



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

November 13, 1995

SDX Resources, Inc.
P. O. Box 5061
Midland, Texas 79704

Attention: John Pool

Administrative Order DD-109-A(H)
High Angle/Horizontal

Dear Mr. Pool:

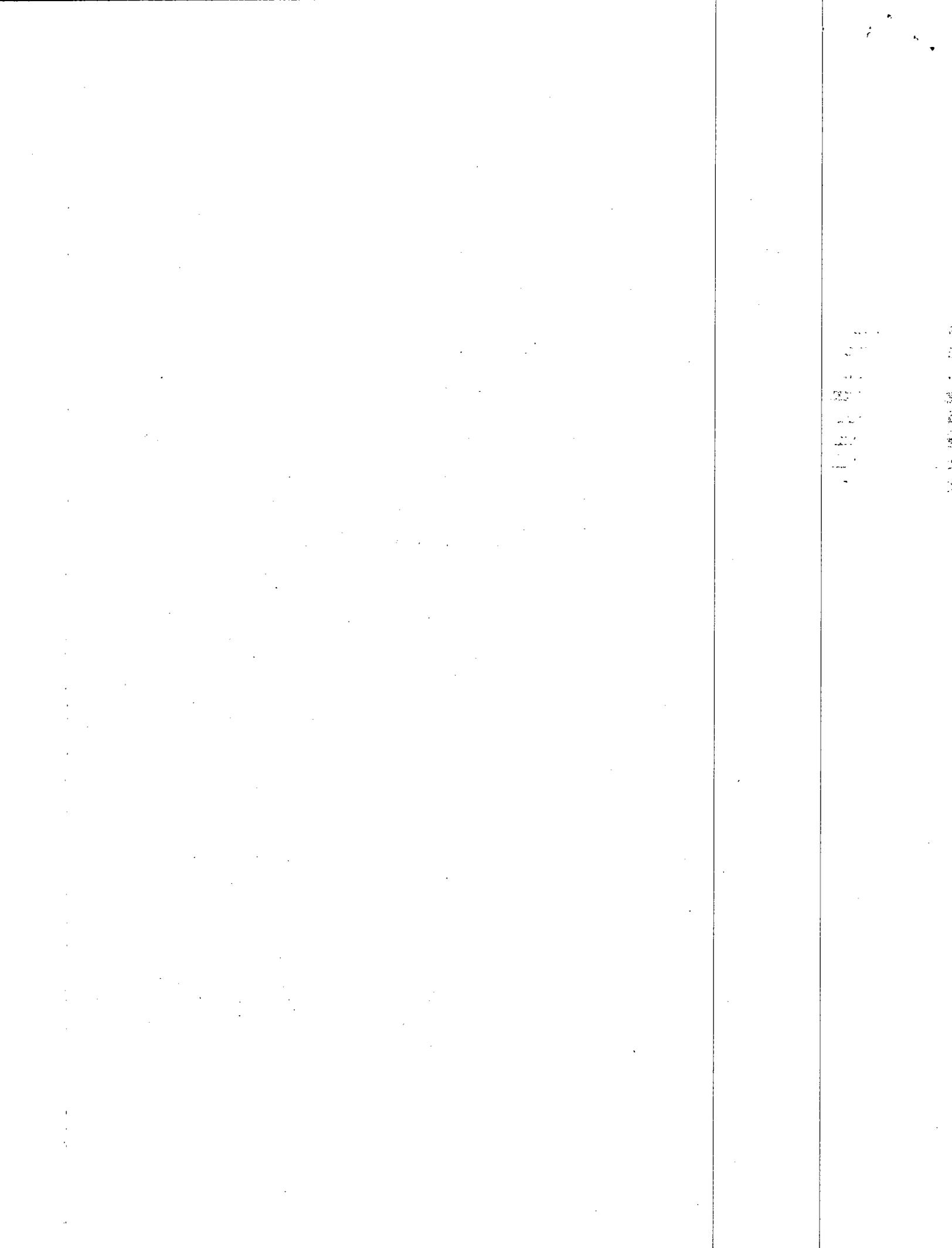
Reference is made to SDX Resources, Inc.'s application dated October 20, 1995 for authorization to initiate a high angle/horizontal directionally drilling project in the Artesia-Queen-Grayburg-San Andres Pool on a portion of its Dunn "B" Federal lease in the NE/4 NE/4 of Section 10, Township 18 South, Range 28 East, NMPM, Eddy County, New Mexico.

The Division Director Finds That:

- (1) The application by SDX Resources, Inc. ("SDX") has been duly filed under the provisions of Rule 111.D and E of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10388, issued by the Oil Conservation Commission in Case 11,274 on June 13, 1995;
- (2) The proposed high angle/horizontal directionally drilling project is within the applicant's International Oil & Gas Queen-Grayburg-San Andres Waterflood Project Area, established by Division Order No. R-2869, dated February 11, 1965, and as such the Artesia-Queen-Grayburg-San Andres Pool is subject to the statewide rules and regulations for oil wells, as promulgated by Rules 104.C(1) and F(1), which provides for 40-acre oil spacing and proration units, or drilling units, and requires that wells be located no closer than 330 feet to the outer boundary of the lease or unitized area, nor closer than 10 feet to any quarter-quarter section line or subdivision inner boundary;



- (3) Those portions of said Section 10 that are within the International Oil & Gas Queen-Grayburg-San Andres Waterflood Project Area include the N/2, SE/4 SW/4, and SE/4;
- (4) SDX is seeking to initiate an high angle/horizontal directional drilling project within the Artesia Pool in an attempt to contact more permeability in the vertical fracture systems of the San Andres formation;
- (5) It is SDX's intent to place its Dunn "B" Federal Well No. 39 (API No. 30-015-28245) at a previously approved unorthodox oil well location (see Division Administrative Order NSL-3465, dated January 17, 1995) 1319 feet from the North line and 60 feet from the East line (Unit A) of said Section 10, drill vertically to an approximate depth of 2940 feet, kick-off in a northwesterly direction with a short radius wellbore (71.62 degrees/100 feet or 80 foot radius), and drill horizontally a lateral distance of approximately 1,000 feet;
- (6) The "project area" for said horizontal well is to consist of the single 40-acre standard oil spacing and proration unit comprising the NE/4 NE/4 (Unit A) of said Section 10;
- (7) The subject pool within the proposed project area is currently being developed by the Dunn "B" Federal Well No. 13 (API No. 30-015-01809), located 660 feet from the North and East lines of said Section 10, a water injection well authorized by Division Order No. R-2869, dated February 11, 1965;
- (8) As required by Division General Rules 104.F(1) and 111.D(1)(b) and to assure that the correlative rights of off-set operators are adequately protected from any adverse effects caused by the drilling of the subject lateral wellbore, the applicable drilling window or "producing area" for said horizontal well bore should include that area within the NE/4 NE/4 of said Section 10 that is no closer than 10 feet from the southern, eastern, and western boundaries of the subject quarter-quarter section nor closer than 330 feet to its northern boundary; and,
- (9) It appears the applicant has satisfied all of the appropriate requirements prescribed in said Rule 111.D and E, the subject application should be approved and the well should be governed by the provisions contained within this order and all other applicable provisions of Division General Rule 111.



