living facilities are planned but a temporary foreman/toolpusher's trailer will be on location during the drilling operations.

C. The reserve pit will be lined with a high-quality plastic sheeting (20 mil thickness).

10. Plans for Restorations of the Surface:

A. Upon completion of the proposed operations, if the well is to be abandoned, the caliche will be removed from the location and road and returned to the pit from which it was taken. The pit area, after allowing to dry, will be broken out and leveled. The original top soil will be returned to the entire location which will be leveled and contoured to as nearly the original topography as possible.

B. The disturbed area will be revegetated by reseeding during the proper growing season with a seed mixture of native grasses as recommended by the BLM.

C. Three sides of the reserve pit will be fenced prior to and during drilling operations. At the time that the rig is removed, the reserve pit will be fenced on the rig (fourth) side and netted to prevent livestock or wildlife from being entrapped. The fencing and netting will remain in place until the pit area is cleaned-up and leveled. No oil will be left on the surface of the fluid in the pit. The entire reserve pit will be netted until the fluid has completely evaporated.

D. Upon completion of the proposed operations, if the well is completed, the reserve pit area will be treated as outlined above within the same prescribed time. The caliche from any area of the original drillsite not needed for production operations or facilities will be removed. Any additional caliche required for facilities will be obtained from a BLM approved caliche pit. Top soil removed from the drill site will be used to recontour the pit area and any unused portions of the drill pad to the original natural level and reseeded as per BLM specifications:

11. Surface Ownership:

The wellsite is located on State of New Mexico Surface. The surface is leased to Pardue Ltd., Co. 126 N. Canyon, Carlsbad, NM 88220 (505) 887-9525.

12. Other Information:

A. The area around the well site is grassland and the top soil is sandy. The vegetation is native scrub grasses with abundant oakbrush, sagebrush, yucca, and prickly pear.

B. A Cultural Resources Examination has been requested and will be forwarded to your office in the near future.

13. Lessee's and Operator's Representative:

The Stephens & Johnson Operating Co. representative responsible for assuring compliance with the surface use plan is as follows:

William M. Kincaid, Petroleum Engineer
Stephens & Johnson Operating Co.
811 Sixth Street, Suite 300
Wichita Falls, Texas 76301
Phone: (940) 723-2166 - Office
(940) 696-3651 - Home
(940) 704-0063 - Cell

Certification:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite and access route; that I am familiar with the conditions which currently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and the work associated with the operations proposed herein will be performed by Stephens & Johnson Operating Co. and its contractors and subcontractors in conformity with this plan and the terms and conditions which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

Date: September 1, 2005 Signed: William M. Kincaid

William M. Kincaid
Petroleum Engineer

STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

Attached to Form 3160-3
Stephens & Johnson Operating Co.
P. O. Box 2249
Wichita Falls, Texas 76307

East Millman Pool Unit Tract 6 Well No. 9
2143' FNL, 2106' FEL
Unit Letter G, Sec. 13, T19S, R28E
Eddy County, New Mexico

The undersigned accepts all applicable terms, conditions stipulations, and restrictions concerning operations conducted on the leased land or portion thereof, as described below:

Lease No.: NM - 069107

Legal Description: NE/4, Section 13, T19S, R28E
containing 160 acres more or less in
Eddy County, New Mexico

Formation: From surface to 100' below the
Queen-Grayburg formation.

Bond Coverage - Federal
Statewide Bond - $25,000.00
CNA Bond No. 141902627
BLM Bond No. NM2238
Principal: Stephens & Johnson Operating Co.
Surety: CNA Surety.
4004 Belt Line Rd., Ste. 260
Addison, Texas 75001-4381
(972) 404-5602

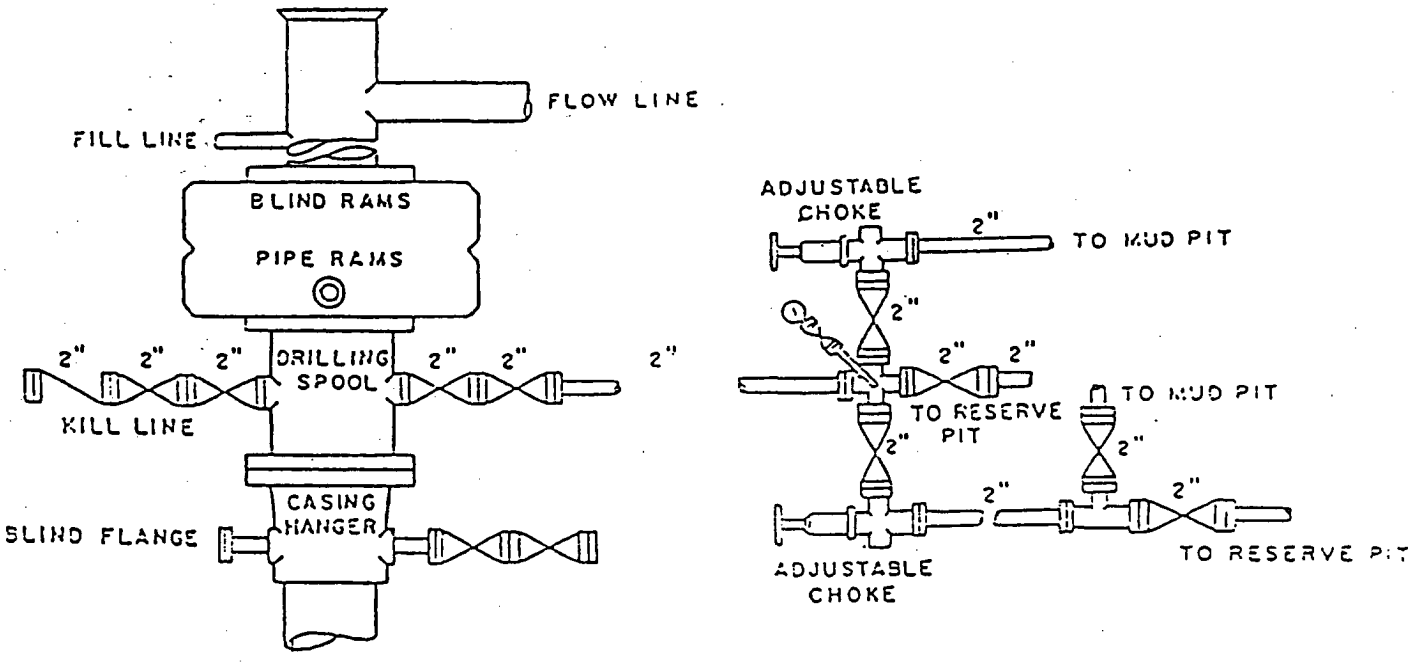
Bond Coverage - State
Damage Bond - Right of Way Easement
Bond No. 103141930
Statewide Bond - $500.00
Principal: Stephens & Johnson Operating Co.
Surety: The Travelers Indemnity Company
c/o Barnard Insurance Agency LLP
P O Box 270
Wichita Falls, Texas 76307-0270
(940) 723-0977

