

**CHECKLIST for ADMINISTRATIVE INJECTION APPLICATIONS** 572

Operator: SDX Resources, Inc. Well: Watts Fed No. 1  
 Contact: Chuck Morgan Title: ENGINEER Phone: 505-748-9724  
 DATE IN 9-26-94 RELEASE DATE 10-10-94 DATE OUT 11-2-94

Proposed Injection Application is for: ☐ WATERFLOOD ☐ Expansion ☐ Initial

Original Order: R- ☐ Secondary Recovery ☐ Pressure Maintenance

☒ SENSITIVE AREAS

☒ SALT WATER DISPOSAL

☐ WIPP

☐ Capitan Reef

☐ Commercial Operation

Data is complete for proposed well(s)? yes Additional Data \_\_\_\_\_

**AREA of REVIEW WELLS**

☒ Total # of AOR

☒ # of Plugged Wells

☒ Tabulation Complete

☒ Schematics of P & A's

☒ Cement Tops Adequate NO AOR Repair Required

**INJECTION INFORMATION**

Injection Formation(s) DELAWARE (MIDDLE) 4900'-5350'

Source of Water PRODUCED DELAWARE (LOWER) Compatible yes

**PROOF OF NOTICE**

☒ Copy of Legal Notice

☒ Information Printed Correctly

☒ Correct Operators

☒ Copies of Certified Mail Receipts

☐ Objection Received

☐ Set to Hearing \_\_\_\_\_ Date

**NOTES:** \_\_\_\_\_**APPLICATION QUALIFIES FOR ADMINISTRATIVE APPROVAL** yes**COMMUNICATION WITH CONTACT PERSON:**

1st Contact: ☒ Telephoned ☐ Letter 11-2-94 Date

Nature of Discussion WIT INTERNAL CONFUSION - NARRATIVE LEGAL DOCUMENT

2nd Contact: ☐ Telephoned ☐ Letter \_\_\_\_\_ Date

Nature of Discussion \_\_\_\_\_

3rd Contact: ☐ Telephoned ☐ Letter \_\_\_\_\_ Date

Nature of Discussion \_\_\_\_\_

APPLICATION FOR AUTHORIZATION TO INJECT

- I. Purpose: ☐ Secondary Recovery ☐ Pressure Maintenance ☒ Disposal ☐ Storage  
Application qualifies for administrative approval? ☒ yes ☐ no

II. Operator: SDX RESOURCES, INC.

Address: P. O. BOX 5061 MIDLAND, TX 79704-5061

Contact party: CHUCK MORGAN Phone: (505) 748-9724

III. Well data: Complete the data required on the reverse side of this form for each well proposed for injection. Additional sheets may be attached if necessary.

IV. Is this an expansion of an existing project? ☐ yes ☒ no  
If yes, give the Division order number authorizing the project \_\_\_\_\_.

V. Attach a map that identifies all wells and leases within two miles of any proposed injection well with a one-half mile radius circle drawn around each proposed injection well. This circle identifies the well's area of review.

\* VI. Attach a tabulation of data on all wells of public record within the area of review which penetrate the proposed injection zone. Such data shall include a description of each well's type, construction, date drilled, location, depth, record of completion, and a schematic of any plugged well illustrating all plugging detail.

VII. Attach data on the proposed operation, including:

1. Proposed average and maximum daily rate and volume of fluids to be injected;
2. Whether the system is open or closed;
3. Proposed average and maximum injection pressure;
4. Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and
5. If injection is for disposal purposes into a zone not productive of oil or gas at or within one mile of the proposed well, attach a chemical analysis of the disposal zone formation water (may be measured or inferred from existing literature, studies, nearby wells, etc.).

\*VIII. Attach appropriate geological data on the injection zone including appropriate lithologic detail, geological name, thickness, and depth. Give the geologic name, and depth to bottom of all underground sources of drinking water (aquifers containing waters with total dissolved solids concentrations of 10,000 mg/l or less) overlying the proposed injection zone as well as any such source known to be immediately underlying the injection interval.

IX. Describe the proposed stimulation program, if any.

\* X. Attach appropriate logging and test data on the well. (If well logs have been filed with the Division they need not be resubmitted.)

\* XI. Attach a chemical analysis of fresh water from two or more fresh water wells (if available and producing) within one mile of any injection or disposal well showing location of wells and dates samples were taken.

XII. Applicants for disposal wells must make an affirmative statement that they have examined available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the disposal zone and any underground source of drinking water.

XIII. Applicants must complete the "Proof of Notice" section on the reverse side of this form.

XIV. Certification

I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.

Name: JOHN F. DOOL Title: VICE-PRESIDENT

Signature: [Signature] Date: SEPTEMBER 23, 1994

\* If the information required under Sections VI, VIII, X, and XI above has been previously submitted, it need not be duplicated and resubmitted. Please show the date and circumstance of the earlier submittal.

## III. WELL DATA

A. The following well data must be submitted for each injection well covered by this application. The data must be both in tabular and schematic form and shall include:

- (1) Lease name; Well No.; location by Section, Township, and Range; and footage location within the section.
- (2) Each casing string used with its size, setting depth, sacks of cement used, hole size, top of cement, and how such top was determined.
- (3) A description of the tubing to be used including its size, lining material, and setting depth.
- (4) The name, model, and setting depth of the packer used or a description of any other seal system or assembly used.

Division District offices have supplies of Well Data Sheets which may be used or which may be used as models for this purpose. Applicants for several identical wells may submit a "typical data sheet" rather than submitting the data for each well.

B. The following must be submitted for each injection well covered by this application. All items must be addressed for the initial well. Responses for additional wells need be shown only when different. Information shown on schematics need not be repeated.

- (1) The name of the injection formation and, if applicable, the field or pool name.
- (2) The injection interval and whether it is perforated or open-hole.
- (3) State if the well was drilled for injection or, if not, the original purpose of the well.
- (4) Give the depths of any other perforated intervals and detail on the sacks of cement or bridge plugs used to seal off such perforations.
- (5) Give the depth to and name of the next higher and next lower oil or gas zone in the area of the well, if any.

## XIV. PROOF OF NOTICE

All applicants must furnish proof that a copy of the application has been furnished, by certified or registered mail, to the owner of the surface of the land on which the well is to be located and to each leasehold operator within one-half mile of the well location.

Where an application is subject to administrative approval, a proof of publication must be submitted. Such proof shall consist of a copy of the legal advertisement which was published in the county in which the well is located. The contents of such advertisement must include:

- (1) The name, address, phone number, and contact party for the applicant;
- (2) the intended purpose of the injection well; with the exact location of single wells or the section, township, and range location of multiple wells;
- (3) the formation name and depth with expected maximum injection rates and pressures; and
- (4) a notation that interested parties must file objections or requests for hearing with the Oil Conservation Division, P. O. Box 2088, Santa Fe, New Mexico 87501 within 15 days.

NO ACTION WILL BE TAKEN ON THE APPLICATION UNTIL PROPER PROOF OF NOTICE HAS BEEN SUBMITTED.

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NOTICE: Surface owners or offset operators must file any objections or requests for hearing of administrative applications within 15 days from the date this application was mailed to them.