IT IS THEREFORE ORDERED THAT:

(1) SDX Resources, Inc. ("SDX") is hereby authorized to initiate a high angle/horizontal directional drilling project in an existing standard 40-acre oil spacing and proration unit comprising the NE/4 NE/4 (Unit A) of Section 10, Township 18 South, Range 28 East, NMPM, Artesia-Queen-Grayburg-San Andres Pool, International Oil & Gas Queen-Grayburg-San Andres Waterflood Project Area, Eddy County, New Mexico, by drilling its Dunn "B" Federal Well No. 39 at a previously approved unorthodox surface oil well location (see Division Administrative Order NSL-3465, dated January 17, 1995) 1319 feet from the North line and 60 feet from the East line (Unit A) of said Section 10, drill vertically to an approximate depth of 2940 feet, kick-off in a northwesterly direction with a short radius wellbore (71.62 degrees/100 feet or 80 foot radius), and drill horizontally a lateral distance of approximately 1,000 feet through the Artesia-Queen-Grayburg-San Andres Pool.

PROVIDED HOWEVER THAT prior to commencing directional drilling operations in said wellbore, the applicant shall establish the location of the kick-off point by means of a directional survey acceptable to the Division.

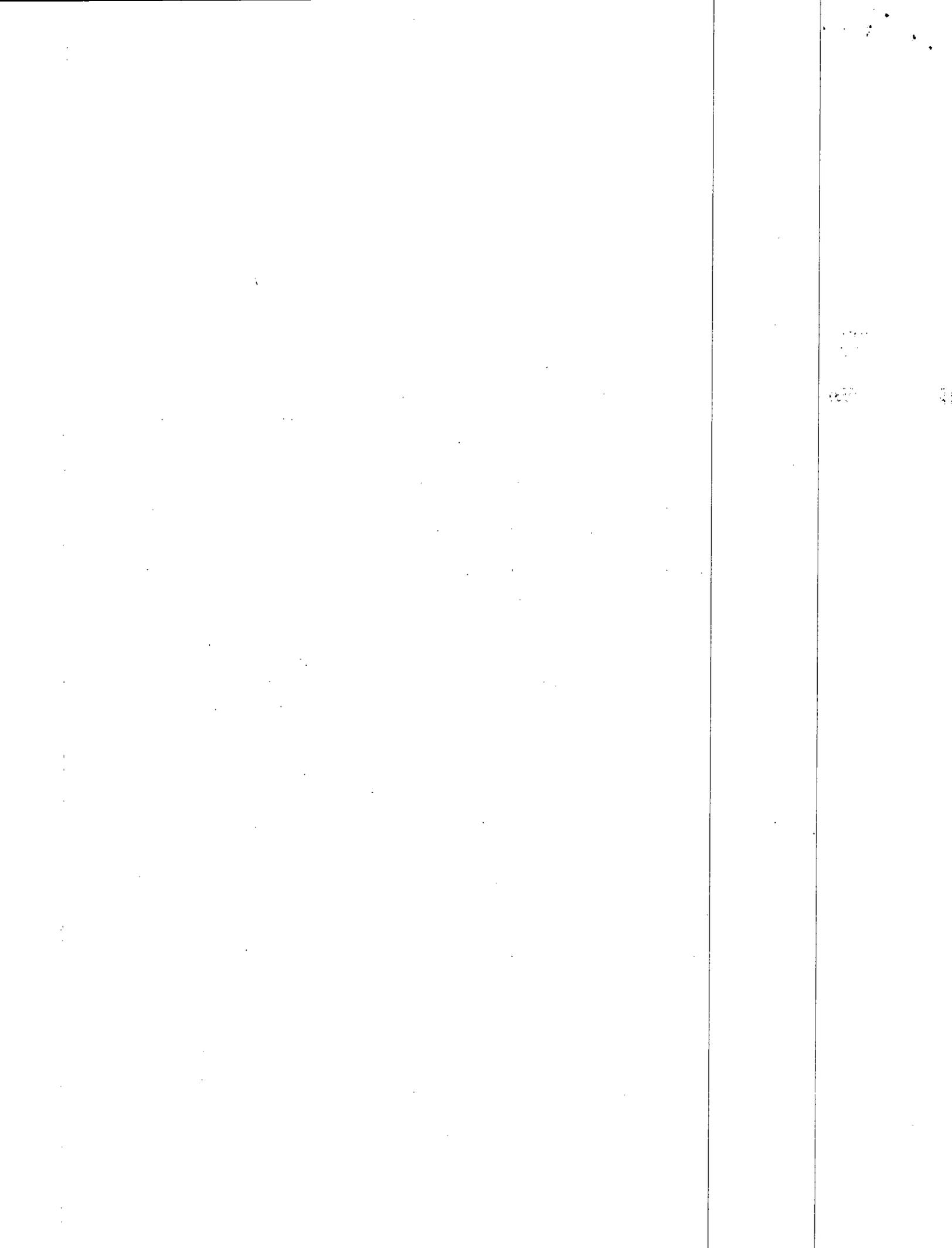
PROVIDED FURTHER THAT during or upon completion of said directional drilling operations, the applicant shall conduct an accurate wellbore survey from the kick-off point to total depth in order that the subsurface bottomhole location, as well as the wellbore's true depth and course, may be determined.

(2) The applicant shall notify the supervisor of the Artesia District office of the Division of the date and time said wellbore surveys are to be conducted so that they may be witnessed. The applicant shall further provide a copy of said wellbore surveys to the Santa Fe and Artesia offices of the Division upon completion.

(3) The "project area" for said horizontal well shall consist of the single 40-acre standard oil spacing and proration unit comprising the NE/4 NE/4 (Unit A) of said Section 10.

(4) The "producing area" for said horizontal wellbore shall include that area within the NE/4 NE/4 of said Section 10 that is no closer than 10 feet from the southern, eastern, and western boundaries of the subject quarter-quarter section nor closer than 330 feet to its northern boundary.

(5) The operator shall comply with all requirements and conditions set forth in Division General Rule 111.E(2) and any applicable requirements in 111.D and F.

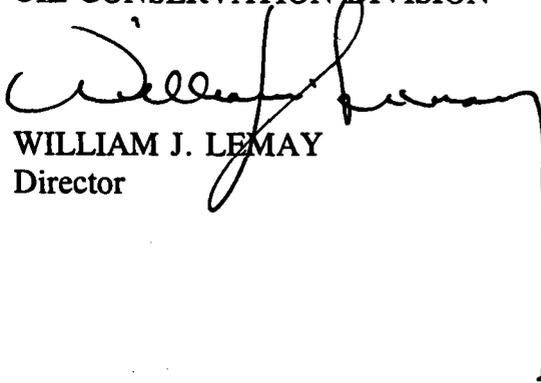


(6) Form C-105 shall be filed in accordance with Division Rule 1105 and the operator shall indicate thereon true vertical depth (TVD) in addition to measured depths (MVD).