Surface Improvement Damage Bond Multi-Lease - $20,000.00
Bond No. 142224900
Principal: Stephens & Johnson Operating Co.
Surety: CNA Surety
4004 Belt Line Rd., Ste. 260
Addison, Texas 75001-4381
(972) 404-5602

Plugging Bond
Statewide Bond - $50,000.00
Bond No. 141902613
Principal: Stephens & Johnson Operating Co.
Surety: CNA Surety
4004 Belt Line Rd., Ste. 260
Addison, Texas 75001-4381
(972) 404-5602

Authorized Signature: William M. Kincaid

William M. Kincaid
Petroleum Engineer
September 1, 2005



BOP DIAGRAM

3000# WORKING PRESSURE
RAMS OPERATED DAILY

EAST MILLMAN POOL UNIT NO. 6-9
EDDY COUNTY, NEW MEXICO

EXHIBIT NO. 1

Attachment to Exhibit #1
NOTES REGARDING THE BLOWOUT PREVENTERS
EAST MILLMAN UNIT TRACT 6 WELL NO. 9
EDDY COUNTY, NEW MEXICO

1. Drilling nipple to be so constructed that it can be removed without use of a welder through rotary table opening, with minimum I.D. equal to preventer bore.

2. Wear ring to be properly installed in head.

3. Blow out preventer and all fittings must be in good condition, 3000 psi W.P. minimum.

4. All fittings to be flanged.

5. Safety valve must be available on rig floor at all times with proper connections, valve to be full bore 3000 psi W.P. minimum.

6. All choke and fill lines to be securely anchored, especially ends of choke lines.

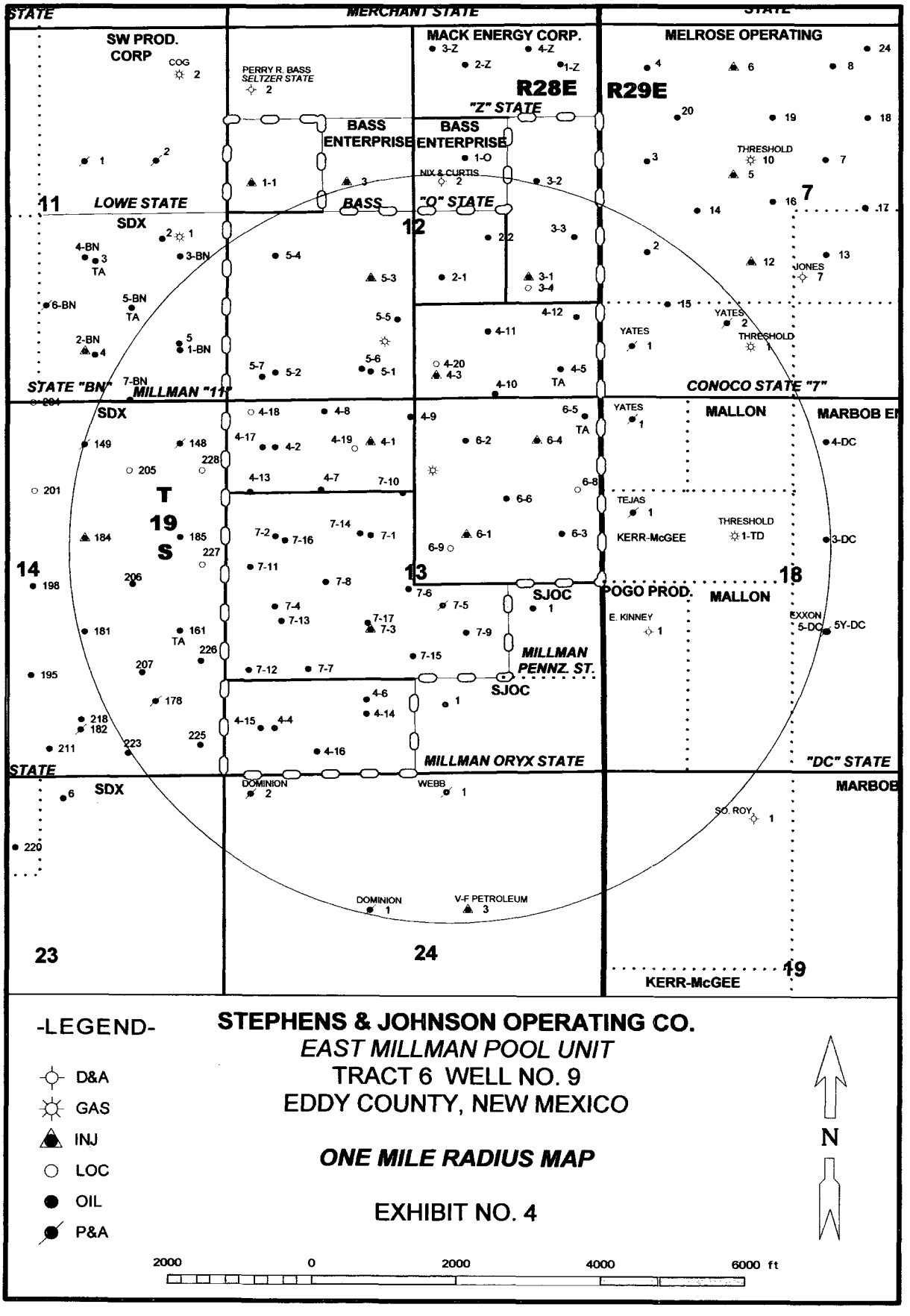
7. Equipment through which bit must pass shall be at least as large as the diameter of the casing being drilled through.

