

SDX RESOURCES, INC.

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

September 25, 1992

Mr. Mike Stogner
State of New Mexico
Oil Conservation Division
P. O. Box 2088
Santa Fe, NM 87504

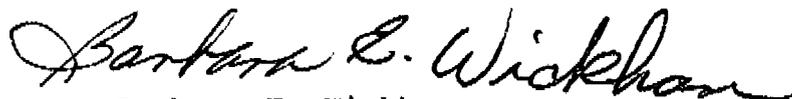
Re: Application to Drill
Artesia Metex Lease
Well # 62 and # 63
Section 25 and 30
T-18-S, R-27-E, N.M.P.M.
Eddy County, New Mexico

Dear Mr. Stogner:

We are sending to you via fax the applications to drill on the captioned wells, well location plat and unit map with locations indicated. The originals with the appropriate number of copies are being sent through the District II office. We would appreciate verbal approval on these applications so we can expedite this project.

Your prompt attention to this matter will be greatly appreciated. If you should have any question, please contact us.

Sincerely,



Barbara E. Wickham

\bw

Enclosures

BWMSANDA.LTR

Submitt to Appropriate
 District Office
 State Lease - 6 copies
 Fee Lease - 5 copies

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

API NO. (assigned by OCD on New Wells)

5. Indicate Type of Lease
 STATE FEE

6. State Oil & Gas Lease No.
 E-648-131

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work:
 DRILL RE-ENTER DEEPEN PLUG BACK

b. Type of Well:
 OIL WELL GAS WELL OTHER

SINGLE ZONE MULTIPLE ZONE

2. Name of Operator
 SDX Resources, Inc.

3. Address of Operator
 P. O. Box 5061, Midland, Texas 79704-5061

7. Lease Name or Unit Agreement Name
 Artesia Metex

8. Well No.
 # 62

9. Pool name or Wildcat
 Artesia

4. Well Location
 Unit Letter F : 2310' Feet From The North Line and 990' Feet From The West Line

Section 30 Township 18S Range 20E NMPM Eddy County

10. Proposed Depth
 Approx. 2200'

11. Formation
 Grayburg

12. Rotary or C.T.
 Rotary

13. Elevations (Show whether DF, RT, GR, etc.)
 3565'

14. Kind & Status Plug. Boon
 Blanket

15. Drilling Contractor
 Capstar

16. Approx. Date Work will start
 As soon as approved.

17. PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
11"	8 5/8"	24#	Approx. 500'	150 - 200 sxs	Circulate
7 7/8"	5 1/2"	15.50#	Approx. 2200'	150 sxs	

Plan to drill an 11" hole to approx. 500'; set 8 5/8" 24# surface casing and circulate with Class "C" cement. Drill out with 7 7/8" bit to top San Andres (+/- 2200') TD. Run open hole logs GR-NL, Dual Lateral, etc. Run 5 1/2" 15.50# casing and cement with 150-200 sxs Class "C" cement. Est. top cement 1000'. Perforate Premier - Metex producing zones and stimulate as needed.

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 [Signature] TITLE Vice President DATE 9-11-92

TYPE OR PRINT NAME John Pool TELEPHONE NO. 915-685-1761

(This space for State Use)

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

SEP 25 '92 17:35 SDX RESOURCES, INC.
State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

Submit to Appropriate
District Office
State Lease - 6 copies
Fee Lease - 5 copies

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

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. E-648-131

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work: DRILL <input checked="" type="checkbox"/> RE-ENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/>	7. Lease Name or Unit Agreement Name Artesia Metex
b. Type of Well: OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input checked="" type="checkbox"/>	8. Well No. # 63
2. Name of Operator SDX Resources, Inc.	9. Pool name or Wildcat Artesia
3. Address of Operator P. O. Box 5061, Midland, Texas 79704-5061	

4. Well Location
Unit Letter G : 1620 Feet From The North Line and 2500 Feet From The East Line
Section 25 Township 18S Range 27E NMPM Eddy County

10. Proposed Depth Approx. 2200'	11. Formation Grayburg	12. Rotary or C.T. Rotary	
13. Elevations (Show whether DF, RT, GR, etc.) 3565'	14. Kind & Status Plug. Bond Blanket	15. Drilling Contractor Capstar	16. Approx. Date Work will start As soon as approved.

PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
11"	8 5/8"	24#	Approx. 500'	150 - 200 sxs	Circulate
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I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE [Signature] TITLE Vice President DATE 9-11-92
 TYPE OR PRINT NAME John Pool TELEPHONE NO. 915-685-1761

(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

RECEIVED
9-25-92

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

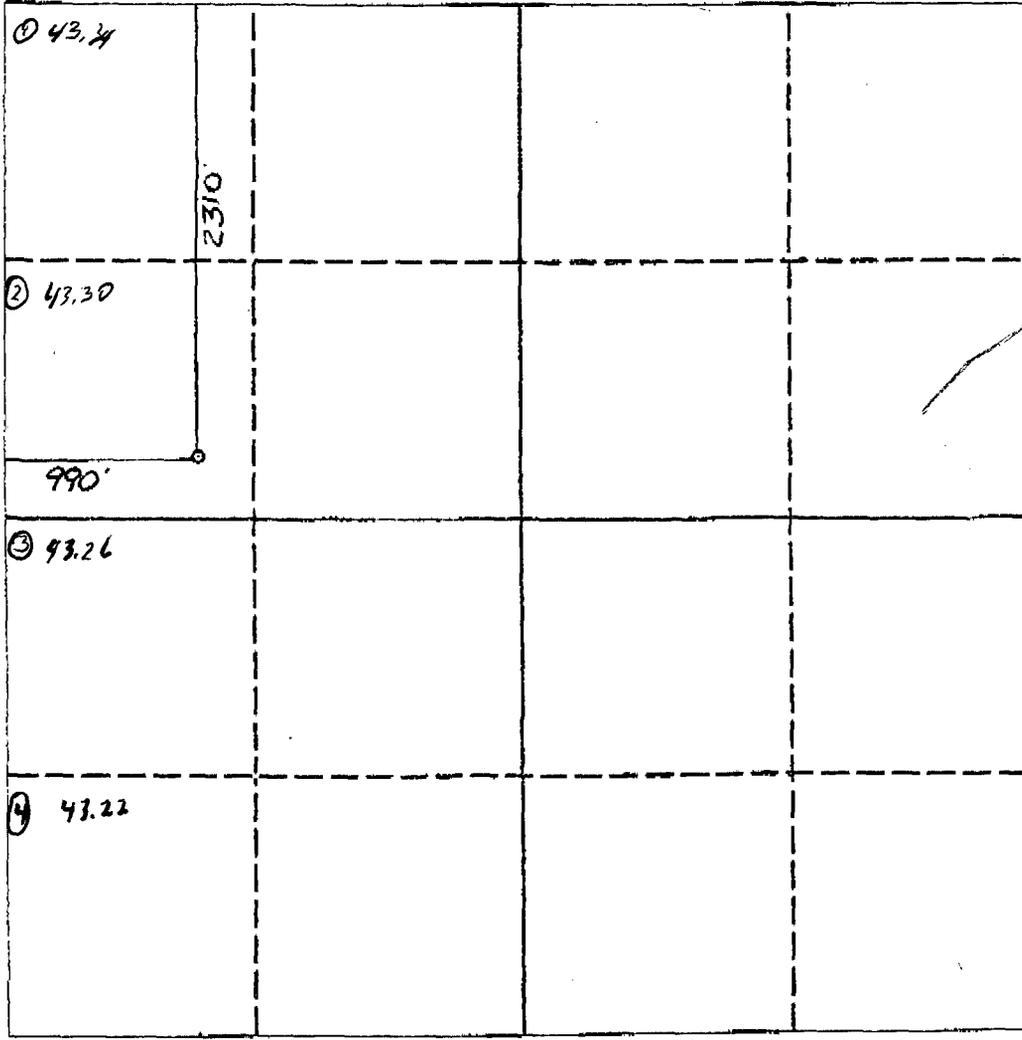
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator SDX RESOURCES, INC.			Lease ARTESIA METEX UNIT			Well No. 62		
Unit Letter E	Section 30	Township 18 SOUTH	Range 28 EAST	County EDDY COUNTY, NM		NMPM		
Actual Footage Location of Well: 2310 feet from the NORTH line and 990 feet from the WEST line								
Ground level Elev. 3562.		Producing Formation			Pool		Dedicated Acreage: Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure 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.