(7) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

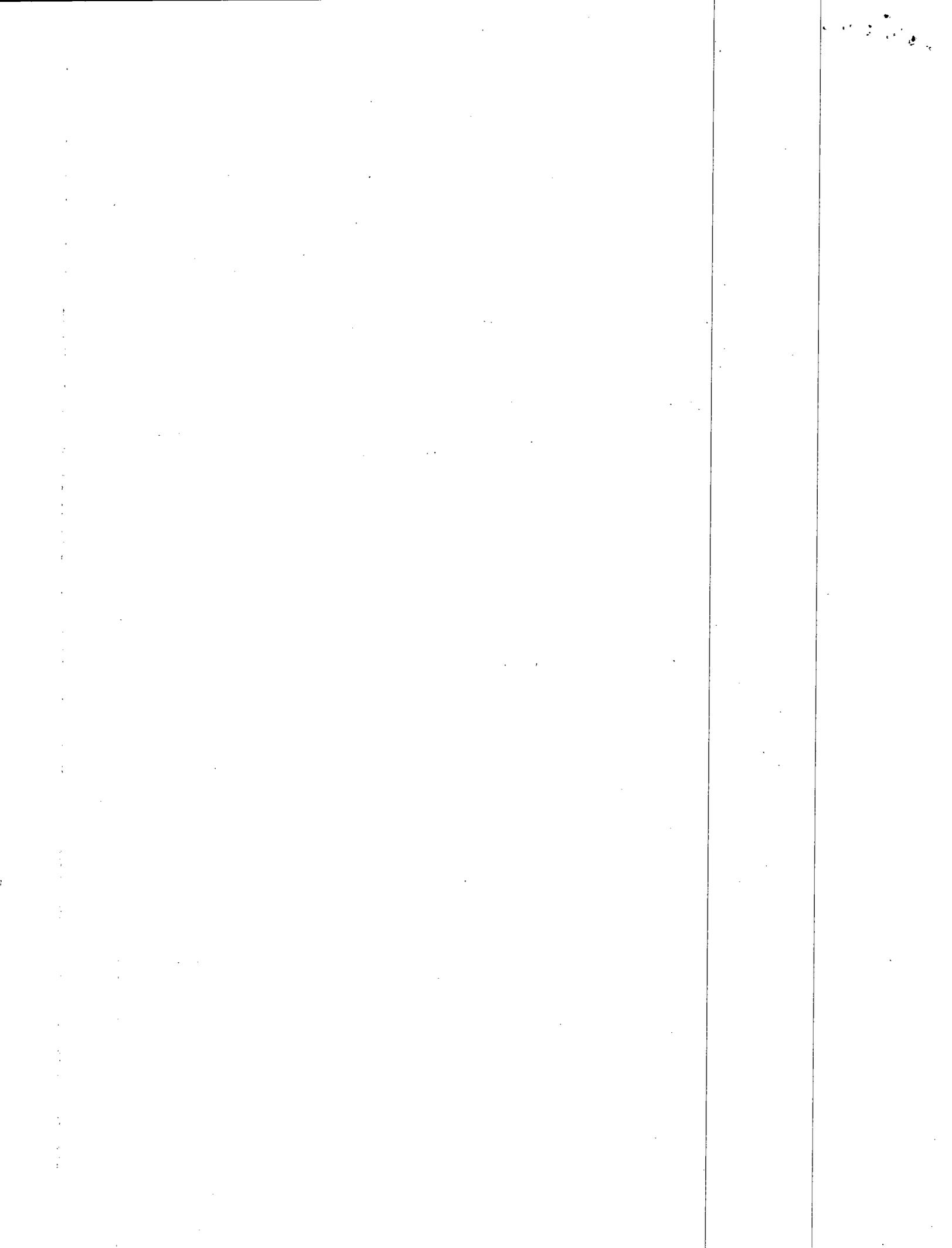
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director

S E A L

cc: Oil Conservation Division - Artesia
U.S. BLM - Carlsbad
File: NSL-3465
Case 11,274
DD-109(H)



DD-HOR. 1

OIL CONSERVATION DIVISION

Received 10/23/95
Susp. 11/13/95
Released: ~~11/13/95~~
11/13/95

October 24, 1995

**SDX Resources, Inc.
P. O. Box 5061
Midland, Texas 79704**

Attention: John Pool

*Administrative Order DD-109-A(H)
High Angle/Horizontal*

Dear Mr. Pool:

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- (2) The proposed high angle/horizontal directionally drilling project is within the applicant's International Oil & Gas Queen-Grayburg-San Andres Waterflood Project Area, established by Division Order No. R-2869, dated February 11, 1965, and as such the Artesia-Queen-Grayburg-San Andres Pool is subject to the statewide rules and regulations for oil wells, as promulgated by Rules 104.C(1) and F(1), which provides for 40-acre oil spacing and proration units, or drilling units, and requires that wells be located no closer than 330 feet to the outer boundary of the lease or unitized area, nor closer than 10 feet to any quarter-quarter section line or subdivision inner boundary;
- (3) Those portions of said Section 10 that are within the International Oil & Gas Queen-Grayburg-San Andres Waterflood Project Area include the N/2, SE/4 SW/4, and SE/4;
- (4) SDX is seeking to initiate an high angle/horizontal directional drilling project within the Artesia Pool in an attempt to contact more permeability in the vertical fracture systems of the San Andres formation;
- (5) It is SDX's intent to place its Dunn "B" Federal Well No. 39 (API No. 30-015-28245) at a previously approved unorthodox oil well location (see Division Administrative Order NSL-3465, dated January 17, 1995) 1319 feet from the North line and 60 feet from the East line (Unit A) of said Section 10, drill vertically to an approximate depth of 2940 feet, kick-off in a northwesterly direction with a short radius wellbore (71.62 degrees/100 feet or 80 foot radius), and drill

11/13

horizontally a lateral distance of approximately 1,000 feet;

- (6) The "project area" for said horizontal well is to consist of the single 40-acre standard oil spacing and proration unit comprising the NE/4 NE/4 (Unit A) of said Section 10;
- (7) The subject pool within the proposed project area is currently being developed by the Dunn "B" Federal Well No. 13 (API No. 30-015-01809), located 660 feet from the North and East lines of said Section 10, a water injection well authorized by Division Order No. R-2869, dated February 11, 1965;
- (8) As required by Division General Rules 104.F(1) and 111.D(1)(b) and to assure that the correlative rights of off-set operators are adequately protected from any adverse effects caused by the drilling of the subject lateral wellbore, the applicable drilling window or "producing area" for said horizontal well bore should include that area within the NE/4 NE/4 of said Section 10 that is no closer than 10 feet from the southern, eastern, and western boundaries of the subject quarter-quarter section nor closer than 330 feet to its northern boundary; and,
- (9) It appears the applicant has satisfied all of the appropriate requirements prescribed in said Rule 111.D and E, the subject application should be approved and the well should be governed by the provisions contained within this order and all other applicable provisions of Division General Rule 111.