8. Kelly cock on kelly.

9. Extension wrenches and hand wheels to be properly installed.

10. Blow out preventer control to be located as close to driller's position as feasible.

11. Blow out preventer closing equipment to meet all API specifications.



-LEGEND-

- D&A
- GAS
- INJ
- LOC
- OIL
- P&A

STEPHENS & JOHNSON OPERATING CO.

EAST MILLMAN POOL UNIT

TRACT 6 WELL NO. 9

EDDY COUNTY, NEW MEXICO

ONE MILE RADIUS MAP

EXHIBIT NO. 4

N

2000 0 2000 4000 6000 ft

Attachment to Exhibit No. 4

STATUS OF WELLS WITHIN ONE MILE RADIUS

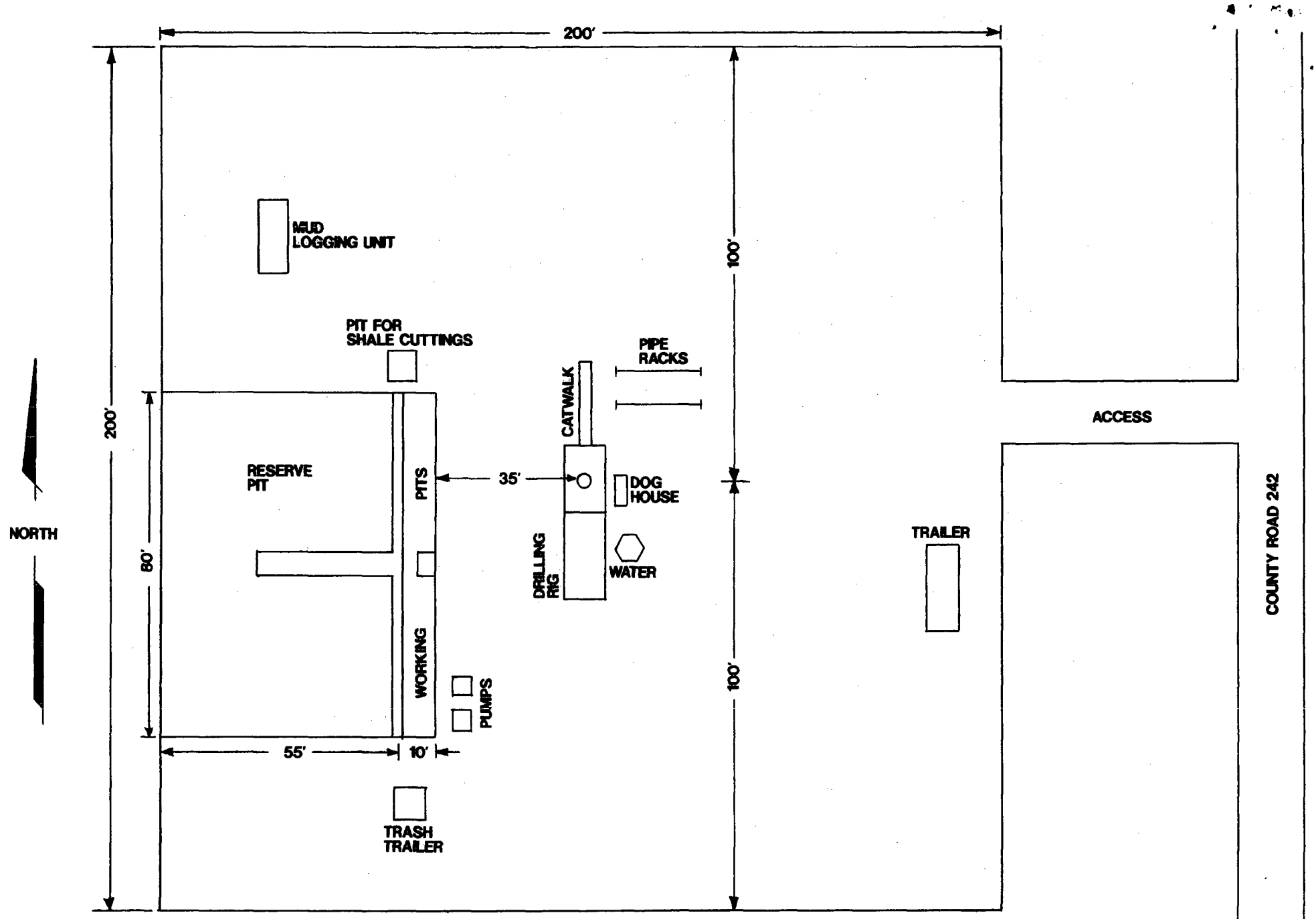
East Millman Pool Unit Tract 6 Well No. 9
Sec 13, T19S, R28E
Eddy County, New Mexico
August, 2005

