

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK DRILL <input type="checkbox"/> DEEPEN <input type="checkbox"/> RE-ENTRY <input checked="" type="checkbox"/>			5. LEASE DESIGNATION AND SERIAL NO. LC 064670	
b. TYPE OF WELL OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER Re-Entry <input type="checkbox"/> SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>			6. IF INDIAN, ALLOTTEE OR TRIBE NAME	
2. NAME OF OPERATOR SDX Resources, Inc.			7. UNIT AGREEMENT NAME	
3. ADDRESS AND TELEPHONE NO. PO Box 5061, Midland, TX 79704			8. FARM OR LEASE NAME, WELL NO. Federal 22 #1	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)* At surface 1980' FNL, 990' FWL, Unit E At proposed prod. zone Same			9. API WELL NO. 30-015-22921	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 25 miles SE of Artesia, NM			10. FIELD AND POOL, OR WILDCAT Millman QN-GB-SA, East	
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drg. unit line, if any) 330'			11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Sec 22, T19S, R28E	
16. NO. OF ACRES IN LEASE 40			12. COUNTY OR PARISH Eddy	
17. NO. OF ACRES ASSIGNED TO THIS WELL 40			13. STATE NM	
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 330'			20. ROTARY OR CABLE TOOLS Reverse Unit	
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 3411' GR Caption Controlled Water Basin			22. APPROX. DATE WORK WILL START* 03/01/98	

23. PROPOSED CASING AND CEMENTING PROGRAM				
SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
* 15"	J-55, 11-3/4"	42#	403'	300 sx Class C
* 11"	J-55, 8-5/8"	24#	2508'	1450 sx Class C
*EXISTING				

Plan to re-enter to a depth of 2450' and complete as necessary for optimum production in the Queen and Grayburg formations.

Attachments:

- Exhibit #1 - Location and Elevation Platt
- Exhibit #2 - Blowout Preventer Equipment
- Exhibit #3 - Drilling Program
- Exhibit #4 - Surface Use & Operation Plan
- Exhibit #5 - Down Hole Diagram
- Exhibit #6 - Existing Road Map
- Exhibit #7 - Topo Map
- Exhibit #8 - One Mile Radius Map

Special Stipulations
Attached

IN ABOVE SPACE DESCRIBE PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED Bonnie Atwater TITLE Regulatory Tech. DATE 01/20/98
(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

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:

(ORIG. SGD.) JAMES G. PETTENGILL

APPROVED BY _____ TITLE ADM MINERALS DATE 3-25-98

*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly 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.