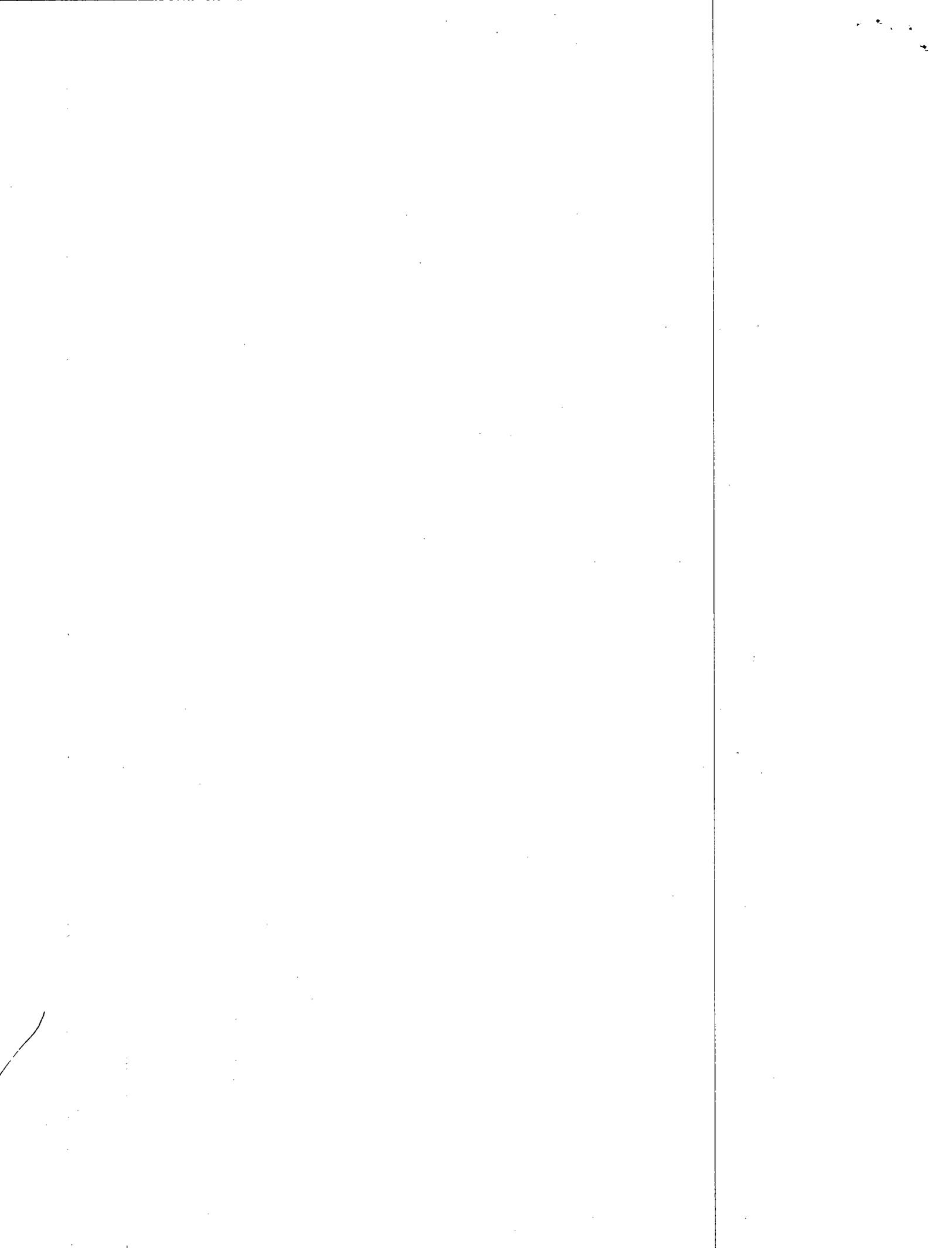
IT IS THEREFORE ORDERED THAT:

(1) SDX Resources, Inc. ("SDX") is hereby authorized to initiate a high angle/horizontal directional drilling project in an existing standard 40-acre oil spacing and proration unit comprising the NE/4 NE/4 (Unit A) of Section 10, Township 18 South, Range 28 East, NMPM, Artesia-Queen-Grayburg-San Andres Pool, International Oil & Gas Queen-Grayburg-San Andres Waterflood Project Area, Eddy County, New Mexico, by drilling its Dunn "B" Federal Well No. 39 at a previously approved unorthodox surface oil well location (see Division Administrative Order NSL-3465, dated January 17, 1995) 1319 feet from the North line and 60 feet from the East line (Unit A) of said Section 10, drill vertically to an approximate depth of 2940 feet, kick-off in a northwesterly direction with a short radius wellbore (71.62 degrees/100 feet or 80 foot radius), and drill horizontally a lateral distance of approximately 1,000 feet through the Artesia-Queen-Grayburg-San Andres Pool.

PROVIDED HOWEVER THAT prior to commencing directional drilling operations in said wellbore, the applicant shall establish the location of the kick-off point by means of a directional survey acceptable to the Division.

PROVIDED FURTHER THAT during or upon completion of said directional drilling operations, the applicant shall conduct an accurate wellbore survey from the kick-off point to total depth in order that the subsurface bottomhole location, as well as the wellbore's true depth and course, may be determined.

(2) The applicant shall notify the supervisor of the Artesia District office of the Division of the date and time said wellbore surveys are to be conducted so that they may be witnessed. The applicant shall further provide a copy of said wellbore surveys to the Santa Fe and Artesia offices of the Division upon completion.



*Administrative Order DD-***** (H)*

*August ******

Page No. 3

(3) The "project area" for said horizontal well shall consist of the single 40-acre standard oil spacing and proration unit comprising the NE/4 NE/4 (Unit A) of said Section 10.

(4) The "producing area" for said horizontal wellbore shall include that area within the NE/4 NE/4 of said Section 10 that is no closer than 10 feet from the southern, eastern, and western boundaries of the subject quarter-quarter section nor closer than 330 feet to its northern boundary.

(5) The operator shall comply with all requirements and conditions set forth in Division General Rule 111.E(2) and any applicable requirements in 111.D and F.

(6) Form C-105 shall be filed in accordance with Division Rule 1105 and the operator shall indicate thereon true vertical depth (TVD) in addition to measured depths (MVD).