Operator	Well No.	API No.		Lease	Unit Ltr - Location					Well Status
Sec 11, T19S, R28E										
SDX Resources Inc.	1	30-015	02210	State BN	P	660'	FSL	660'	FEL	Queen-Grayburg Oil Well
SDX Resources Inc.	2	30-015	02211	State BN	O	660'	FSL	1980'	FEL	Queen-Grayburg Water Injection Well
SDX Resources Inc.	3	30-015	02212	State BN	I	1980'	FSL	660'	FEL	Queen-Grayburg Oil Well
SDX Resources Inc.	4	30-015	02213	State BN	J	1980'	FSL	1980'	FEL	Queen-Grayburg Oil Well
SDX Resources Inc.	5	30-015	27307	State BN	O	1265'	FSL	1330'	FEL	Queen-Grayburg Oil Well
SDX Resources Inc.	6	30-015	27309	State BN	O	1310'	FSL	2513'	FEL	Queen-Grayburg Oil Well
SDX Resources Inc.	7	30-015	27308	State BN	O	10'	FSL	1330'	FEL	Queen-Grayburg Oil Well
SDX Resources Inc.	2	30-015	28712	Millman '11' State	I	2310'	FSL	910'	FEL	Queen-Grayburg Oil Well
SDX Resources Inc.	3	30-015	29043	Millman '11' State	J	1980'	FSL	1830'	FEL	Queen-Grayburg Oil Well
SDX Resources Inc.	4	30-015	29044	Millman '11' State	O	660'	FSL	1830'	FEL	Queen-Grayburg Oil Well
SDX Resources Inc.	5	30-015	29045	Millman '11' State	P	810'	FSL	660'	FEL	Queen-Grayburg Oil Well
COG Operating LLC	1	30-015	27916	State '11' Com	I	2310'	FSL	660'	FEL	Morrow Gas Well
Sec 12, T19S, R28E										
Perry R. Bass	2	30-015	02218	Seltzer State	D	990'	FNL	330'	FWL	D&A
Nix & Curtis	2	30-015	02224	R&B State	G	2310'	FNL	2310'	FEL	D&A
Bass Enterprises Production Co.	3	30-015	10442	Bass	F	2310'	FNL	1650'	FWL	SWD - Grayburg
Bass Enterprises Production Co.	1	30-015	24355	New Mexico 'O' State Com	G	1980'	FNL	1980'	FEL	Palmillo - Wolfcamp Oil Well
Mack Energy Corporation	1	30-015	24156	New Mexico 'Z' State	A	660'	FNL	660'	FEL	Queen-Grayburg Oil Well
Mack Energy Corporation	2	30-015	24898	New Mexico 'Z' State	B	660'	FNL	1980'	FEL	Queen-Grayburg Oil Well
Mack Energy Corporation	3	30-015	33717	New Mexico 'Z' State	B	330'	FNL	2310'	FEL	Queen-Grayburg Oil Well
Mack Energy Corporation	4	30-015	33716	New Mexico 'Z' State	A	330'	FNL	990'	FEL	Queen-Grayburg Oil Well
EOG Resources Inc.	1	30-015	25206	East Millman '12' State Com	N	760'	FSL	2180'	FWL	Morrow Gas Well
Stephens & Johnson Operating Co.	1-1	30-015	02217	East Millman Pool Unit	E	2310'	FNL	330'	FWL	Queen-Grayburg Water Injection Well
Stephens & Johnson Operating Co.	2-1	30-015	02223	East Millman Pool Unit	J	1650'	FSL	2310'	FEL	Queen-Grayburg Oil Well
Stephens & Johnson Operating Co.	2-2	30-015	31300	East Millman Pool Unit	J	2324'	FSL	1643'	FEL	Queen-Grayburg Oil Well
Stephens & Johnson Operating Co.	3-1	30-015	10194	East Millman Pool Unit	I	1650'	FSL	990'	FEL	Queen-Grayburg Water Injection Well
Stephens & Johnson Operating Co.	3-2	30-015	10059	East Millman Pool Unit	H	2310'	FNL	990'	FEL	Queen-Grayburg Oil Well
Stephens & Johnson Operating Co.	3-3	30-015	31166	East Millman Pool Unit	I	2337'	FSL	412'	FEL	Queen-Grayburg Oil Well
Stephens & Johnson Operating Co.	4-3	30-015	02225	East Millman Pool Unit	O	330'	FSL	2278'	FEL	Queen-Grayburg Water Injection Well
Stephens & Johnson Operating Co.	4-5	30-015	02226	East Millman Pool Unit	P	330'	FSL	660'	FEL	Queen-Grayburg Oil Well - TA
Stephens & Johnson Operating Co.	4-10	30-015	31878	East Millman Pool Unit	O	50'	FSL	1462'	FEL	Queen-Grayburg Oil Well
Stephens & Johnson Operating Co.	4-11	30-015	29264	East Millman Pool Unit	O	935'	FSL	1555'	FEL	Queen-Grayburg Oil Well