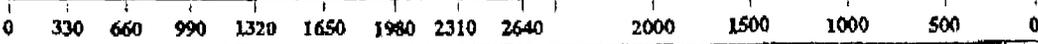


OPERATOR CERTIFICATION
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature: *[Signature]*
Printed Name: **Steve Sell**
Position: **President**
Company: **SDX Resources, Inc.**
Date: **9-25-92**

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: **SEPTEMBER 23, 1992**
Signature & Seal of Professional Surveyor: *[Signature]*
Professional Surveyor: **EDDY**
New Mexico Professional Surveyor No. **5412**
REGISTERED PROFESSIONAL SURVEYOR
NEW MEXICO
EDDY
5412
REGISTERED PROFESSIONAL SURVEYOR
NEW MEXICO
EDDY
5412



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

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Santa Fe, New Mexico 87504-2088

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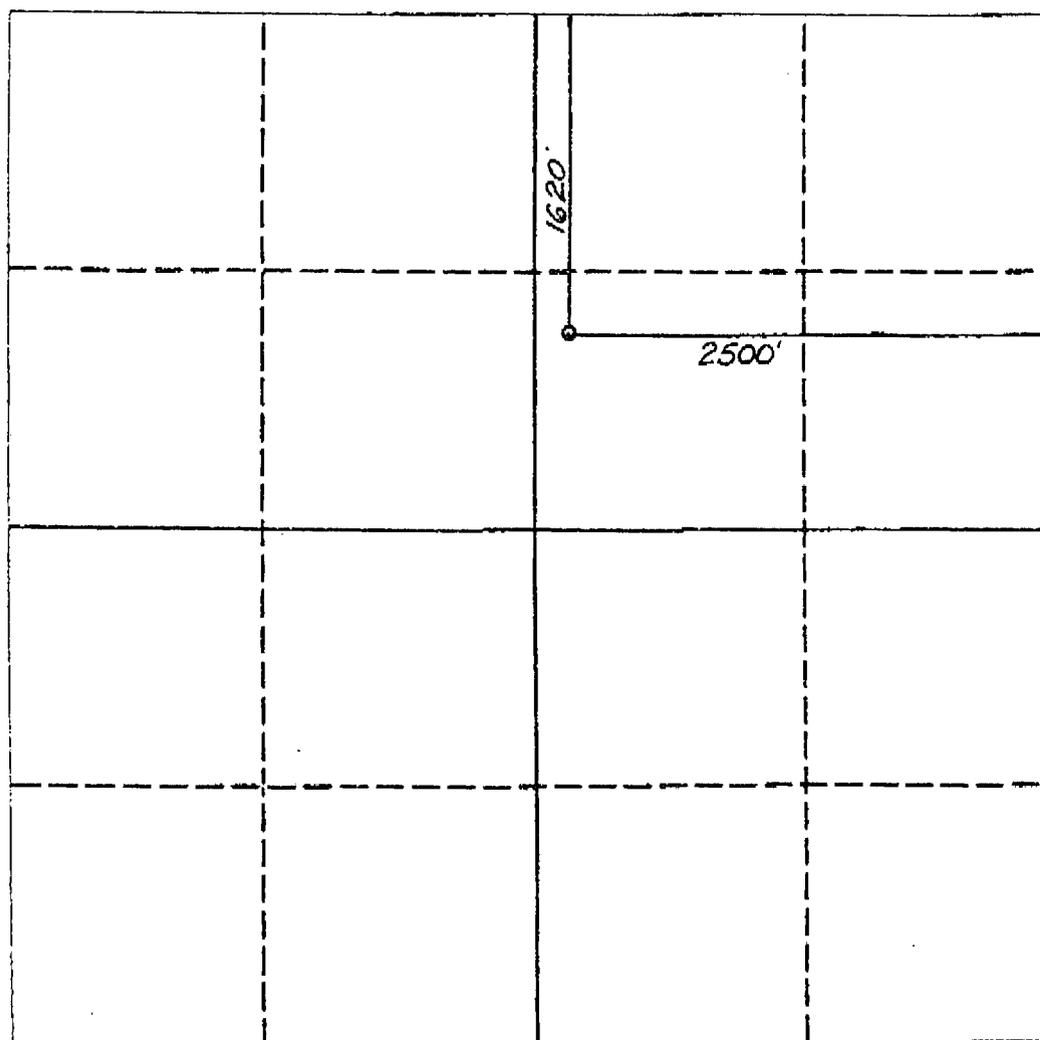
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator SDX RESOURCES, INC.			Lease ARTESIA METEX UNIT		Well No. 63
Unit Letter G	Section 25	Township 18 SOUTH	Range 27 EAST	County EDDY COUNTY, NM	
Actual Footage Location of Well: 1620 feet from the NORTH line and 2500 feet from the EAST line					
Ground level Elev. 3561.	Producing Formation		Pool	Dedicated Acreage: Acres	

- Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- 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 is true and complete to the best of my knowledge and belief.