(7) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

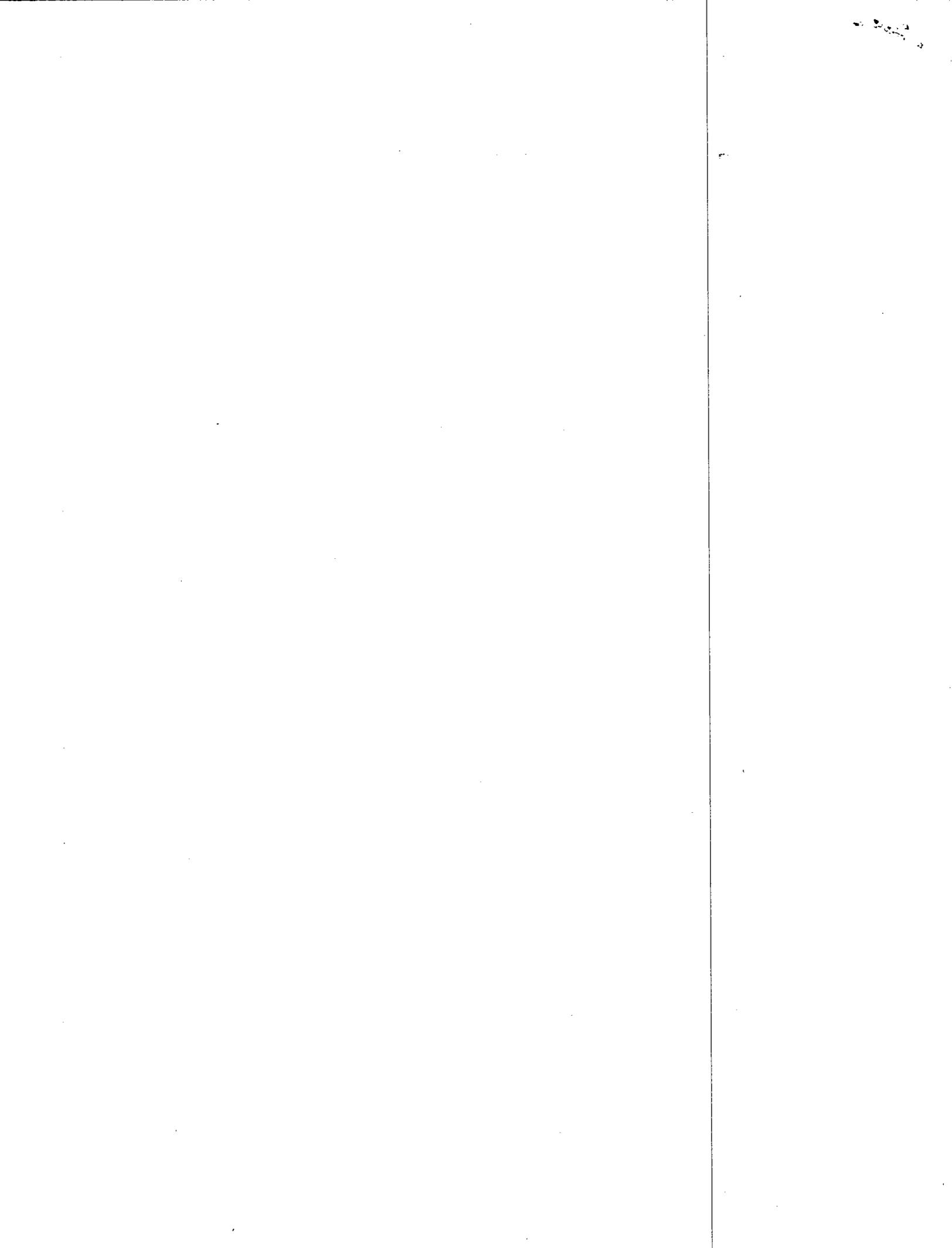
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

WILLIAM J. LEMAY
Director

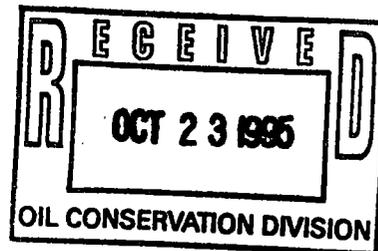
S E A L

cc: Oil Conservation Division - Artesia
U.S. BLM - Carlsbad
File: NSL-3465
Case 11,274
DD-109(H)



SDX RESOURCES, INC.

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



October 20, 1995

Mr. Mike Stogner
Oil Conservation Commission
2040 South Pacheco
Santa Fe, NM 88505

RE: Dunn B Federal #39, API #30-015-28245
1319 FNL & 60' FEL
Unit A, Sec. 10, T18S, R28E
Eddy Co., NM
Administrative Order NSL-3465

Dear Mr. Stogner:

SDX Resources, Inc. is making application under Rule 111.D and E of the General Rules and Regulations of the New Mexico Oil Conservation Commission for a horizontal completion, if necessary, for the captioned well. Enclosed is a copy of the Sundry Notice noting Change of Plans from the original APD, which was approved December 7, 1994. Attached to the Sundry Notice is our Completion Procedure for the horizontal drainhole, if necessary. There are no changes in the 13 Point Drilling Program except for the setting of the 5-1/2" production casing, which is outlined in the Sundry Notice, or the Surface Use Plan that was also approved on December 7, 1994.

SDX Resources, Inc. proposes to drill a horizontal drainhole in the San Andres formation in an attempt to contact more permeability in the vertical fracture systems.

Offset operators have been notified of SDX Resources, Inc.'s intent to do a horizontal completion. Address list attached.

Thank you for your consideration and early approval for this horizontal completion. If you had any questions or need additional information, please call.

Best regards,

A handwritten signature in cursive script that reads "John Pool".

John Pool
Vice President

JP/jdc

Enclosures

cc: Mr. Shannon Shaw, BLM/Carlsbad, NM
Mr. Tim Gum, OCD/Artesia

INTERNATIONAL LIBRARY

OCT 5 3 1982

LIBRARY

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

5. Lease Designation and Serial No.

NM 54184

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

Dunn B Federal #39

9. API Well No.

30-015-28245

10. Field and Pool, or Exploratory Area

ART-QN-GB-SA

11. County or Parish, State

Eddy Co., NM

SUBMIT IN TRIPLICATE

1. Type of Well

Oil Well Gas Well Other

2. Name of Operator

SDX Resources, Inc.

3. Address and Telephone No.

P. O. Box 5061, Midland, TX. 915/685-1761

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

1319' FNL & 60' FEL, Unit A, Sec. 10, T18S, R28E

12 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.)

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.)*

Plan to drill well to proposed TVD of 3200'. Run open hole logs. Run 5-1/2" casing/packer shoe, 15.50#/ft casing to + 2850'. Set open hole plug @ kick-off point 2940'. Follow attached procedure.

No changes anticipated in the 13 Point Drilling Program that was approved on 12/07/94 except the 5-1/2" production casing may be set 50' above kick off point at approximately 2940'. No changes in Surface Plan.