Operator	Well No.	API No.		Lease	Unit Ltr - Location					Well Status
Sec 12, T19S, R28E (Cont'd)										
Stephens & Johnson Operating Co.	4-12	30-015	30746	East Millman Pool Unit	P	1126'	FSL	330'	FEL	Queen-Grayburg Oil Well
Stephens & Johnson Operating Co.	5-1	30-015	02219	East Millman Pool Unit	N	330'	FSL	1980'	FWL	Queen-Grayburg Oil Well
Stephens & Johnson Operating Co.	5-2	30-015	02220	East Millman Pool Unit	M	330'	FSL	660'	FWL	Queen-Grayburg Oil Well
Stephens & Johnson Operating Co.	5-3	30-015	02221	East Millman Pool Unit	K	1650'	FSL	1980'	FWL	Queen-Grayburg Water Injection Well
Stephens & Johnson Operating Co.	5-4	30-015	02222	East Millman Pool Unit	L	1980'	FSL	660'	FWL	Queen-Grayburg Oil Well
Stephens & Johnson Operating Co.	5-5	30-015	29934	East Millman Pool Unit	N	1118'	FSL	2363'	FWL	Queen-Grayburg Oil Well
Stephens & Johnson Operating Co.	5-6	30-015	34131	East Millman Pool Unit	N	427'	FSL	1866'	FWL	Queen-Grayburg Oil Well
Stephens & Johnson Operating Co.	5-7	30-015	34124	East Millman Pool Unit	M	327'	FSL	483'	FWL	Queen-Grayburg Oil Well
Sec 13, T19S, R28E										
EOG Resources Inc.	1	30-015	25065	East Millman '13' Federal Com	B	1069'	FNL	2439'	FEL	Morrow Gas Well
Stephens & Johnson Operating Co.	1	30-015	29832	Millman Oryx State	O	965'	FSL	2193'	FEL	Queen-Grayburg Oil Well
Stephens & Johnson Operating Co.	1	30-015	29619	Millman Pennzoil State	I	2310'	FSL	969'	FEL	Queen-Grayburg Oil Well
Stephens & Johnson Operating Co.	4-1	30-015	02237	East Millman Pool Unit	C	660'	FNL	1980'	FWL	Queen-Grayburg Water Injection Well
Stephens & Johnson Operating Co.	4-2	30-015	02238	East Millman Pool Unit	D	660'	FNL	660'	FWL	Queen-Grayburg Oil Well
Stephens & Johnson Operating Co.	4-4	30-015	02239	East Millman Pool Unit	M	660'	FSL	660'	FWL	Queen-Grayburg Oil Well - TA
Stephens & Johnson Operating Co.	4-6	30-015	10105	East Millman Pool Unit	N	990'	FSL	1980'	FWL	Queen-Grayburg Oil Well - TA
Stephens & Johnson Operating Co.	4-7	30-015	29121	East Millman Pool Unit	C	1276'	FNL	1314'	FWL	Queen-Grayburg Oil Well
Stephens & Johnson Operating Co.	4-8	30-015	29261	East Millman Pool Unit	C	169'	FNL	1349'	FWL	Queen-Grayburg Oil Well
Stephens & Johnson Operating Co.	4-9	30-015	29262	East Millman Pool Unit	C	260'	FNL	2600'	FWL	Queen-Grayburg Oil Well
Stephens & Johnson Operating Co.	4-13	30-015	31229	East Millman Pool Unit	D	1240'	FNL	330'	FWL	Queen-Grayburg Oil Well
Stephens & Johnson Operating Co.	4-14	30-015	33543	East Millman Pool Unit	N	847'	FSL	1973'	FWL	Queen-Grayburg Oil Well
Stephens & Johnson Operating Co.	4-15	30-015	33540	East Millman Pool Unit	M	665'	FSL	509'	FWL	Queen-Grayburg Oil Well
Stephens & Johnson Operating Co.	4-16	30-015	33944	East Millman Pool Unit	M	330'	FSL	1291'	FWL	Queen-Grayburg Oil Well
Stephens & Johnson Operating Co.	4-17	30-015	33945	East Millman Pool Unit	D	660'	FNL	513'	FWL	Queen-Grayburg Oil Well
Stephens & Johnson Operating Co.	6-1	30-015	02227	East Millman Pool Unit	G	1980'	FNL	1980'	FEL	Queen-Grayburg Water Injection Well
Stephens & Johnson Operating Co.	6-2	30-015	02228	East Millman Pool Unit	B	660'	FNL	1980'	FEL	Queen-Grayburg Oil Well
Stephens & Johnson Operating Co.	6-3	30-015	02229	East Millman Pool Unit	H	1980'	FNL	660'	FEL	Queen-Grayburg Oil Well
Stephens & Johnson Operating Co.	6-4	30-015	02230	East Millman Pool Unit	A	660'	FNL	990'	FEL	Queen-Grayburg Water Injection Well
Stephens & Johnson Operating Co.	6-5	30-015	02233	East Millman Pool Unit	A	330'	FNL	330'	FEL	Queen-Grayburg Oil Well - TA
Stephens & Johnson Operating Co.	6-6	30-015	28882	East Millman Pool Unit	G	1400'	FNL	1330'	FEL	Queen-Grayburg Oil Well
Stephens & Johnson Operating Co.	7-1	30-015	02234	East Millman Pool Unit	F	1980'	FNL	1980'	FWL	Queen-Grayburg Oil Well
Stephens & Johnson Operating Co.	7-2	30-015	02235	East Millman Pool Unit	E	1980'	FNL	660'	FWL	Queen-Grayburg Oil Well
Stephens & Johnson Operating Co.	7-3	30-015	02236	East Millman Pool Unit	K	1980'	FSL	1980'	FWL	Queen-Grayburg Water Injection Well
Stephens & Johnson Operating Co.	7-4	30-015	02231	East Millman Pool Unit	L	2310'	FSL	660'	FWL	Queen-Grayburg Oil Well
Stephens & Johnson Operating Co.	7-5	30-015	02232	East Millman Pool Unit	J	2310'	FSL	2310'	FEL	Plugged and Abandoned
Stephens & Johnson Operating Co.	7-6	30-015	28932	East Millman Pool Unit	K	2630'	FSL	2603'	FWL	Queen-Grayburg Oil Well
Stephens & Johnson Operating Co.	7-7	30-015	28625	East Millman Pool Unit	L	1492'	FSL	1151'	FWL	Queen-Grayburg Oil Well
Stephens & Johnson Operating Co.	7-8	30-015	29122	East Millman Pool Unit	F	2574'	FNL	1392'	FWL	Queen-Grayburg Oil Well
Stephens & Johnson Operating Co.	7-9	30-015	29502	East Millman Pool Unit	J	1980'	FSL	1900'	FEL	Queen-Grayburg Oil Well
Stephens & Johnson Operating Co.	7-10	30-015	29748	East Millman Pool Unit	F	1330'	FNL	2448'	FWL	Queen-Grayburg Oil Well