September 19, 1994

APPLICATION FOR AUTHORIZATION TO INJECT

SDX Resources, Inc.

Watts Fed. #1  
Unit A, Sec. 31, T-23-S, R-28-E,  
Eddy County, New Mexico

- I. SDX plans to covert This well to an injection well to dispose of water from wells that they plan to re-enter and drill in Section 32. Injection is planned in the Middle Delaware Formation.
- II. Operator: SDX Resources, Inc.  
511 W. Ohio, Suite 601  
P. O. Box 5061  
Midland, TX 79704-5061
- III. Well Data: See Attachment A
- IV. This is not an expansion of existing project.
- V. See Attached map. Attachment B
- VI. Tabular list of wells within both areas of review. (See Attachment C)

Well bore diagrams (Attachment D1 - D3)

- 1. Watts Fed. #1 "existing conditions" "D1"
  - 2. Watts Fed. #1 "proposed condition" "D2"
  - 3. State JB Com #1 (P&A) "D3"
- VII. (1) Proposed average daily injection volume: 200 BWPD  
Proposed Maximum daily injection volume: 1,500 BWPD
  - (2) This will be a closed system.
  - (3) Proposed average injection pressure: 800 psi  
Proposed maximum injection pressure: 1145 psi

- (4) Injected water would be produced water from the Lower Delaware.
- (5) Formation Water Analysis (Attachment E1 & E2).
- VIII.(1) The proposed injection interval is the porous sand section of the Middle Delaware (4900' - 5550').
- (2) Fresh water zones overlies the proposed injection zone at approximately 150' - 250'.
- IX. The proposed injection interval may be acidized with 15% HCL.
- X. Well logs and test data are on file at the OCD.
- XI. A windmill exists within the 1/2 mile area of review. Its location is shown on Attachment F. Water Analysis is shown on Attachment G.
- XII. Geologic and engineering data have been examined and no evidence of open faults or any other hydrological connection between the injection zones and any underground fresh water aquifers has been found.
- XIII.(A) Certified letters sent to surface owners and offset operators attached. (See Attachment H)
- (B) Copy of legal advertisement and affidavit of publication. (Attachment I & J)
- (C) Sundry Notice to BLM. (Attachment K)
- (D) Right of Way Agreement. (Attachment L)

## ATTACHMENT A

### III. Well Data: Watts Fed. #1

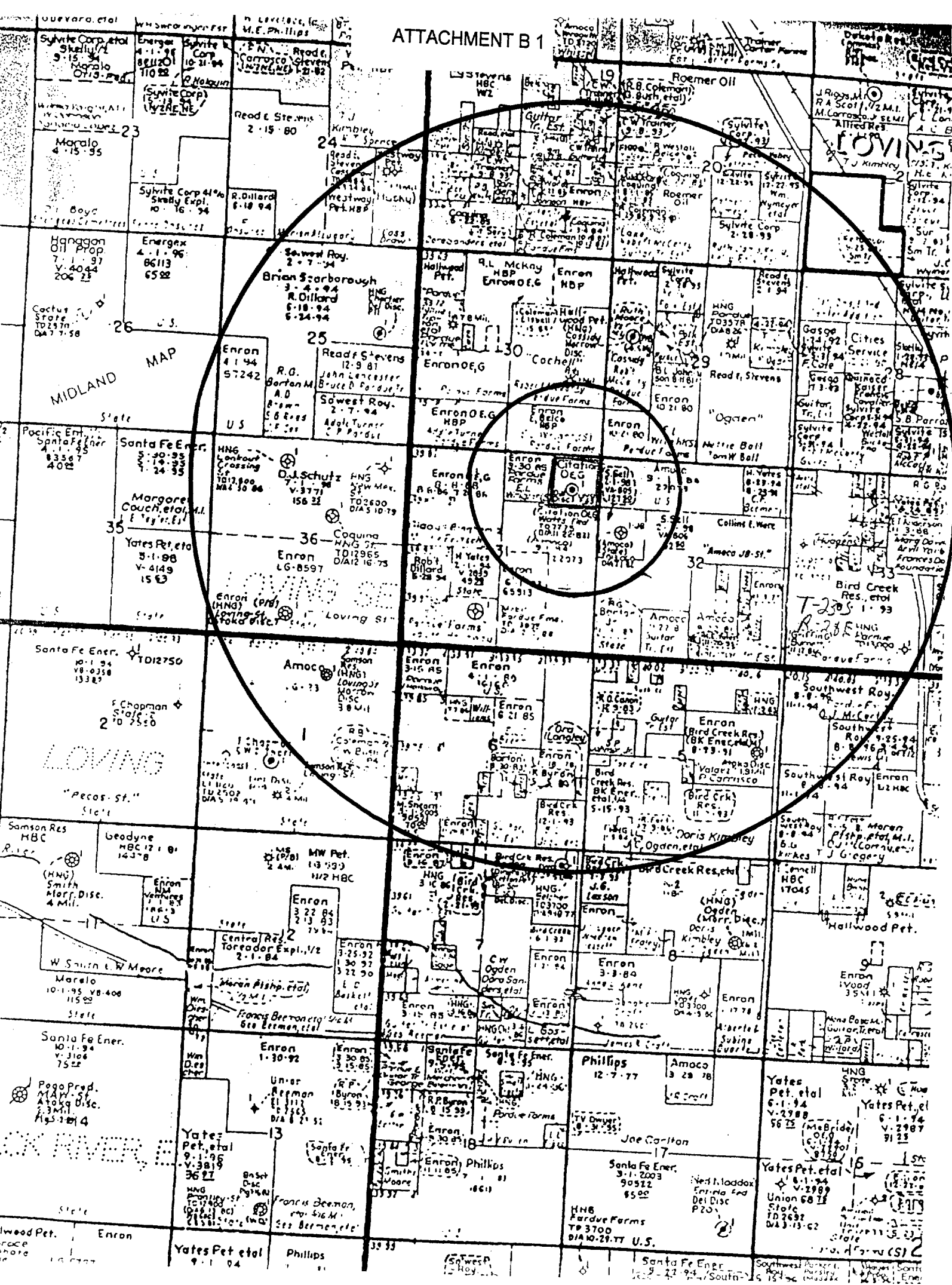
- A. (1) Unit A, Section 31, T-23-S, R-28-E, Eddy County, New Mexico being 910' FNL and 800' FEL.
- (2) Casing: 13 3/8", 48#, H-40 set at 445' (17 1/2" hole) cemented with 480 sx "C". TOC at Surface (Calculated).
- 9 5/8", 36#, K-55 set at 2400' (12 1/4" hole) cemented with 700 sx Lite and 200 sx "C". TOC at surface (Calculated).
- 4 1/2", 10.5#, J-55 set at 5870' (8 1/2" hole) cemented with 300 sx 50/50 POZ.
- (3) CIBP will be set at 5600' with a 35' cap. Will perforate 4900' - 5550'. Injection will be down 2 3/8" plastic coated tubing with a P.C. R-4 packer set at 4800'.
- B. (1) Injection Formation: Middle Delaware
- (2) Injection interval will be thru perforations 4900'-5550'.
- (3) Well was drilled to a depth of 7775'. (8 1/2" hole) DST's and logs indicated that well was uneconomical and well was P&Aed.