Administrative Order NSL-3465

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

Signed Janice Courtney Title Regulatory Tech Date 10/20/95

(This space for Federal or State office use) Janice Courtney

Approved by _____ Title _____ Date _____
Conditions of approval, if any:

WELL PROCEDURE
DUNN B 39 HORIZONTAL COMPLETION
SDX RESOURCES

Date: October 19, 1995

Purpose: Complete as horizontal drainhole.

Elevation: GL - 3630; KB. - N/A

Drillers TD: 3200' (Drill and log through target formation)

PBTD: 3200'

Production casing: 5 1/2" 15.5 # @ 2850' - TOC @ Surf (Should be set to 50' - 150' above KOP)

Intermediate casing:

Target Information:

| | |
|----------------------|---------------------------|
| Kickoff Point (KOP): | 2940' |
| Build Rate: (BUR) | 71.62°/100' (80' radius) |
| Target Depth (TVD): | 3020' TVD |
| End of Curve (EOC): | 4065' MD (3020' TVD) |
| Lateral Length: | 1000' |
| Closure Direction: | N 137.2° E (45° Azimuth) |
| Declination: | |
| Operations Target: | 10' Vertical Window |

BOTTOM HOLE ASSEMBLY/DRILL STRING

4 3/4" Rock Bit
3 3/8" Mudmotor: 2 7/8" Reg Box X 2 3/8" Reg Box (Top)
3 1/2" Float Sub
3 1/2" Orienting Sub
3 1/2" Monel Drill Collars: 2 7/8" PH-6 Box X Pin
1500' 2 7/8" PH-6 drill pipe (P-110)
Crossover to Drill Collars
3 1/2" drill pipe
Estimated Max. WOB: 25,000
Estimated Max. Pump Rate: 125 GPM at 1,900 psi
2" minimum ID on all drill string components

PROCEDURE

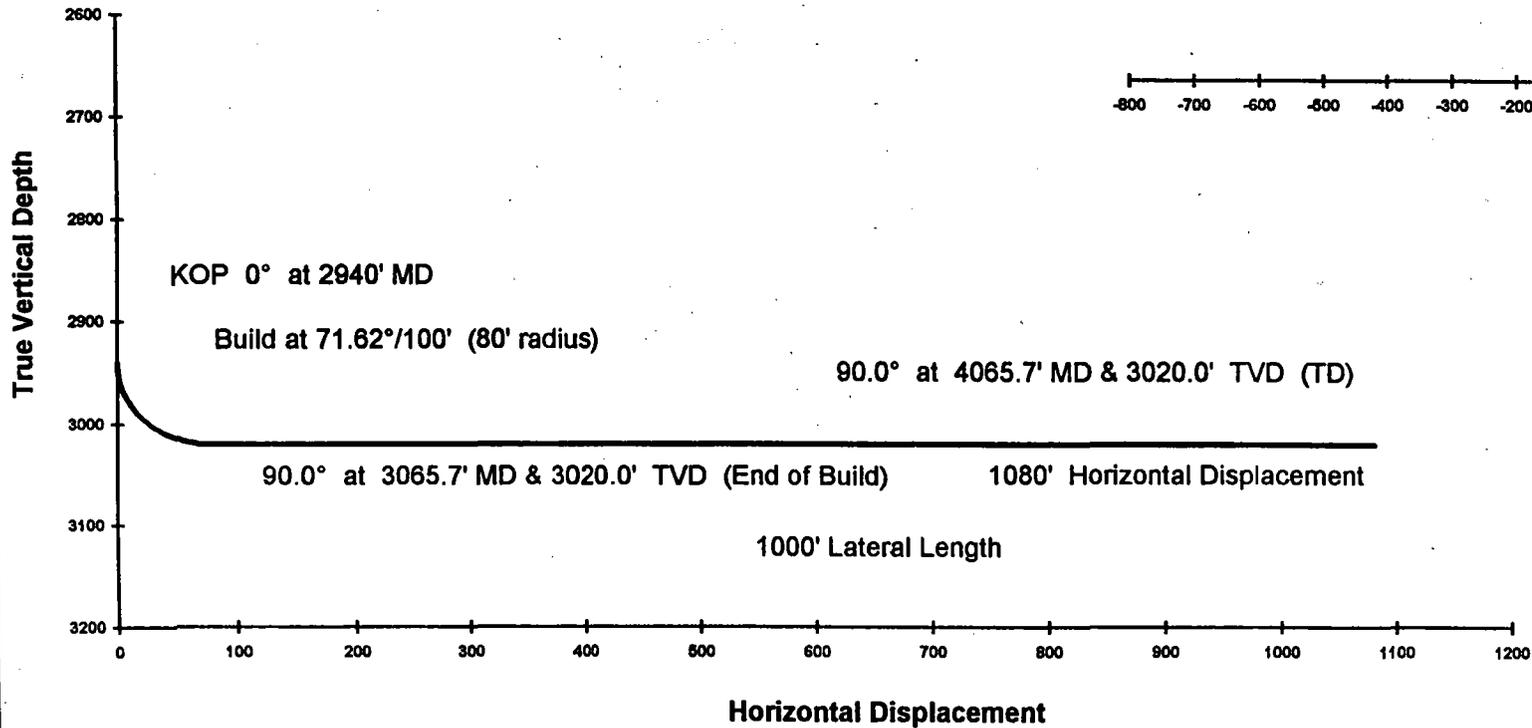
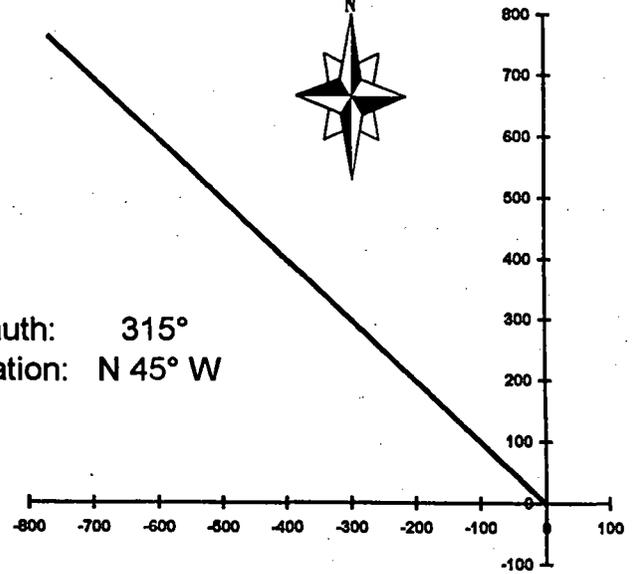
1. MIRUPU. TIH with bit. Drill out casing shoe and 50' of cement plug to KOP. TOH with workstring standing back.
2. RU wireline and gyro company. TIH with GYRO. Obtain surveys every 100' from KOP to surface. RD wireline and gyro company
3. RU directional & wireline company. Test steering tool and confirm toolface reading.
4. PU angle build assembly and surface test motor.
5. TIH to KOP with bit, angle build motor, orienting (and float sub), monel drill collars, PH-6 drill pipe, drillpipe and drill collars.