Signature: *[Signature]*

Printed Name: **Steve Sell**

Position: **President**

Company: **SDX Resources, Inc.**

Date: **9-25-92**

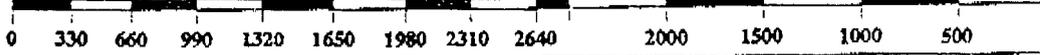
SURVEYOR CERTIFICATION

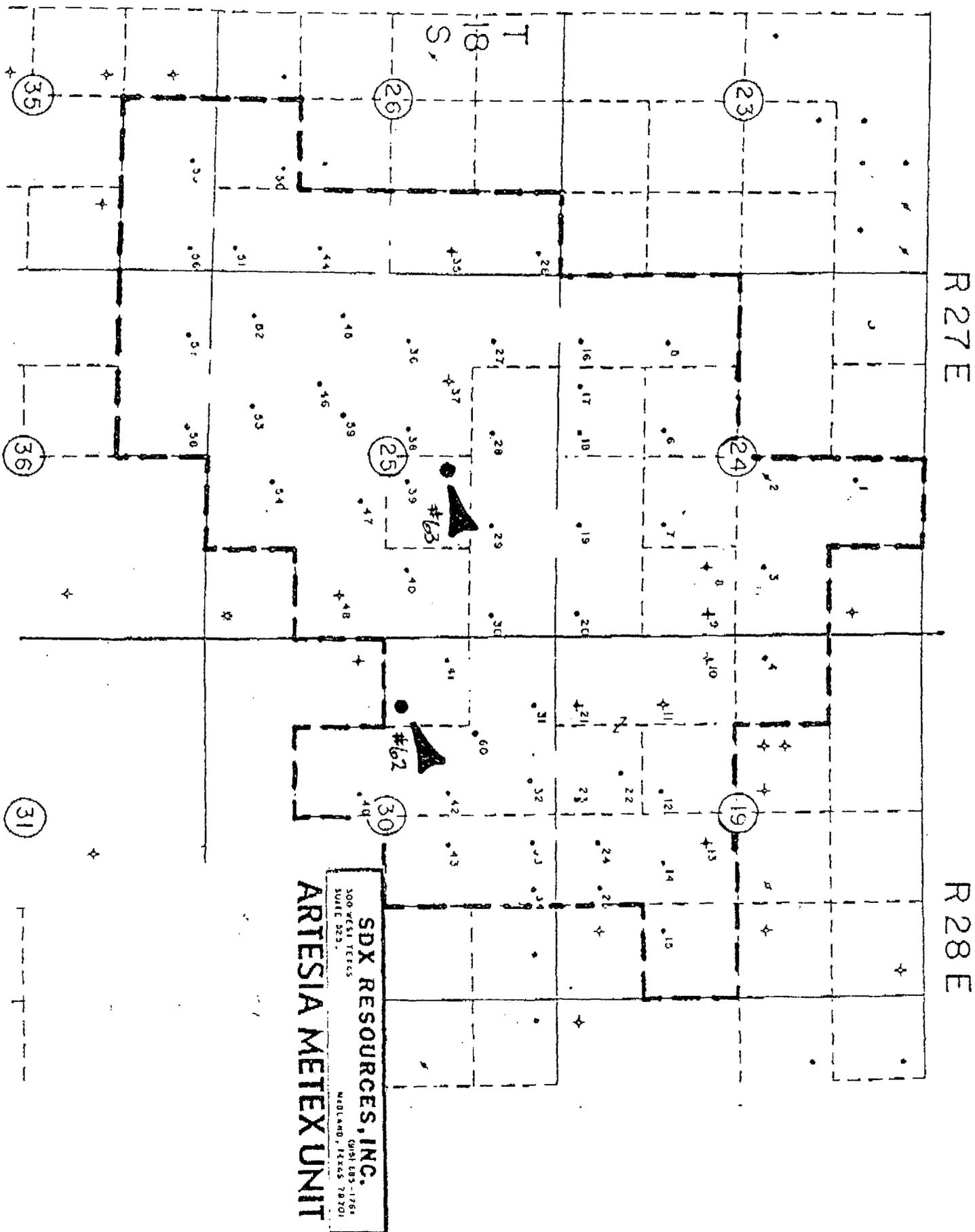
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed: **SEPTEMBER 22, 1992**