#### Exhibit 1

Well was re-entered and 4 1/2" casing was set to 5870'. Well was completed in the Lower Delaware (5737'-5747').

- (4) Perforations: 5737-5747'.
- (5) Next shallow oil or gas zone: N/A  
Next deeper oil or gas zone: Atoka

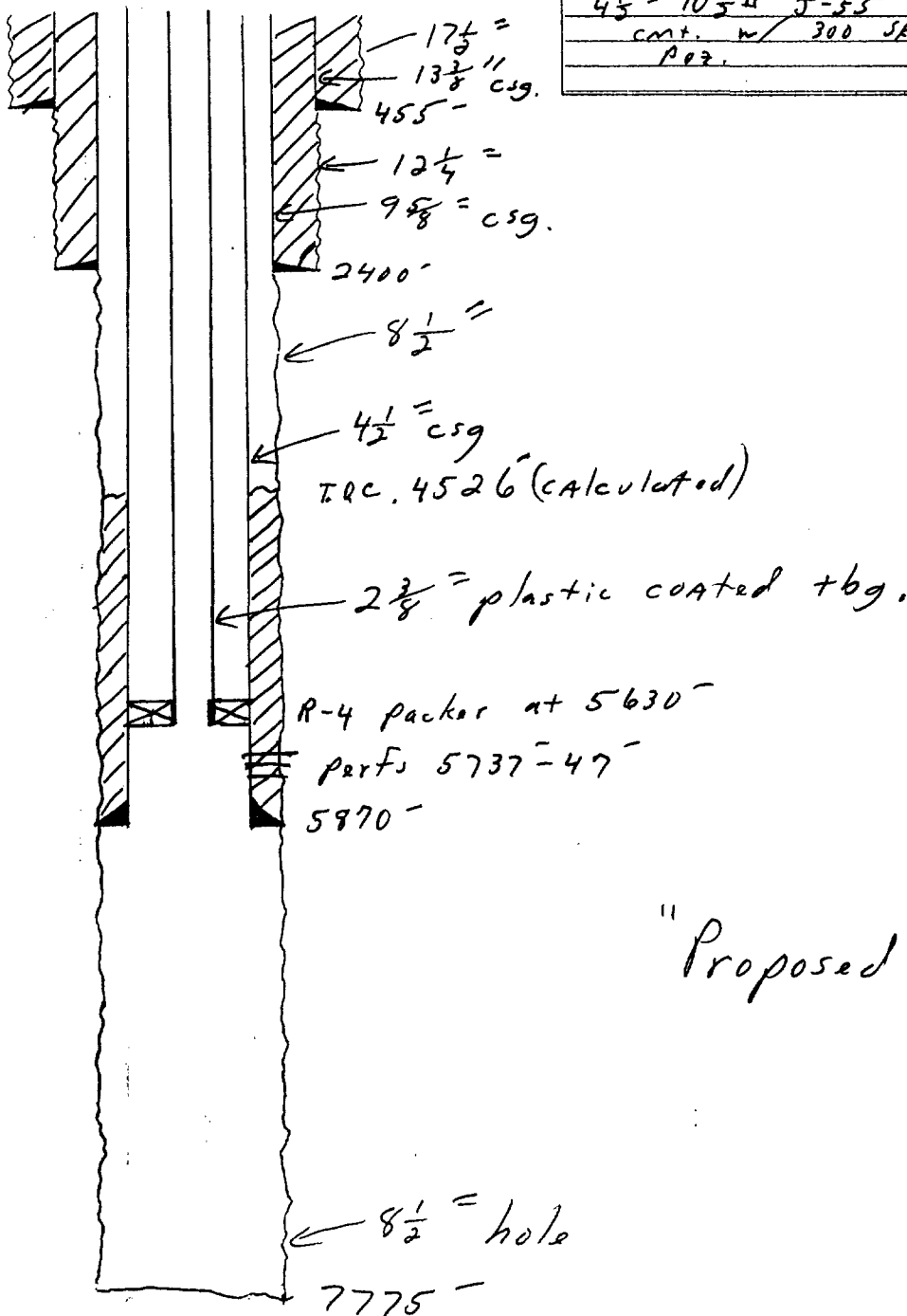
ATTACHMENT B 1



WELL NAME: Watts Fed. #1 FIELD AREA: \_\_\_\_\_  
 LOCATION: Sec. 31 T23S R28E Unit A Eddy Co., N.M.  
 GL: 3/48' ZERO: K.A. ' AGL: 14.5'  
 KB: 3162.5' ORIG. DRLG./COMPL. DATE: \_\_\_\_\_  
 COMMENTS: \_\_\_\_\_

CASING PROGRAM:

SIZE/WT./GR./CONN.	DEPTH SET
13 3/8" H-40 48#	455'
cmt. w/ 480 sks "C"	
9 5/8" 36# K-55	2400'
cmt. w/ 700 sks white P	
4 1/2" 10 1/2# J-55	5870'
cmt. w/ 300 sks 50/50	
Poz.	



"Proposed Condition"

- SKETCH NOT TO SCALE -

REVISED: \_\_\_\_\_



UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
Budget Bureau No. 1004-0135  
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.  
Use "APPLICATION FOR PERMIT—" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well

☐ Oil Well ☐ Gas Well ☒ Other (SWD)

2. Name of Operator

SDX RESOURCES, INC.

3. Address and Telephone No.

P. O. BOX 5061 MIDLAND, TX 79704-5061

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

910' FNL & 800' FEL (NE/4, NE/4) UNIT A  
SEC. 31 T23S R28E EDDY COUNTY, NEW MEXICO

5. Lease Designation and Serial No.

NM-22073

6. If Indian, Allottee or Tribe Name

N/A

7. If Unit or CA, Agreement Designation

N/A

8. Well Name and No.

WATTS FEDERAL #1

9. API Well No.

10. Field and Pool, or Exploratory Area

UNDESIGNATED

11. County or Parish, State

EDDY COUNTY, NM

13. CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

- ☒ Notice of Intent  
☐ Subsequent Report  
☐ Final Abandonment Notice

TYPE OF ACTION

- ☐ Abandonment  
☐ Recompletion  
☐ Plugging Back  
☐ Casing Repair  
☐ Altering Casing  
☐ Other \_\_\_\_\_  
☐ Change of Plans  
☐ New Construction  
☐ Non-Routine Fracturing  
☐ Water Shut-Off  
☒ Conversion to Injection  
☐ Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

14. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

PROPOSE TO DRILL OUT PLUG IN OPEN HOLE FROM 5870' TO 7775'. ACIDIZE EXISTING PERFORATIONS 5737-5747 WITH THE OPEN HOLE AND CONVERT WELL TO WATER INJECTION.

INJECTION WILL BE DOWN 2 3/8" PLASTIC COATED TBG. WITH A PACKER SET AT 5630'.  
(SEE ACCOMPANYING C-108.)