Operator	Well No.	API No.		Lease	Unit Ltr - Location					Well Status
Sec 13, T19S, R28E (Cont'd)										
Stephens & Johnson Operating Co.	7-11	30-015	31121	East Millman Pool Unit	E	2471'	FNL	330'	FWL	Queen-Grayburg Oil Well
Stephens & Johnson Operating Co.	7-12	30-015	30745	East Millman Pool Unit	L	1490'	FSL	330'	FWL	Queen-Grayburg Oil Well
Stephens & Johnson Operating Co.	7-13	30-015	31677	East Millman Pool Unit	L	2176'	FSL	777'	FWL	Queen-Grayburg Oil Well
Stephens & Johnson Operating Co.	7-14	30-015	31678	East Millman Pool Unit	F	1898'	FNL	1858'	FWL	Queen-Grayburg Oil Well
Stephens & Johnson Operating Co.	7-15	30-015	33220	East Millman Pool Unit	K	1659'	FSL	2607'	FWL	Queen-Grayburg Oil Well
Stephens & Johnson Operating Co.	7-16	30-015	33358	East Millman Pool Unit	E	1981'	FNL	817'	FWL	Queen-Grayburg Oil Well
Stephens & Johnson Operating Co.	7-17	30-015	33422	East Millman Pool Unit	K	2132'	FSL	1976'	FWL	Queen-Grayburg Oil Well
Sec 14, T19S, R28E										
SDX Resources Inc.	148	30-015	02250	East Millman Unit	A	660'	FNL	660'	FEL	Plugged and Abandoned
SDX Resources Inc.	149	30-015	02251	East Millman Unit	B	660'	FNL	1980'	FEL	Plugged and Abandoned
SDX Resources Inc.	161	30-015	02254	East Millman Unit	I	1980'	FSL	660'	FEL	Queen-Grayburg Oil Well - TA
SDX Resources Inc.	178	30-015	02255	East Millman Unit	P	990'	FSL	990'	FEL	Plugged and Abandoned
SDX Resources Inc.	181	30-015	02240	East Millman Unit	J	1980'	FSL	1980'	FEL	Queen-Grayburg Oil Well
Dekalb Energy Co.	182	30-015	02241	East Millman Unit	O	660'	FSL	1980'	FEL	Plugged and Abandoned
SDX Resources Inc.	184	30-015	02243	East Millman Unit	G	1980'	FNL	1980'	FEL	Queen-Grayburg Water Injection Well
SDX Resources Inc.	185	30-015	02244	East Millman Unit	H	1980'	FNL	660'	FEL	Queen-Grayburg Oil Well
SDX Resources Inc.	206	30-015	27351	East Millman Unit	G	2630'	FNL	1310'	FEL	Queen-Grayburg Oil Well
SDX Resources Inc.	207	30-015	27466	East Millman Unit	I	1400'	FSL	1180'	FEL	Queen-Grayburg Oil Well
SDX Resources Inc.	211	30-015	27527	East Millman Unit	O	330'	FSL	2462'	FEL	Queen-Grayburg Oil Well
SDX Resources Inc.	218	30-015	22089	East Millman Unit	O	810'	FSL	1980'	FEL	Queen-Grayburg Oil Well
SDX Resources Inc.	223	30-015	27766	East Millman Unit	O	330'	FSL	1330'	FEL	Queen-Grayburg Oil Well
SDX Resources Inc.	225	30-015	28104	East Millman Unit	P	430'	FSL	330'	FEL	Queen-Grayburg Oil Well
SDX Resources Inc.	226	30-015	33667	East Millman Unit	I	1650'	FSL	330'	FEL	Queen-Grayburg Oil Well
Sec 24, T19S, R28E										
Dominion Oklahoma Texas E&P Co.	1	30-015	02300	State 'A'	F	1980'	FNL	1980'	FWL	Plugged and Abandoned
Dominion Oklahoma Texas E&P Co.	2	30-015	10352	State 'A'	D	330'	FNL	330'	FWL	Plugged and Abandoned
V-F Petroleum Inc.	3	30-015	22892	Northcott	G	1980'	FNL	1980'	FEL	Queen-Grayburg Water Injection Well
V-F Petroleum Inc.	1	30-015	27722	Parkchester '24' State	J	1980'	FSL	1650'	FEL	Queen-Grayburg Oil Well
Webb Oil Co.	1	30-015	23390	Ruth	B	330'	FNL	2278'	FEL	Plugged and Abandoned
Continental Oil Co.	1	30-016	02299	State A-24	K	1980'	FSL	1980'	FWL	Drilled and Abandoned
Mewbourne Oil Co.	2	30-017	22478	New Mexixo 'CU' State	N	660'	FSL	1980'	FWL	Winchester: Upper Penn Gas Well
Sec 7, T19S, R29E										
Stanley L. Jones	7	30-015	03566	Continental State	J	1650'	FSL	2310'	FEL	Drilled and Abandoned
John A. Yates	1	30-015	03622	E. Dundas	M	660'	FSL	330'	FWL	Plugged and Abandoned
John A. Yates	2	30-015	03623	E. Dundas	N	990'	FSL	1650'	FWL	Plugged and Abandoned
Threshold Development Co.	1	30-015	23174	Conoco '7' State	N	660'	FSL	1980'	FWL	Morrow Gas Well

