

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

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 20451
		3. API Number 30-015-36253
4. Property Code 26503	5. Property Name STALEY STATE	6. Well No. 007

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
I	30	17S	28E	I	1750	S	990	E	EDDY

8. Pool Information

RED LAKE;GLORIETA-YESO	51120
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Additional Well Information

9. Work Type New Well	10. Well Type OIL	11. Cable/Rotary	12. Lease Type State	13. Ground Level Elevation 3604
14. Multiple N	15. Proposed Depth 5000	16. Formation Yeso Formation	17. Contractor	18. Spud Date 4/15/2008
Depth to Ground water 1000		Distance from nearest fresh water well > 1000		Distance to nearest surface water > 1000

Pit: Liner: Synthetic ☒ 12 _____ mils thick Clay ☐ Pit Volume: 8000 _____ bbls Drilling Method:
Closed Loop System ☐ Fresh Water ☒ Brine ☐ Diesel/Oil-based ☐ Gas/Air ☐

19. Proposed Casing and Cement Program

Type	Hole Size	Casing Type	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	12.25	8.625	24	400	325	
Prod	7.875	5.5	14	5000	600	

Casing/Cement Program: Additional Comments

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 (5000'). Run OH logs. Run 5-1/2" csg & circ cmt. Perf the GL-YE zone & stimulate as necessary for optimum production.

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Annular	2000	2000	

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 <input checked="" type="checkbox"/> a general permit <input type="checkbox"/> , or an (attached) alternative OCD-approved plan <input type="checkbox"/> . Printed Name: Electronically filed by Bonnie Atwater Title: Manager Email Address: batwater@sdxresources.com Date: 3/19/2008 Phone: 432-685-1761	OIL CONSERVATION DIVISION	
	Approved By: Tim Gum	
	Title: District Supervisor	
	Approved Date: 4/7/2008	Expiration Date: 4/7/2010
	Conditions of Approval Attached	

1625 N. French Dr., Hobbs, NM 88240

State of New Mexico

Form C-102

Energy, Minerals & Natural Resources Department

Revised October 12, 2005

District II

1301 W. Grand Avenue, Artesia, NM 88210

OIL CONSERVATION DIVISION

Submit to Appropriate District Office

District III

1000 Rio Brazos Rd., Aztec, NM 87410

1220 South St. Francis Dr.

State Lease - 4 Copies

District IV

Santa Fe, NM 87505

Free Lease - 3 Copies

1220 S. St. Francis Dr., Santa Fe, NM 87505

☐ *AMENDED REPORT*

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code		3 pool Name	
		51120		Red Lake, GL-YE	
4 Property Code		5 Property Name			6 Well Number
26503		STALEY STATE			7
7 OGRID No.		8 Operator Name			9 Elevation
020451		SDX RESOURCES, INC.			3604

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot 14n	Feet from the	North/South line	Feet from the	East/West line	County
I	30	17-S	28-E		1750	SOUTH	990	EAST	EDDY

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
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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.

					<p>17 OPERATORS CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or undivided mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to voluntary pooling agreement or a compulsory pooling order hereafter entered by the division.</p> <p><i>Bonnie Atwater</i> 3 Signature Date</p> <p><i>Bonnie Atwater</i> Printed Name</p>
				<p>LAT N32.80265 LON W104.20961</p>	<p>18 SURVEYOR CERTIFICATION</p> <p>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.</p> <p>MARCH 11, 2008 Date of Survey</p> <p><i>DAN R REDDY</i> Signature and Seal of Professional Surveyor:</p> <p>NEW MEXICO 5412 REGISTERED LAND SURVEYOR ENGINEER</p> <p>Certificate Number: DAN R. REDDY NM PE&PS #5412</p>

Permit Comments

Operator: SDX RESOURCES INC , 20451

Well: STALEY STATE #007

API: 30-015-36253

Created By	Comment	Comment Date
BATWATER	Anticipated H2S levels are not expected to be high enough to require an H2S Contingency Plan.	3/19/2008

Permit Conditions of Approval

Operator: SDX RESOURCES INC , 20451

Well: STALEY STATE #007

API: 30-015-36253

OCD Reviewer	Condition
kmwilson	Pit construction and closure must satisfy all requirements of your approved plan, O.C.D. Rule 19.15.2.50, and the Pit and Below-Grade Tank Guidelines