14. I hereby certify that the foregoing is true and correct

Signed  JOHN POOL Title VICE-PRESIDENT

Date 9/23/94

(This space for Federal or State office use)

Approved by \_\_\_\_\_  
Conditions of approval, if any:

Title \_\_\_\_\_

Date \_\_\_\_\_

## WELLS IN THE AREA OF REVIEW

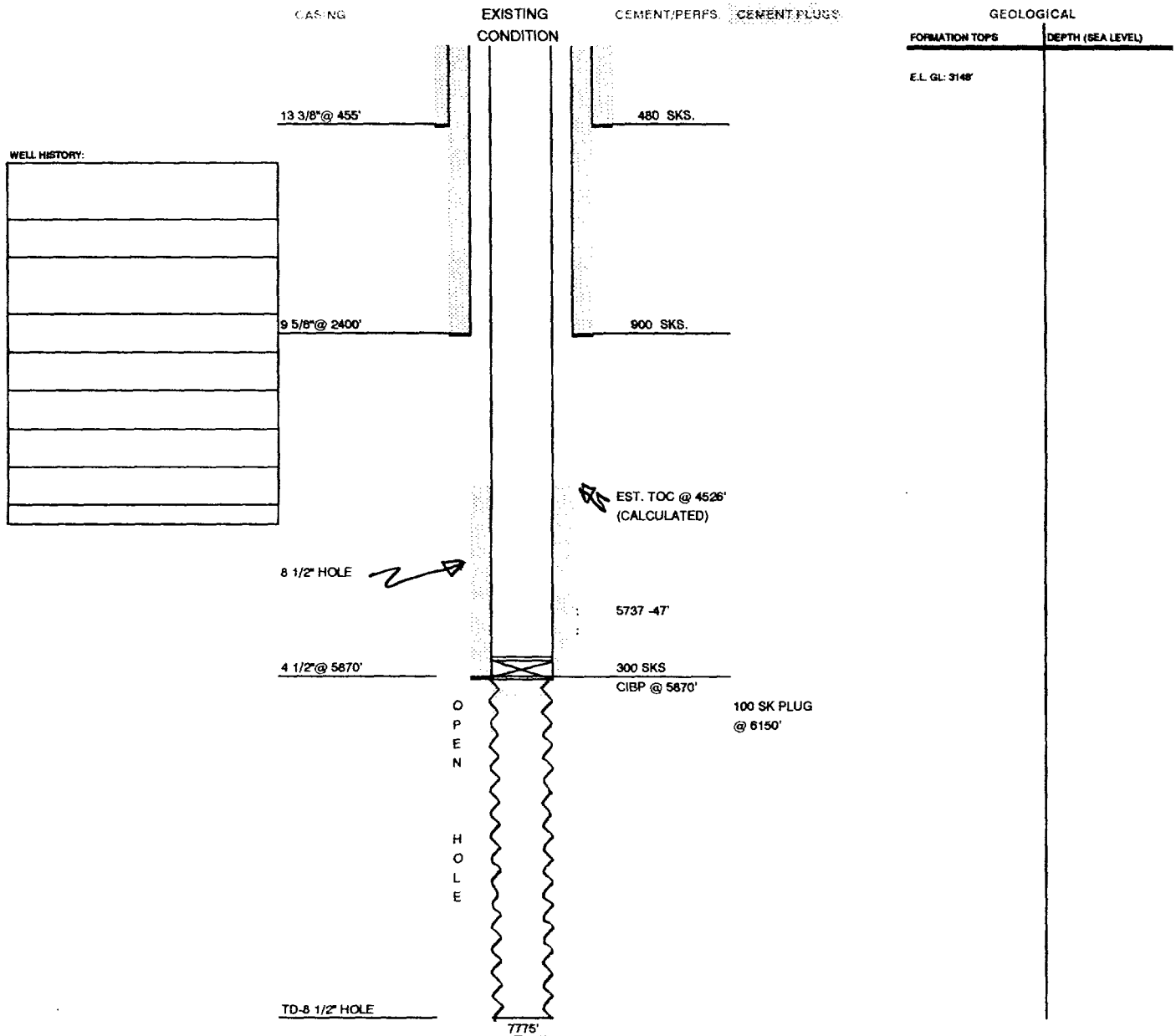
[illegible]

<b>WELL NAME: WATTS FEDERAL #1</b>
LEGAL DESC: SEC. 31, 23/28
EDDY CO., NM
910' FNL, 800' FEL
FIELD: WILDCAT
DATE DRILLED: 8/15/84
DATE COMPL: 9/84

## SDX RESOURCES INC.

WELL - BORE SCHEMATIC

EXISTING CONDITION



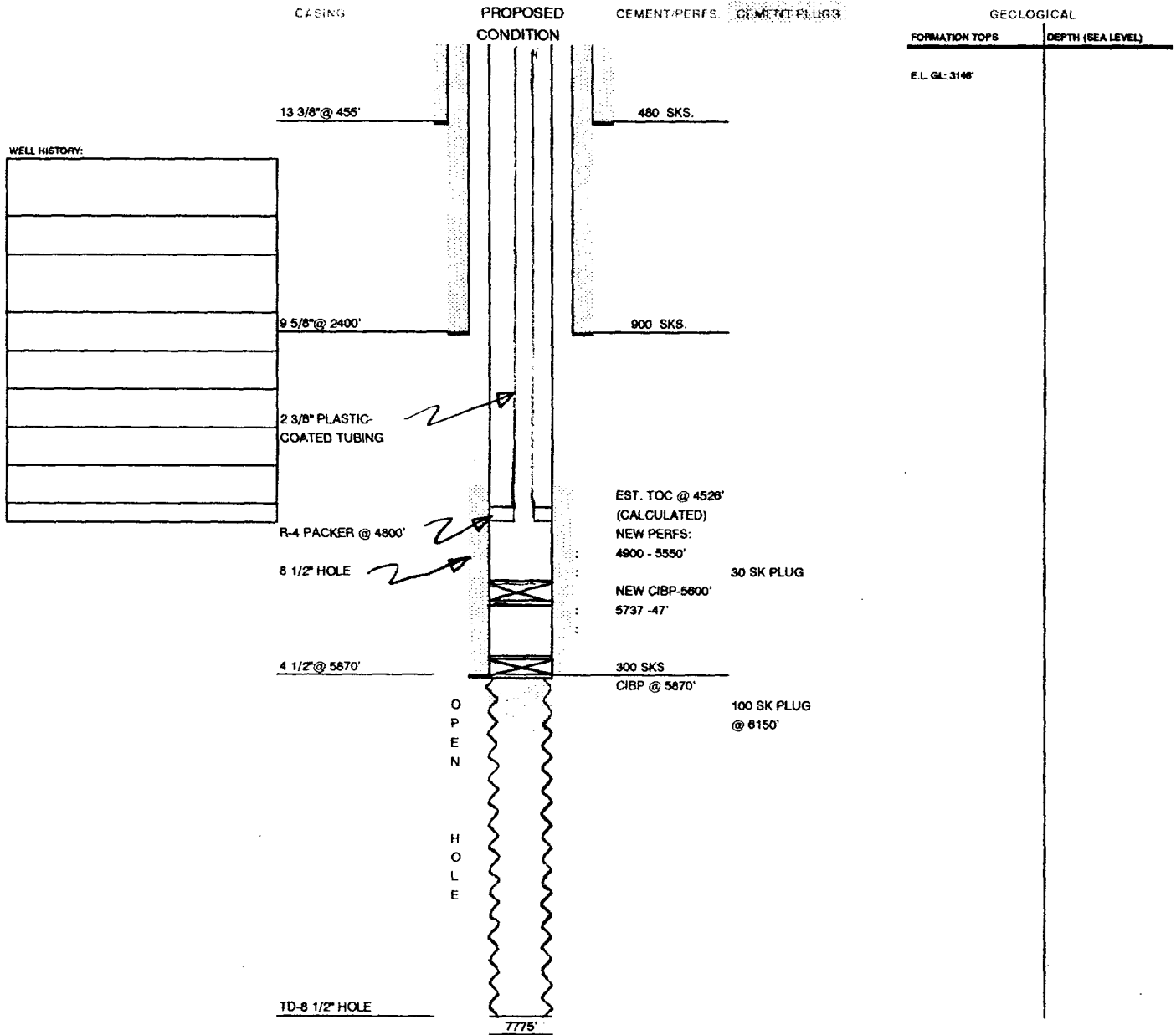
(DIAGRAM NOT TO SCALE)

<b>WELL NAME: WATTS FEDERAL #1</b>
LEGAL DESC: SEC. 31, 23/28
EDDY CO., NM
910' FNL, 800' FEL
FIELD: WILDCAT
DATE DRILLED: 8/15/84
DATE COMPL: 9/84

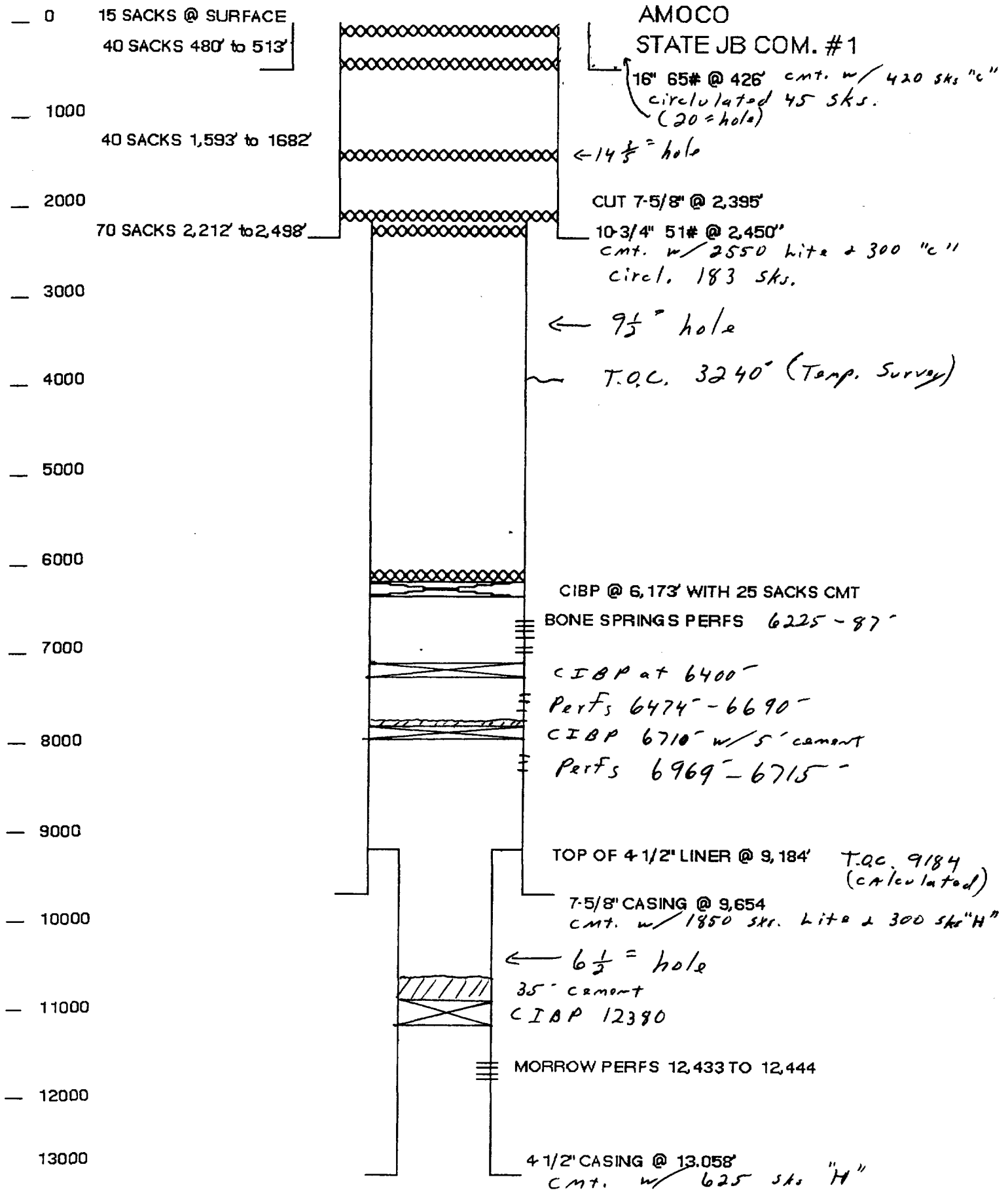
## SDX RESOURCES INC.

WELL - BORE SCHEMATIC

PROPOSED CONDITION



(DIAGRAM NOT TO SCALE)



## ATTACHMENT E 1

ATORY

YSIS No. W201-86Date March 31, 1986

port is the property of Halliburton Company and neither  
any part thereof nor a copy thereof is to be published  
losed without first securing the express written approval  
actory management; it may however, be used in the  
of regular business operations by any person or concern  
employees thereof receiving such report from Halliburton  
ny.

Date Rec. \_\_\_\_\_

Formation Delaware (Cherry GamCounty Eddy Field S 31, T 23S, R 28E Source Wellhead

Resistivity .....	<u>0.048 @ 70°</u>	
Specific Gravity .....	<u>1.20</u>	
pH .....	<u>6.3</u>	
Calcium (Ca) .....	<u>34,410</u>	<u>*MPL</u>
Magnesium (Mg) .....	<u>4,718</u>	
Chlorides (Cl) .....	<u>187,000</u>	
Sulfates (SO <sub>4</sub> ) .....	<u>Nil</u>	
Bicarbonates (HCO <sub>3</sub> ) .....	<u>Nil</u>	
Soluble Iron (Fe) .....	<u>Heavy</u>	
.....		
.....		
.....		

Remarks:

\*Milligrams per liter

Rocky Chambers  
Respectfully submitted,

Analyst: Rocky Chambers - Field Engineer  
cc:

HALLIBURTON COMPANY

## NOTICE

This report is limited to the described sample tested. Any user of this report agrees that Halliburton shall not be liable for any loss or damage, whether it be to act or omitted, resulting from its use.

LO

LYSIS No. W421-84Date August 22, 1984

report is the property of Halliburton Company and neither  
r any part thereof nor a copy thereof is to be published  
isclosed without first securing the express written approval  
laboratory management; it may however, be used in the  
e of regular business operations by any person or concern  
employees thereof receiving such report from Halliburton  
pany.