Operator	Well No.	API No.		Lease	Unit Ltr - Location					Well Status
Sec 7, T19S, R29E (Cont'd)										
Threshold Development Co.	10	30-015	23933	Conoco '7' State	F	1980'	FNL	1980'	FWL	Morrow Gas Well
Melrose Operating Co.	2	30-015	23693	Conoco '7' State	L	1980'	FSL	541'	FWL	Queen-Grayburg Oil Well
Melrose Operating Co.	3	30-015	23694	Conoco '7' State	E	1980'	FNL	542'	FWL	Queen-Grayburg Oil Well
Melrose Operating Co.	4	30-015	23919	Conoco '7' State	D	660'	FNL	540'	FWL	Queen-Grayburg Oil Well
Melrose Operating Co.	5	30-015	23920	Conoco '7' State	F	2180'	FNL	1740'	FWL	Queen-Grayburg Water Injection Well
Melrose Operating Co.	6	30-015	23921	Conoco '7' State	C	660'	FNL	1740'	FWL	Queen-Grayburg Water Injection Well
Melrose Operating Co.	7	30-015	23930	Conoco '7' State	G	1980'	FNL	1980'	FEL	Queen-Grayburg Oil Well
Melrose Operating Co.	8	30-015	23931	Conoco '7' State	B	660'	FNL	1880'	FEL	Queen-Grayburg Oil Well
Melrose Operating Co.	9	30-015	23932	Conoco '7' State	A	660'	FNL	660'	FEL	Queen-Grayburg Oil Well
Melrose Operating Co.	11	30-015	24157	Conoco '7' State	H	1980'	FNL	560'	FEL	Queen-Grayburg Oil Well
Melrose Operating Co.	12	30-015	25160	Conoco '7' State	K	1880'	FSL	1980'	FWL	Queen-Grayburg Water Injection Well
Melrose Operating Co.	13	30-015	25161	Conoco '7' State	J	1980'	FSL	1980'	FEL	Queen-Grayburg Oil Well
Melrose Operating Co.	14	30-015	29006	Conoco '7' State	K	2630'	FSL	1350'	FWL	Queen-Grayburg Oil Well
Melrose Operating Co.	15	30-015	29197	Conoco '7' State	M	1310'	FSL	937'	FWL	Queen-Grayburg Oil Well
Melrose Operating Co.	16	30-015	29198	Conoco '7' State	G	2500'	FNL	2630'	FEL	Queen-Grayburg Oil Well
Melrose Operating Co.	17	30-015	29199	Conoco '7' State	G	2584'	FNL	1350'	FEL	Queen-Grayburg Oil Well
Melrose Operating Co.	18	30-015	29436	Conoco '7' State	A	1310'	FNL	1310'	FEL	Queen-Grayburg Oil Well
Melrose Operating Co.	19	30-015	29437	Conoco '7' State	B	1310'	FNL	2630'	FEL	Queen-Grayburg Oil Well
Melrose Operating Co.	20	30-015	29438	Conoco '7' State	D	1310'	FNL	1080'	FWL	Queen-Grayburg Oil Well
Melrose Operating Co.	21	30-015	29439	Conoco '7' State	I	2310'	FSL	330'	FEL	Queen-Grayburg Oil Well
Melrose Operating Co.	24	30-015	29885	Conoco '7' State	A	330'	FNL	1310'	FEL	Queen-Grayburg Oil Well
Melrose Operating Co.	25	30-015	29886	Conoco '7' State	A	1310'	FNL	330'	FEL	Queen-Grayburg Oil Well
Sec 18, T19S, R29E										
John A. Yates	1	30-015	03596	Campbell-Gwaltney	D	330'	FNL	330'	FWL	Plugged and Abandoned
E. Kinney	1	30-015	03597	State	L	1980'	FSL	540'	FWL	Drilled and Abandoned
Tejas Petroleum Co.	1	30-015	03598	Sinclair-State 'A'	E	1650'	FNL	330'	FWL	Plugged and Abandoned
Threshold Development Co.	1	30-015	23681	Flag TD State Com	F	1980'	FNL	1739'	FWL	Morrow Gas Well
Mewbourne Oil Co.	1	30-015	30767	Palmillo '18' State	I	1548'	FSL	660'	FEL	Atoka Gas Well
Marbob Energy Corp.	1	30-015	23942	New Mexico 'DC' State	H	1980'	FNL	660'	FEL	Palmillo: Penn and Wolfcamp Well
Marbob Energy Corp.	2	30-015	24401	New Mexico 'DC' State	I	1780'	FSL	660'	FEL	Queen-Grayburg Oil Well
Marbob Energy Corp.	3	30-015	24764	New Mexico 'DC' State	G	2030'	FNL	1980'	FEL	Queen-Grayburg Oil Well
Marbob Energy Corp.	4	30-015	24765	New Mexico 'DC' State	B	660'	FNL	1980'	FEL	Queen-Grayburg Oil Well
Marbob Energy Corp.	5Y	30-015	24884	New Mexico 'DC' State	J	1980'	FSL	1953'	FEL	Queen-Grayburg Oil Well
Exxon Corp.	5	30-015	24786	New Mexico 'DC' State	J	1980'	FSL	1980'	FEL	Plugged and Abandoned
Sec 19, T19S, R29E										
Coquina Oil Corp.	1	30-015	21134	Flag State	J	1980'	FSL	1980'	FEL	Drilled and Abandoned
Southland Royalty Co.	1	30-015	25116	Scanlon Draw '19' State	C	660'	FNL	1980'	FWL	Drilled and Abandoned
Read & Stevens Inc.	1	30-015	26040	Marbob State	A	660'	FNL	660'	FEL	Scanlon Draw - Bone Spring Well
Read & Stevens Inc.	2	30-015	33570	Marbob State	P	660'	FSL	660'	FEL	Morrow Gas Well



