

SDX RESOURCES, INC.

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

OIL CONSERVATION DIVISION
RECEIVED

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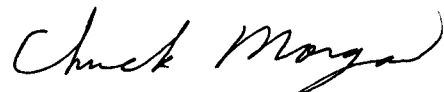
N.M.O.C.D.
P.O. Box 2088
Santa Fe, N.M. 87504-2088
Attn. Mr. Stogner

(30-015-27483)

Mr. Stogner,

This letter is intended to serve as an application for administrative approval of an additional unorthodox drilling location on our East Millman lease. The location requested will be the East Millman #215 (amended). The East Millman #215 was originally permitted as a standard location. A survey plat and O.C.D. form C-101 on the amended location accompany this letter. A lease map detailing the project is also enclosed. As discussed in our original applications, the purpose of this location is to convert the existing waterflood project on our East Millman 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 the proposed unorthodox location. Thanks for your prompt attention.

Sincerely,



Chuck Morgan, P.E.

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

(Amended location)

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	
7. Lease Name or Unit Agreement Name East Millman	
8. Well No. 215	
9. Pool name or Wildcat E. Millman Q-G-SA	
4. Well Location Unit Letter <u>N</u> : <u>2590</u> Feet From The <u>West</u> Line and <u>330</u> Feet From The <u>South</u> Line Section <u>15</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.) 3432 GR	14. Kind & Status Plug. Bond Blanket
15. Drilling Contractor Capstar	16. Approx. Date Work will start Nov., 1st
17. PROPOSED CASING AND CEMENT PROGRAM	
SIZE OF HOLE	SIZE OF CASING
12-1/4"	8-5/8"
7-7/8"	5-1/2"
WEIGHT PER FOOT	SETTING DEPTH
24#	380' +
15.50#	2900'
SACKS OF CEMENT	EST. TOP
300	surf
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 10/7/93
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

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

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. 215
Unit Letter N	Section 15	Township 19 SOUTH	Range 28 EAST	County EDDY COUNTY, NM	
Actual Footage Location of Well: 2590 feet from the WEST line and 330 feet from the SOUTH line					
Ground level Elev. 3432.	Producing Formation Q_u - G_b - S_A		Pool E. Millman Q_u - G_b - S_A	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.?

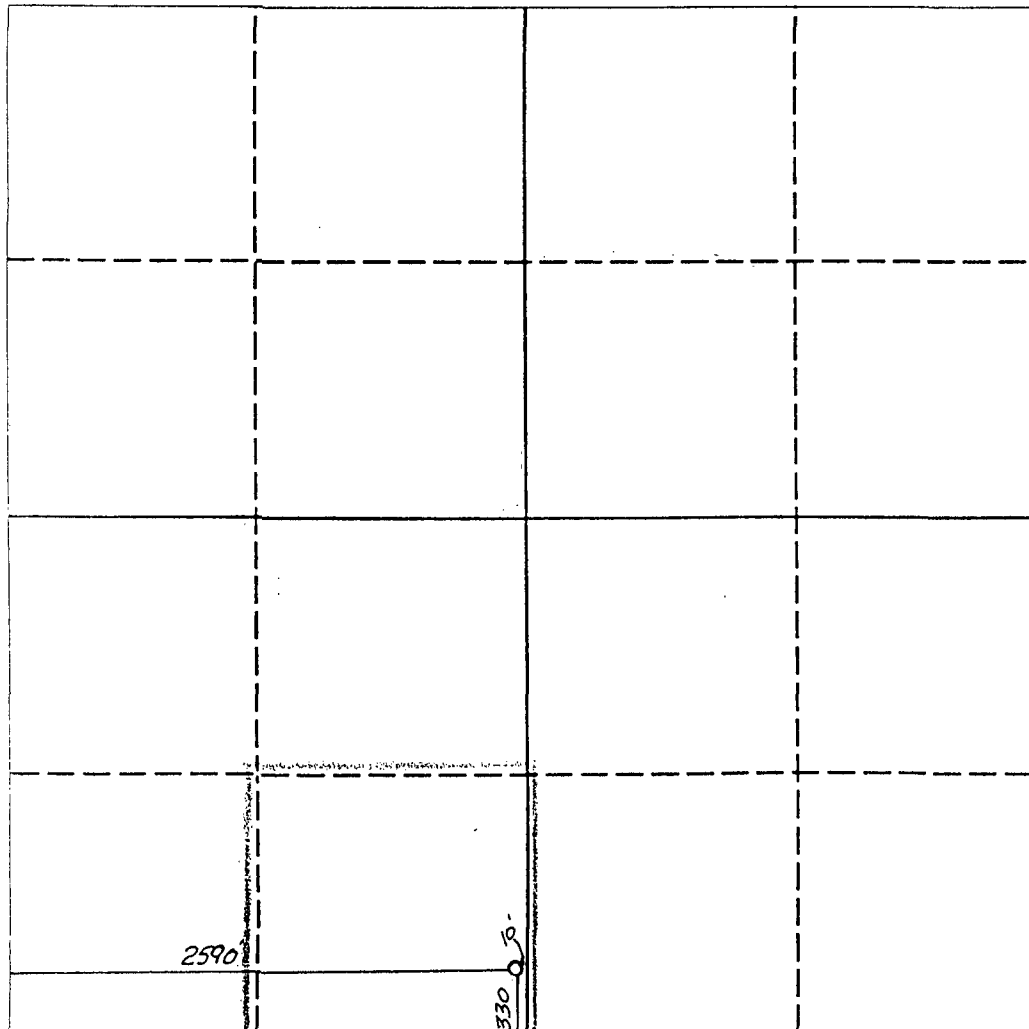
☐ Yes

☐ 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.



OPERATOR CERTIFICATION

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

Signature

Chuck Morgan

Printed Name

Chuck Morgan

Position

Engr.

Company

SDX Resources

Date

10/7/93

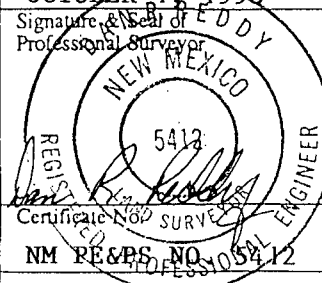
SURVEYOR CERTIFICATION

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 1, 1993

Signature & Seal of
Professional Surveyor



NM RE&PS NO. 5412

0 330 660 990 1320 1650 1980 2310 2640 2000 1500 1000 500 0