Date Rec. August 22, 1984Formation Delaware

County \_\_\_\_\_

Source Swab(+ 5700')  
Sec. 31, T 23-S, R 28-E

Resistivity	.07 @ 68°	
Specific Gravity	1.140 @ 60°	
pH	6.8	
Calcium (Ca)	15,300	*MPL
Magnesium (Mg)	1,800	
Chlorides (Cl)	131,000	
Sulfates (SO <sub>4</sub> )	Light	
Bicarbonates (HCO <sub>3</sub> )	300	
Soluble Iron (Fe)	Light	
KCL	0%	

Remarks:

\*Milligrams per liter

Warren Lane  
Respectfully submitted,

Analyst: Warren Lane - Field Engineer

HALLIBURTON COMPANY

cc:

## NOTICE

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# EXHIBIT

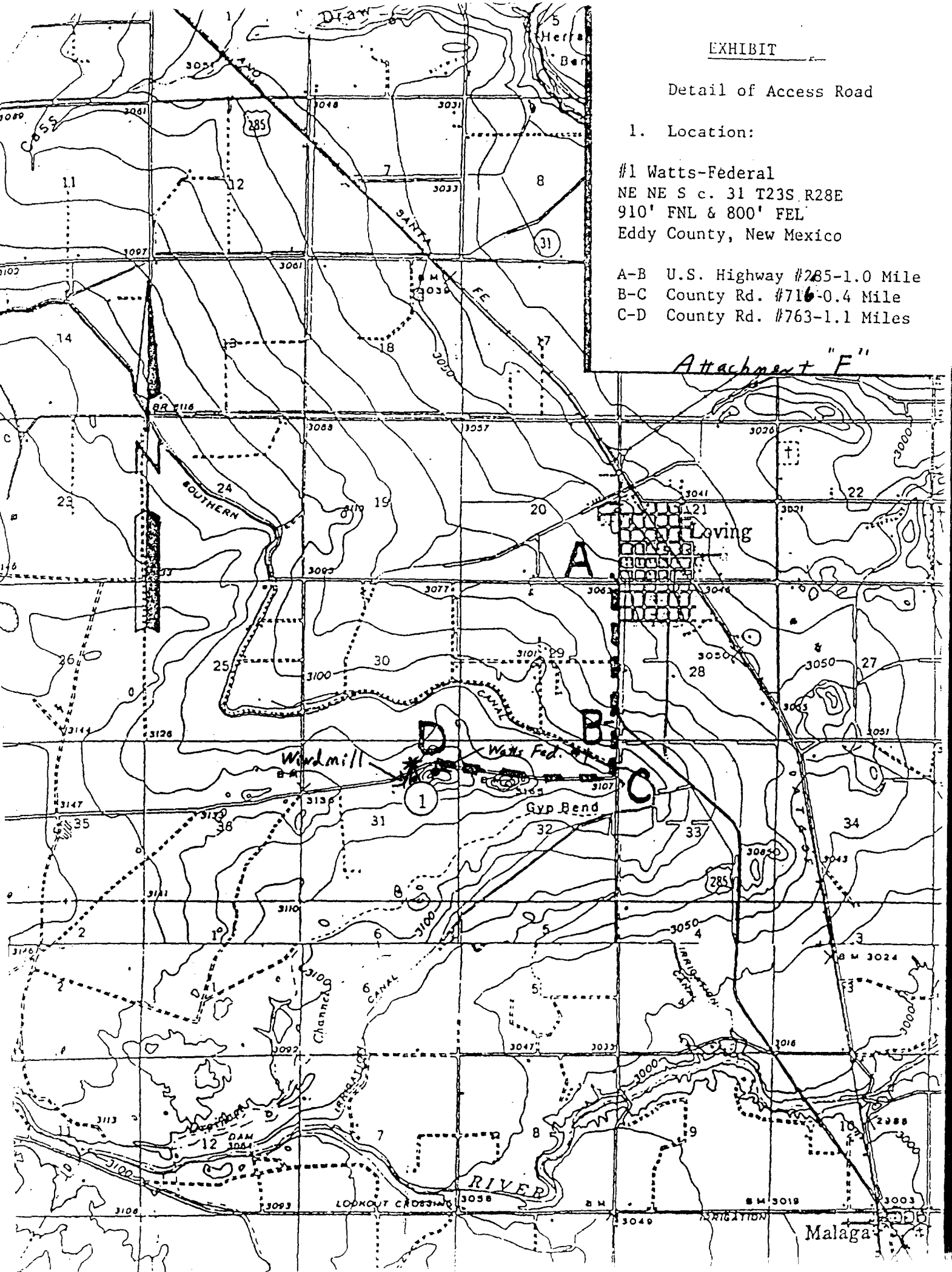
## Detail of Access Road

### 1. Location:

#1 Watts-Federal  
NE NE S c. 31 T23S R28E  
910' FNL & 800' FEL  
Eddy County, New Mexico

A-B U.S. Highway #285-1.0 Mile  
B-C County Rd. #716-0.4 Mile  
C-D County Rd. #763-1.1 Miles

Attachment "F"





## HALLIBURTON SERVICES

## ARTESIA DISTRICT

## LABORATORY REPORT

No. \_\_\_\_\_

TO SDXDate 10-13-93

This report is the property of Halliburton Services and neither it nor any part thereof, nor a copy thereof, is to be published or disclosed without first securing the express written approval of laboratory management. It may however, be used in the course of regular business operations by any person or concern and employees thereof receiving such report from Halliburton Services.

Submitted by \_\_\_\_\_ Date Rec. 10-13-93Well No. WATTS Fed Windmill Depth \_\_\_\_\_ Formation \_\_\_\_\_

Field \_\_\_\_\_ County \_\_\_\_\_ Source \_\_\_\_\_

Resistivity ..... 2.6 @ 70Specific Gravity .. 1.0024 @ 70pH ..... 7.5Calcium ..... 2300Magnesium ..... 780Chlorides ..... 1400Sulfates ..... 200Bicarbonates ..... 214Soluble Iron ..... 0

Remarks:

  
Respectfully submitted

Analyst: \_\_\_\_\_

HALLIBURTON SERVICES

## NOTICE:

This report is for information only and the content is limited to the sample described. Halliburton makes no warranties, express or implied, as to the accuracy of the contents or results. Any user of this report agrees Halliburton shall not be held liable for any loss or damage, regardless of cause, including any act or omission of Halliburton resulting from the use of this report.

SDX RESOURCES, INC.

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

September 19, 1994

Enron Oil & Gas Corp.  
P. O. Box 2267  
Midland, TX 79702

**CERTIFIED RETURN RECEIPT**

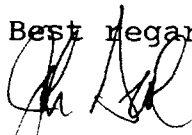
Re: Application for Authority  
to Inject  
Sec. 31, T23S, R28E  
Eddy County, New Mexico

Gentlemen:

Enclosed please find a copy of form C-108 (Application for Authority to Inject) for SDX's Watts Fed. #1 located in Unit A, Section 31, Township 23 South, Range 28 East of Eddy County, New Mexico.

Should you have any questions, please contact us at the letterhead address or call (915) 685-1761. Thank you for your consideration in this matter.

Best regards,



John Pool  
Vice President

\bw

Enclosures

Enron Oil & Gas Corp.  
P. O. Box 2267  
Midland, TX 79702

Harvey E. Yates Co.  
P. O. Box 1933  
Roswell, NM 88201

Amoco Production Co.  
P. O. Box 4072  
Odessa, TX 79760

Hallwood Petroleum  
P. O. Box 378111  
Denver, CO 80237

Steve Sell  
P. O. Box 5061  
Midland, TX 79704-5061

BLM  
P. O. Box 1778  
Carlsbad, NM 88220

Marvin Watts  
P. O. Box 56  
Carlsbad, NM 88220

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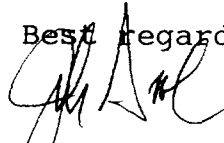
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September 19, 1994

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Best regards,



John Pool  
Vice President

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September 19, 1994

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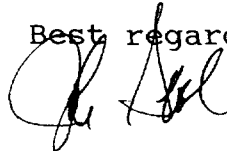
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Vice President

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Midland, TX 79704-5061

BLM  
P. O. Box 1778  
Carlsbad, NM 88220

Marvin Watts  
P. O. Box 56  
Carlsbad, NM 88220

SDX RESOURCES, INC.

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

September 19, 1994

Steve Sell  
P. O. Box 5061  
Midland, TX 79704-5061

**CERTIFIED RETURN RECEIPT**

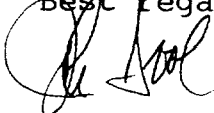
Re: Application for Authority  
to Inject  
Sec. 31, T23S, R28E  
Eddy County, New Mexico

Gentlemen:

Enclosed please find a copy of form C-108 (Application for Authority to Inject) for SDX's Watts Fed. #1 located in Unit A, Section 31, Township 23 South, Range 28 East of Eddy County, New Mexico.

Should you have any questions, please contact us at the letterhead address or call (915) 685-1761. Thank you for your consideration in this matter.

Best regards,



John Pool  
Vice President

\bw

Enclosures

Enron Oil & Gas Corp.  
P. O. Box 2267  
Midland, TX 79702

Harvey E. Yates Co.  
P. O. Box 1933  
Roswell, NM 88201

Amoco Production Co.  
P. O. Box 4072  
Odessa, TX 79760

Hallwood Petroleum  
P. O. Box 378111  
Denver, CO 80237

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Marvin Watts  
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Carlsbad, NM 88220

P 429 457 228



# Receipt for Certified Mail

No Insurance Coverage Provided  
Do not use for International Mail  
(See Reverse)

Sent to <b>Artesia Daily Press</b>	
Street and No.	
P.O., State and ZIP Code <b>Artesia, NM 88211</b>	
Postage	\$ .29
Certified Fee	1.00
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	1.00
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$2.29
Postmark or Date <b>MIDLAND, TX VILLAGE STA. SEP 1994</b>	

PS Form 3800, June 1991

P 429 457 814



# Receipt for Certified Mail

No Insurance Coverage Provided  
Do not use for International Mail  
(See Reverse)

Sent to <b>Steve Sell</b>	
Street and No. <b>P.O. Box 5061</b>	
P.O., State and ZIP Code <b>Midland, TX 79704</b>	
Postage	\$ 2.98

457 811

# Receipt for Certified Mail

No Insurance Coverage Provided  
Do not use for International Mail  
(See Reverse)

Sent to <b>Yates Co.</b>	
Street and No. <b>x 1933</b>	
P.O., State and ZIP Code <b>Code NM 88201</b>	
Postage	\$ .98
Certified Fee	1.00
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	1.00
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$2.98
Postmark or Date <b>STA. SEP 1994</b>	

P 429 457 810

# Receipt for Certified Mail

No Insurance Coverage Provided  
Do not use for International Mail  
(See Reverse)

Sent to <b>Enron Oil &amp; Gas Corp.</b>	
Street and No. <b>P.O. Box 2267</b>	
P.O., State and ZIP Code <b>Midland, TX 79702</b>	
Postage	\$ .98
Certified Fee	1.00
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	1.00
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$2.98
Postmark or Date <b>MIDLAND, TX VILLAGE STA. SEP 1994</b>	

PS Form 3800, June 1991

P 429 457 815

# Receipt for Certified Mail

No Insurance Coverage Provided  
Do not use for International Mail  
(See Reverse)

Sent to <b>BLM</b>	
Street and No. <b>P.O. Box 1778</b>	
P.O., State and ZIP Code <b>Carlsbad, NM 88220</b>	
Postage	\$ 1.00
Certified Fee	1.00
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	1.00
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$3.90
Postmark or Date <b>MIDLAND, TX VILLAGE STA. SEP 1994</b>	

PS Form 3800, June 1991



**NOTIFIED LEASE OWNERS**

Enron Oil & Gas Corp.  
P. O. Box 2267  
Midland, TX 79702

Harvey E. Yates Co.  
P. O. Box 1933  
Roswell, NM 88201

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Steve Sell  
P. O. Box 5061  
Midland, TX 79704

BLM  
P. O. Box 1778  
Carlsbad, NM 88220

**NOTIFIED SURFACE OWNERS**

Marvin Watts  
P. O. Box 56  
Carlsbad, NM 88220

### LEGAL NOTICE

SDX Resources, Inc., P. O. Box 5061, Midland, Texas 79704, has filed form C-108 (Application for Authorization to Inject) with the New Mexico Oil Conservation Division seeking administrative approval for injection wells. The proposed injection zone for the "Watts Fed. #1" located 910' FNL & 800' FEL of Section 31, Township 23 South, Range 28 East of Eddy County, New Mexico, is the Lower Delaware and Bone Springs formations with perforations from 5737' to 5747' and open hole from 5870' to 7775'. SDX Resources, Inc. intends to inject a maximum of 1500 bbls of produced formation water per day at a maximum of 1145 psi. Interested parties must file objections with the Oil Conservation Division, P. O. Box 2088, Santa Fe, New Mexico, 87501 within 15 days of this notice.

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
Budget Bureau No. 1004-0135  
Expires: March 31, 1993

**SUNDRY NOTICES AND REPORTS ON WELLS**

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.  
Use "APPLICATION FOR PERMIT—" for such proposals

**SUBMIT IN TRIPLICATE**

1. Type of Well <input type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other (SWD)	5. Lease Designation and Serial No. <b>NM-22073</b>
2. Name of Operator <b>SDX RESOURCES, INC.</b>	6. If Indian, Allottee or Tribe Name <b>N/A</b>
3. Address and Telephone No. <b>P. O. BOX 5061 MIDLAND, TX 79704-5061</b>	7. If Unit or CA, Agreement Designation <b>N/A</b>
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) <b>910' FNL &amp; 800' FEL (NE/4, NE/4) UNIT A SEC. 31 T23S R28E EDDY COUNTY, NEW MEXICO</b>	8. Well Name and No. <b>WATTS FEDERAL #1</b>
	9. API Well No.
	10. Field and Pool, or Exploratory Area <b>UNDESIGNATED</b>
	11. County or Parish, State <b>EDDY COUNTY, NM</b>

12. CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION	
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment	<input type="checkbox"/> Change of Plans
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion	<input type="checkbox"/> New Construction
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Altering Casing	<input checked="" type="checkbox"/> Conversion to Injection
	<input type="checkbox"/> Other _____	<input type="checkbox"/> Dispose Water

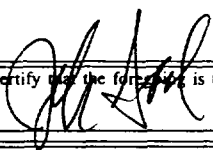
(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)"

PROPOSE TO DRILL OUT PLUG IN OPEN HOLE FROM 5870' TO 7775'. ACIDIZE EXISTING PERFORATIONS 5737-5747 WITH THE OPEN HOLE AND CONVERT WELL TO WATER INJECTION.