6. TIH with steering tool. Sting into orienting sub. RU wet-connect and test. Drill build section to EOC, obtaining surveys every joint. TOH to KOP. RD wet-connect and TOH with steering tool. TOH with drillstring (standing back) and lay down angle build motor.
7. PU angle hold motor and test at surface.
8. TIH with bit, angle hold motors, orienting sub, and monel drill collars to KOP. TIH with steering tool and sting into orienting sub. TIH to bottom and drill lateral at Target TVD to TD, obtaining surveys every joint. TOH. RD directional Co.
9. Perform completion operations.

VOGEL HORIZONTAL AND DIRECTIONAL DRILLING
415 WEST WALL ST. MIDLAND TX 79707
915-570-4719

SDX RESOURCES, INC.
DUNN B 39
EDDY COUNTY, NM

Azimuth: 315°
Orientation: N 45° W



VOGEL HORIZONTAL & DIRECTIONAL DRILLING

SDX RESOURCES, INC.
DUNN B 39

Directional Well Plan

| Measured Depth (Ft) | Incl. Angle (Deg) | Drift Direction (Deg) | Course Length (Ft) | True Vertical Depth | Total Rectangular Coordinates (Ft) | | Vertical Section | Dogleg Severity (Deg/100') |
|------------------------|-------------------|-----------------------|--------------------|---------------------|------------------------------------|----------|------------------|----------------------------|
| 2940.0 | 0.00 | | 0.0 | 2940.0 | 0.00 N | 0.00 E | 0.00 | 0.0 |
| 2944.3 | 3.10 | 315.0 | 4.3 | 2944.3 | 0.08 N | 0.08 W | 0.12 | 71.6 |
| 2948.7 | 6.21 | 315.0 | 4.3 | 2948.6 | 0.33 N | 0.33 W | 0.47 | 71.6 |
| 2953.0 | 9.31 | 315.0 | 4.3 | 2952.9 | 0.75 N | 0.75 W | 1.05 | 71.6 |
| 2957.3 | 12.41 | 315.0 | 4.3 | 2957.2 | 1.32 N | 1.32 W | 1.87 | 71.6 |
| 2961.7 | 15.52 | 315.0 | 4.3 | 2961.4 | 2.06 N | 2.06 W | 2.92 | 71.6 |
| 2966.0 | 18.62 | 315.0 | 4.3 | 2965.5 | 2.96 N | 2.96 W | 4.19 | 71.6 |
| 2970.3 | 21.72 | 315.0 | 4.3 | 2969.6 | 4.02 N | 4.02 W | 5.68 | 71.6 |
| 2974.7 | 24.83 | 315.0 | 4.3 | 2973.6 | 5.23 N | 5.23 W | 7.39 | 71.6 |
| 2979.0 | 27.93 | 315.0 | 4.3 | 2977.5 | 6.59 N | 6.59 W | 9.32 | 71.6 |
| 2983.3 | 31.03 | 315.0 | 4.3 | 2981.2 | 8.10 N | 8.10 W | 11.45 | 71.6 |
| 2987.7 | 34.14 | 315.0 | 4.3 | 2984.9 | 9.75 N | 9.75 W | 13.78 | 71.6 |
| 2992.0 | 37.24 | 315.0 | 4.3 | 2988.4 | 11.53 N | 11.53 W | 16.31 | 71.6 |
| 2996.3 | 40.34 | 315.0 | 4.3 | 2991.8 | 13.45 N | 13.45 W | 19.03 | 71.6 |
| 3000.7 | 43.45 | 315.0 | 4.3 | 2995.0 | 15.50 N | 15.50 W | 21.92 | 71.6 |
| 3005.0 | 46.55 | 315.0 | 4.3 | 2998.1 | 17.67 N | 17.67 W | 24.98 | 71.6 |
| 3009.3 | 49.66 | 315.0 | 4.3 | 3001.0 | 19.95 N | 19.95 W | 28.21 | 71.6 |
| 3013.7 | 52.76 | 315.0 | 4.3 | 3003.7 | 22.33 N | 22.33 W | 31.59 | 71.6 |
| 3018.0 | 55.86 | 315.0 | 4.3 | 3006.2 | 24.82 N | 24.82 W | 35.11 | 71.6 |
| 3022.3 | 58.97 | 315.0 | 4.3 | 3008.5 | 27.40 N | 27.40 W | 38.76 | 71.6 |
| 3026.7 | 62.07 | 315.0 | 4.3 | 3010.7 | 30.07 N | 30.07 W | 42.53 | 71.6 |
| 3031.0 | 65.17 | 315.0 | 4.3 | 3012.6 | 32.82 N | 32.82 W | 46.41 | 71.6 |
| 3035.3 | 68.28 | 315.0 | 4.3 | 3014.3 | 35.63 N | 35.63 W | 50.39 | 71.6 |
| 3039.7 | 71.38 | 315.0 | 4.3 | 3015.8 | 38.51 N | 38.51 W | 54.46 | 71.6 |
| 3044.0 | 74.48 | 315.0 | 4.3 | 3017.1 | 41.43 N | 41.43 W | 58.60 | 71.6 |
| 3048.3 | 77.59 | 315.0 | 4.3 | 3018.1 | 44.41 N | 44.41 W | 62.80 | 71.6 |
| 3052.7 | 80.69 | 315.0 | 4.3 | 3018.9 | 47.42 N | 47.42 W | 67.06 | 71.6 |
| 3057.0 | 83.79 | 315.0 | 4.3 | 3019.5 | 50.45 N | 50.45 W | 71.35 | 71.6 |
| 3061.3 | 86.90 | 315.0 | 4.3 | 3019.9 | 53.51 N | 53.51 W | 75.67 | 71.6 |
| EOB: Target: 3065.7 | 90.00 | 315.0 | 4.3 | 3020.0 | 56.57 N | 56.57 W | 80.00 | 71.6 |
| 4065.7 | 90.00 | 315.0 | 1000.0 | 3020.0 | 763.68 N | 763.68 W | 1080.00 | 0.0 |

SDX RESOURCES, INC.

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

October 20, 1995

To Offset Operators
(Addressee List Attached)

RE: Notification - Horizontal Completion
Dunn B Federal #39 API #30-015-28245
1319' FNL & 60' FEL
Unit A, Sec. 10, T18S, R28E
Eddy Co., NM

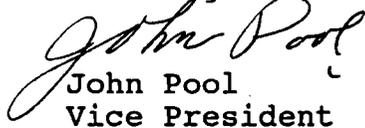
Gentlemen:

By this letter, SDX Resources is notifying you of its intent to do a horizontal completion on the captioned well. We are attaching Form 3160-5 and exhibits for your perusal.