DRILLING PAD and PITS
STEPHENS & JOHNSON OPERATING CO.
EAST MILLMAN UNIT
TRACT 6 WELL NO. 9
EDDY COUNTY, NEW MEXICO

EXHIBIT NO. 6

- SCALE -
1" = 30'

CONDITIONS OF APPROVAL - DRILLING

Operator's Name: Stephens & Johnson Operating Co.
Well Name & No. East Millman Pool Unit #9
Location: 2143' FNL, 2106' FEL, Section 13, T. 19 S., R. 28 E., Eddy County, New Mexico
Lease: LC-069107

I. DRILLING OPERATIONS REQUIREMENTS:

1. The Bureau of Land Management (BLM) is to be notified at the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 361-2822 for wells in Eddy County in sufficient time for a representative to witness:

   A. Well spud

   B. Cementing casing: **8-5/8** inch **5-1/2** inch

   C. BOP tests

2. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.

3. Submit a Sundry Notice (Form 3160-5, one original and five copies) for each casing string, describing the casing and cementing operations. Include pertinent information such as; spud date, hole size, casing (size, weight, grade and thread type), cement (type, quantity and top), water zones and problems or hazards encountered. The Sundry shall be submitted within 15 days of completion of each casing string. The reports may be combined into the same Sundry if they fall within the same 15-day time frame.

4. The API No. assigned to the well by NMOCD shall be included on the subsequent report of setting the first casing string.

II. CASING:

1. The **8-5/8** inch surface casing shall be set at **approximately 300 feet** and cement circulated to the surface. If cement does not circulate to the surface the appropriate BLM office shall be notified and a temperature survey or cement bond log shall be run to verify the top of the cement. Remedial cementing shall be completed prior to drilling out that string.

2. The minimum required fill of cement behind the **5-1/2** inch production casing is **to be circulated to the surface .**

III. PRESSURE CONTROL:

1. All BOP systems and related equipment shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2. The BOP and related equipment shall be installed and operational before drilling below the **8-5/8** inch casing shoe and shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.

2. Minimum working pressure of the blowout preventer and related equipment (BOPE) shall be **2000** psi.

3. The appropriate BLM office shall be notified in sufficient time for a representative to witness the tests.

- The tests shall be done by an independent service company.
- The results of the test shall be reported to the appropriate BLM office.
- Testing fluid must be water or an appropriate clear liquid suitable for sub-freezing temperatures. Use of drilling mud for testing is not permitted since it can mask small leaks.
- Testing must be done in a safe workman-like manner. Hard line connections shall be required.