INJECTION WILL BE DOWN 2 3/8" PLASTIC COATED TBG. WITH A PACKER SET AT 5630'.  
(SEE ACCOMPANYING C-108.)

14. I hereby certify that the foregoing is true and correct

Signed  **JOHN POOL** Title **VICE-PRESIDENT** Date **9/23/94**

(This space for Federal or State office use)

Approved by \_\_\_\_\_ Title \_\_\_\_\_ Date \_\_\_\_\_  
Conditions of approval, if any: \_\_\_\_\_

# Affidavit of Publication

Copy of Publication

OIL CONSERVATION No. 14847  
RECEIVED

STATE OF NEW MEXICO,

County of Eddy:

Gary D. Scott

being duly

sworn, says: That he is the Publisher of The  
Artesia Daily Press, a daily newspaper of general circulation,  
published in English at Artesia, said county and state, and that  
the hereto attached Legal Notice

was published in a regular and entire issue of the said Artesia  
Daily Press, a daily newspaper duly qualified for that purpose  
within the meaning of Chapter 167 of the 1937 Session Laws of

the state of New Mexico for 1 days  
consecutive weeks on  
the same day as follows:

First Publication September 28, 1994

Second Publication \_\_\_\_\_

Third Publication \_\_\_\_\_

Fourth Publication \_\_\_\_\_

Subscribed and sworn to before me this 13th day  
of October 1994

Barbara Ann Dean  
Notary Public, Eddy County, New Mexico

My Commission expires September 23, 1996

## LEGAL NOTICE

SDX Resources, Inc., P.O. Box 5061, Midland, Texas 79704, has filed form C-108 (Application for Authorization to Inject) with the New Mexico Oil Conservation Division seeking administrative approval for injection wells. The proposed injection zone for the "Watts Fed. #1" located 910' FNL & 800' FEL of Section 31, Township 23 South, Range 28 East of Eddy County, New Mexico, is the Lower Delaware and Bone Springs formations with perforations from 5737' to 5747' and open hole from 5870' to 7775'. SDX Resources, Inc. intends to inject a maximum of 1500 bbls of produced formation water per day at a maximum of 1145 psi. Interested parties must file objections with the Oil Conservation Division, P.O. Box 2088, Santa Fe, New Mexico, 87501 within 15 days of this notice. Published in the Artesia Daily Press, Artesia, New Mexico, September 28, 1994.

Legal 14847

RIGHT-OF-WAY AGREEMENT

STATE OF NEW MEXICO       §  
                                   §  
 COUNTY OF EDDY           §

THIS RIGHT-OF-WAY AGREEMENT (the "Agreement") is entered into this 10th day of September, 1993, by and between Marvin Watts and his wife, Mary Watts (hereinafter referred to as "Watts") and SDX Properties, Inc. (hereinafter referred to as "SDX").

WHEREAS, Watts is the owner of the surface of the following described land situated in Eddy County, New Mexico (the "Land"):

Township 23 South, Range 28 East, N.M.P.M.  
Section 31: NE/4 NE/4

NOW, for and in consideration of \$10.00 and other good and valuable consideration in hand paid by SDX, the receipt and sufficiency of which are hereby acknowledged, Watts does hereby grant, bargain and sell to SDX the following:

The exclusive right of disposing salt water in that certain well, more particularly described as the Cimarron Energy Corporation #1 Watts-Federal Well, located 910 feet from the North Line and 800 feet from the East Line of Section 31, Township 23 South, Range 28 East, N.M.P.M., Eddy County, New Mexico (the "Well"), together with the right of laying and maintaining pipe lines, building and maintaining tanks, earthen pits, power stations, electrical lines, pumps and other structures, machinery, equipment and the means thereon either necessary or convenient to save, take care of, treat, store, transport, inject into and dispose of salt water into the Well; and

The right of ingress and egress in, on, over, across and through all of the Land for all purposes reasonably necessary for the operation of its proposed use of the Well and the other purposes recited herein.

This Agreement shall be for a term of ten (10) years from the date hereof, and so long thereafter as salt water is injected into the Well. This Agreement shall not terminate as a result of the failure to inject salt water into the Well, so long as said cessation is less than six (6) consecutive months.

SDX shall have the right at any time during or within six (6) months after the expiration of this Agreement to remove all property and fixtures placed by SDX on the Land, including the right to draw and remove all casing.

If Watts considers that operations are not at any time being conducted in compliance with this Agreement, or that SDX has otherwise breached its duties hereunder, Watts shall notify SDX in writing of the breaches that he believes SDX has committed. SDX shall then have sixty (60) days after receipt of such notice within which to comply with such notice. If such breaches are not cured within said sixty-day period, Watts may terminate this Agreement by giving written notice to SDX of his election to do so.

The consideration paid by SDX to Watts for this Agreement includes an amount agreed to by the parties as payment of all damages which might or will be sustained by Watts on account of the use of the Land by SDX; and Watts, in consideration therefore, releases, discharges and surrenders to SDX all claims and demands of every nature whatsoever that Watts might or could have against SDX arising out of or connected with this Agreement.

This Agreement shall not be assigned, transferred or conveyed without the consent of Watts, whose consent shall not be unreasonable withheld, and whose consent shall not be conditioned in any way upon any additional payments, assessments or fees for the rights granted herein.

The provisions of this Agreement shall extend to and bind the parties hereto, their heirs, successors, assigns, executors and administrators. SDX shall have the right to assign, transfer or convey its rights hereunder either together or separately, in whole or in part, for any period covered hereby.

IN WITNESS THEREOF, this instrument is executed on the day and year first above written.

Marvin L. Watts  
Marvin Watts

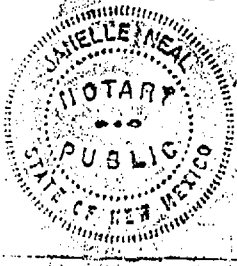
Mary Watts  
Mary Watts

SDX Properties, Inc.

By Steve Sell  
Steve Sell, President

STATE OF NEW MEXICO     §  
                                     §  
COUNTY OF EDDY         §

The foregoing instrument was acknowledged before me this 14th day of SEPTEMBER 1993, by Marvin Watts, and his wife Mary Watts.



Janelle Neal  
Notary Public

STATE OF TEXAS         §  
                                     §  
COUNTY OF MIDLAND     §

The foregoing instrument was acknowledged before me this 10th day of SEPTEMBER, 1993, by Steve Sell, President of SDX Properties, Inc., a Texas Corporation, on behalf of said corporation.



Barbara E. Wickham  
Notary Public