Signature: *[Signature]*

Professional Engineer
NEW MEXICO
5412
REGISTERED PROFESSIONAL SURVEYOR
NM REG. NO. 5412





**(ARTESIA (ARTESIA METEX UNIT
WATERFLOOD) POOL - Cont'd.)**

(a) A plat showing the location of proposed well, all wells within the project area, and offset operators, locating wells which offset the project area.

(b) A schematic drawing of the proposed well which fully describes the casing, tubing, perforated interval, and depth.

(c) A letter stating that all offset operators to the proposed well have been furnished a complete copy of the application and the date of notification.

The Secretary-Director may approve the proposed well if, within 20 days after receiving the application, no objection to the proposal is received. The Secretary-Director may grant immediate approval, provided waivers of objection are received from all offset operators.

Expansion of the project area may be approved by the Secretary-Director of the Commission administratively when good cause is shown therefor.

(7) That monthly progress reports of the waterflood project herein authorized shall be submitted to the Commission in accordance with Rules 704 and 1120 of the Commission Rules and Regulations.

(8) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year herein-above designated.

**CHAVEROO-SAN ANDRES POOL
(Skelly Hobbs "T" Chaveroo Waterflood)
Roosevelt County, New Mexico**

Order No. R-4597, Authorizing Skelly Oil Company to Institute a Waterflood Project on its Hobbs "T" Lease in the Chaveroo-San Andres Pool, Roosevelt County, New Mexico, July 23, 1973.

Application of Skelly Oil Company for a Waterflood Project, Roosevelt County, New Mexico.

CASE NO. 5023
Order No. R-4597

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 a.m. on July 11, 1973, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 23rd day of July, 1973, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Skelly Oil Company, seeks authority to institute a waterflood project on its Hobbs "T" Lease, Chaveroo-San Andres Pool, by the injection of water into the Upper and Lower San Andres formations through perforations in the intervals from 4207 feet to 4418 feet and from 4676 feet to 4849 feet in its Hobbs "T" Well No. 11 located in Unit P of Section 33, Township 7 South, Range 33 East, Chaveroo-San Andres Pool, Roosevelt County, New Mexico.

(3) That the well in the project area is in an advanced state of depletion and should properly be classified as a "stripper" well.

(4) That the proposed waterflood project should result in the recovery of otherwise unrecoverable oil, thereby preventing waste.

(5) That the subject application should be approved and the project should be governed by the provisions of Rules 701, 702, and 703 of the Commission Rules and Regulations.

IT IS THEREFORE ORDERED:

(1) That the applicant, Skelly Oil Company, is hereby authorized to institute a waterflood project on its Hobbs "T" Lease, Chaveroo-San Andres Pool, by the injection of water into the Upper and Lower San Andres formations through perforations in the intervals from 4207 feet to 4418 feet and from 4676 feet to 4849 feet in its Hobbs "T" Well No. 11 located in Unit P of Section 33, Township 7 South, Range 33 East, NMPM, Chaveroo-San Andres Pool, Roosevelt County, New Mexico.

(2) That the subject waterflood project is hereby designated the Skelly Hobbs "T" Chaveroo Waterflood Project and shall be governed by the provisions of Rules 701, 702, and 703 of the Commission Rules and Regulations.

(3) That monthly progress reports of the waterflood project herein authorized shall be submitted to the Commission in accordance with Rules 704 and 1120 of the Commission Rules and Regulations.

(4) That Commission Order No. R-3023, which authorized the dual completion of the aforesaid Hobbs "T" Well No. 11 to produce oil from the Chaveroo-San Andres Pool and to dispose of produced salt water into the Lower San Andres formation, is hereby superseded.