Should you have any questions, comments or objections, please advise. Should we not receive any objections within (10) days from the date above, it will be considered that you have no objection to the proposed operation.

Thank you for your consideration.

Best regards,


John Pool
Vice President

JP/jdc

Attachments



Addressee List
Dunn B Federal #39 Notification

Arrowhead Operating, Inc.
2610 Camarie
Midland, TX 79705

Yates Drilling Company
105 South 4th Street
Artesia, NM 88210

Van Welch
13103 Youngfield
Cypress, TX 77429

Ray Westall
P. O. Box 4
Loco Hills, NM 88255

SDX RESOURCES, INC.

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

October 20, 1995

Mr. Shannon Shaw
BLM
P. O. Box 1778
Carlsbad, NM 88221

RE: Dunn B Federal #39 API#30-015-28245
1319 FNL & 60' FEL
Unit A, Sec. 10, T18S, R28E
Eddy Co., NM
Administrative Order NSL-3465

Gentlemen:

SDX Resources, Inc. is making application under Rule 111.D and E of the General Rules and Regulations of the New Mexico Oil Conservation Commission for a horizontal completion, if necessary, for the captioned well. Enclosed is an original and five copies of the Sundry Notice noting change of plans from the original APD, which was approved December 7, 1994. Attached to the Sundry Notice is our Completion Procedure for the horizontal drainhole, if necessary. There are no changes in the 13 Point Drilling Program except for the setting of the 5-1/2" production casing, which is outlined in the Sundry Notice, or the Surface Use Plan that was also approved on December 7, 1994.

SDX Resources, Inc. proposes to drill a horizontal drainhole in the San Andres formation in an attempt to contact more permeability in the vertical fracture systems.

Thank you for your consideration and early approval for this horizontal completion. If you had any questions or need additional information, please call.

Best regards,



John Pool
Vice President

JP/jdc

Enclosures

cc: Mr. Mike Stogner, OCD/Santa Fe, NM ✓
Mr. Tim Gum, OCD/Artesia

SDX RESOURCES, INC.

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

October 20, 1995

Mr. Tim Gum
Oil Conservation Commission
811 South 1st Street
Artesia, NM 88210-2834

RE: Dunn B Federal #39 API#30-015-28245
1319 FNL & 60' FEL
Unit A, Sec. 10, T18S, R28E
Eddy Co., NM
Administrative Order NSL-3465

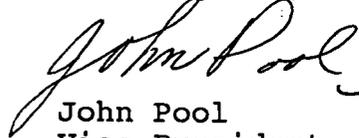
Dear Mr. Gum:

SDX Resources, Inc. is making application under Rule 111.D and E of the General Rules and Regulations of the New Mexico Oil Conservation Commission for a horizontal completion, if necessary, for the captioned well. Enclosed are the following documents for your information:

- 1) Copy of Sundry Notice - Change of Plans w/ attachments.
- 2) Copy of letter to Mike Stogner OCD/Santa Fe.
- 3) Copy of letter to Shannon Shaw w/BLM/Carlsbad.
- 4) Copy of letter sent to offset operators.

If you have any questions or need additional information, please give me a call.

Best regards,



John Pool
Vice President

JP/jdc

Enclosures

cc: Mr. Mike Stogner/OCD/Santa Fe ✓
Mr. Shannon Shaw/BLM/Carlsbad

CMD :
OG6IWCM

ONGARD
INQUIRE WELL COMPLETIONS

10/24/95 14:02:28
OGOMES -EMF3

API Well No : 30 15 1809 Eff Date : 01-01-1900 WC Status : A
Pool Idn : 3230 ARTESIA;QUEEN-GRAYBURG-SAN ANDRES
OGRID Idn : 20451 SDX RESOURCES INC
Prop Idn : 9814 DUNN B FEDERAL

Well No : 013
GL Elevation: 99999

| | U/L | Sec | Township | Range | North/South | East/West | Prop/Act (P/A) |
|--|-----|-----|----------|-------|-------------|-------------|----------------|
| B.H. Locn | : A | 10 | 18S | 28E | FTG 999 F S | FTG 999 F E | P |
| Lot Identifier: | | | | | | | |
| Dedicated Acre: | | | | | | | |
| Lease Type | : F | | | | | | |
| Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) : | | | | | | | |

660' F NVEL

M0025: Enter PF keys to scroll

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06
PF07 PF08 PF09 PF10 NEXT-WC PF11 HISTORY PF12 NXTREC

W/W

R-2869

CMD :
OG6CLOG

ONGARD
C105-WELL COMPLETION OR RECOMP CASING LOG

10/24/95 14:02:53
OGOMES -EMF3

OGRID Identifier : 20451 SDX RESOURCES INC
Prop Identifier : 9814 DUNN B FEDERAL
API Well Identifier : 30 15 28245 Well No : 39
Surface Locn - UL : A Sec : 10 Twp : 18S Range : 28E Lot Idn :
Multiple comp (S/M/C) : N TVD Depth (Feet) : MVD Depth (Feet):
Spud Date : P/A Date :
Casing/Linear Record:

S Size Grade Weight Depth(ft) Depth(ft) Hole Size Cement ---- TOC ----
(inches) (lb/ft) Top-Liner Bot-Liner (inches) (Sacks) (feet) Code

E0004: No matching record found. Enter data to create.

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM
PF07 PF08 PF09 COMMENT PF10 TLOG PF11 PF12

CMD :
OG6CLOG

.QNGARD
C105-WELL COMPLETION OR RECOMP CASING LOG

10/24/95 14:03:18
OGOMES -EMF3

OGRID Identifier : 20451 SDX RESOURCES INC
Prop Identifier : 9814 DUNN B FEDERAL
API Well Identifier : 30 15 28246 Well No : 42
Surface Locn - UL : A Sec : 10 Twp : 18S Range : 28E Lot Idn :
Multiple comp (S/M/C) : N TVD Depth (Feet) : MVD Depth (Feet):
Spud Date : P/A Date :
Casing/Linear Record:

S Size Grade Weight Depth(ft) Depth(ft) Hole Size Cement ---- TOC ----
(inches) (lb/ft) Top-Liner Bot-Liner (inches) (Sacks) (feet) Code

E0004: No matching record found. Enter data to create.

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM
PF07 PF08 PF09 COMMENT PF10 TLOG PF11 PF12

Sec : 10 Twp : 18S Rng : 28E Section Type : NORMAL

| | | | |
|--|--|--|--|
| D 40.00 Federal owned A | C 40.00 Federal owned A A | B 40.00 Federal owned A A A | A 40.00 Federal owned A A A |
| E 40.00 Federal owned A A | F 40.00 Federal owned A A A | G 40.00 Federal owned A A A A | H 40.00 Federal owned A |

PF01 HELP
PF07 BKWD

PF02
PF08 FWD

PF03 EXIT
PF09 PRINT

PF04 GoTo
PF10 SDIV

PF05
PF11

PF06
PF12