(5) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year herein-above designated.

ARTESIA POOL
(Artesia Metex Unit Waterflood)
Eddy County, New Mexico

Order No. R-4609, Authorizing Yates Drilling Company to Institute a Waterflood Project in the Artesia Metex Unit Area in the Grayburg Formation in the Artesia Pool, Eddy County, New Mexico, August 13, 1973.

Application of Yates Drilling Company for a Waterflood Project, Eddy County, New Mexico.

CASE NO. 5031
Order No. R-4609

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 a.m. on July 25, 1973, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 13th day of August, 1973, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Yates Drilling Company, seeks authority to institute a waterflood project in the Artesia Metex Unit Area, Artesia Pool, by the injection of water into the Grayburg formation through 14 injection wells in Sections 24, 25, 26, 35, and 36, Township 18 South, Range 27 East, NMPM, and Sections 19 and 30 of Township 18 South, Range 28 East, NMPM, Eddy County, New Mexico.

(3) That the wells in the project area are in an advanced state of depletion and should properly be classified as "stripper" wells.

(4) That the proposed waterflood project should result in the recovery of otherwise unrecoverable oil, thereby preventing waste.

(5) That the operator should take all steps necessary to ensure that the injected water enters only the proposed injection interval and is not permitted to escape to other formations or onto the surface from injection, production, or plugged and abandoned wells.

(6) That an administrative procedure should be established whereby additional injection and producing wells at orthodox and unorthodox locations in the project area may be approved without notice and hearing.

(7) That the subject application should be approved and the project should be governed by the provisions of Rules 701, 702, and 703 of the Commission Rules and Regulations.

IT IS THEREFORE ORDERED:

(1) That the applicant, Yates Drilling Company, is hereby authorized to institute a waterflood project in the Artesia Metex Unit Area, Artesia Pool, by the injection of water into the Grayburg formation through the following-described wells:

Old Lease & Well No.	New Tract & Well No. Tr. No. - Well No.	Unit	Section	Township South	Range East NMPM
State 648 Well #108	1 40	H	25	18	27
State 648 Well #116	1 45	L	25	18	27
State 648 Well #111 McGurt "K"	1 54	O	25	18	27
Well #1	3 6	K	24	18	27
State "D" Well #1	6 20	P	24	18	27
State "BW" Well #12	7 8	I	24	18	27
Gulf State Well #1	10 12	K	19	18	28
Eddy "CK" Well #1	13 26	A	26	18	27
Eddy "CL" Well #1	16 56	A	35	18	27
State "E" Well #3	17 28	C	25	18	27
Hester St. Well #2	19 58	C	36	18	27
State 647 Well #96	20 32	C	30	18	28
State 647 Well #97	20 49	K	30	18	28
MRY Well #2	22 41	E	30	18	28

(2) That prior to initial injection of water into any of said injection wells, the operator shall obtain the approval of supervisor of the Commission's Artesia district office as to the casing and cementing of said well.

(3) That injection into each of said wells shall be through cement-lined tubing, set in a packer which shall be located as near as practicable to the uppermost perforation, or in the case of open-hole completions, as near as practicable to the casing-shoe; that the casing-tubing annulus of each injection well shall be loaded with an inert fluid and equipped with an approved pressure gauge or attention-attracting leak detection device.

(4) That the operator shall immediately notify the supervisor of the Commission's Artesia district office of the failure of the tubing or packer in any of said injection wells, the leakage of water or oil from around any producing well, or the leakage of water or oil from any plugged and abandoned well within the project area and shall take such timely steps as may be necessary or required to correct such failure or leakage.

(5) That the subject waterflood project is hereby designated the Yates Artesia Metex Unit Waterflood Project and shall be governed by the provisions of Rules 701, 702, and 703 of the Commission Rules and Regulations.

(6) The Secretary-Director of the Commission is hereby authorized to approve such additional producing wells and injection wells at orthodox and unorthodox locations within the boundaries of the Artesia Metex Unit Area as may be necessary to complete an efficient production and injection pattern, provided said wells are drilled no closer than 660 feet to the outer boundary of said unit nor closer than 10 feet to any quarter-quarter section or subdivision inner boundary. To obtain such approval, the project operator shall file proper application with the Commission, which application, if it seeks authorization to convert additional wells to injection or to drill additional production or injection wells shall include the following: