

SDX RESOURCES, INC.

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

April 8, 1996

Mr. Mike Stogner  
Oil Conservation Division  
P. O. Drawer 2088  
Santa Fe, NM 87504

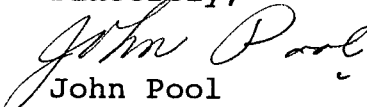
RE: Non Standard Location - Proration Unit Reduction  
Myers #1, API No. 30-025-09604  
330' FEL & 1650' FNL, Unit Letter H  
Sec. 22, T24S, R36E  
Jalmat-Tansill-Yates-Seven Rivers (Pro Gas)  
Lea Co., NM

Dear Mr. Stogner:

SDX Resources, Inc. is applying for Administrative Approval for Proration Unit Reduction from 160 acres, authorized by Division Order No. R-520, dated August 12, 1954, and by Rule 2(b)(2) of the special Jalmat pool rules, to 40 acres for the captioned well to keep the NE/4 of Section 22 in compliance with special Jalmat pool rules. Enclosed is a gas curve showing gas production; new Form C-102 showing the requested 40 acres; and a map showing offset operators.

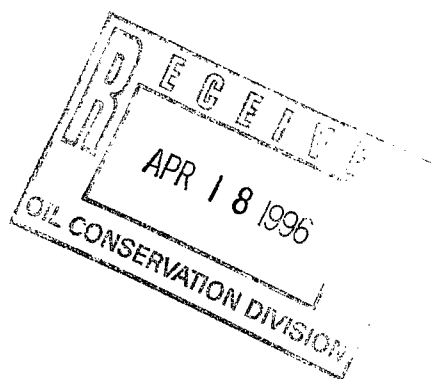
Also enclosed are letters that were sent by Certified Mail to the offset operators requesting their approval of the NSL.

Sincerely,

  
John Pool  
Vice President

Enclosures

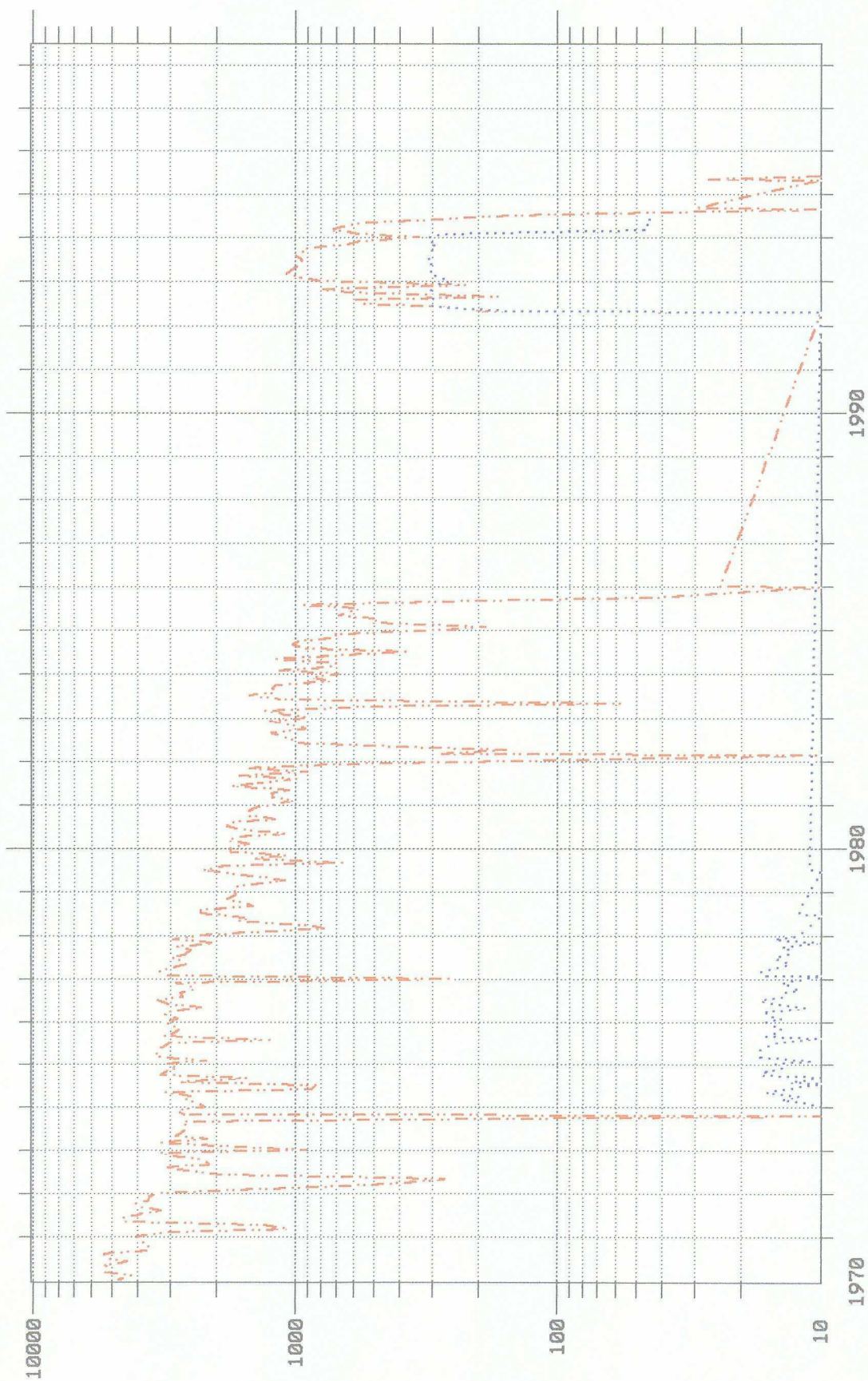
cc: OCD/Hobbs



Calculated  
Oil  
Gas  
Water

MYERS FEDERAL  
Production Rate vs Time  
Bbl/Mo or Mcf/Mo vs Months  
MYERS11:SDX RESOURCES INCORPORATED  
For the Period 01/1970 to 09/1994

Production  
Oil  
Gas  
Water



Reported Oil Production = 0 Bbls  
Reported Gas Production = 1884484 Mcf  
Reported Water Production = 7850 Bbls

District I  
PO Box 1980, Hobbs, NM 88241-1980  
District II  
PO Drawer DD, Artesia, NM 88211-0719  
District III  
1000 Rio Brazos Rd., Aztec, NM 87410  
District IV  
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico  
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
PO Box 2088  
Santa Fe, NM 87504-2088

Form C-102  
Revised February 21, 1994  
Instructions on back  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> APT Number 30-025-09604	<sup>2</sup> Pool Code 79240	<sup>3</sup> Pool Name JALMAT-TANSILL-YATES-SEVEN RIVERS
<sup>4</sup> Property Code 17002	<sup>5</sup> Property Name Myers	<sup>6</sup> Well Number 1
<sup>7</sup> OGRID No. 020451	<sup>8</sup> Operator Name SDX Resources, Inc.	<sup>9</sup> Elevation

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	22	24S	36E		1650	North	330	East	Lea

<sup>11</sup> Bottom Hole Location If Different From Surface

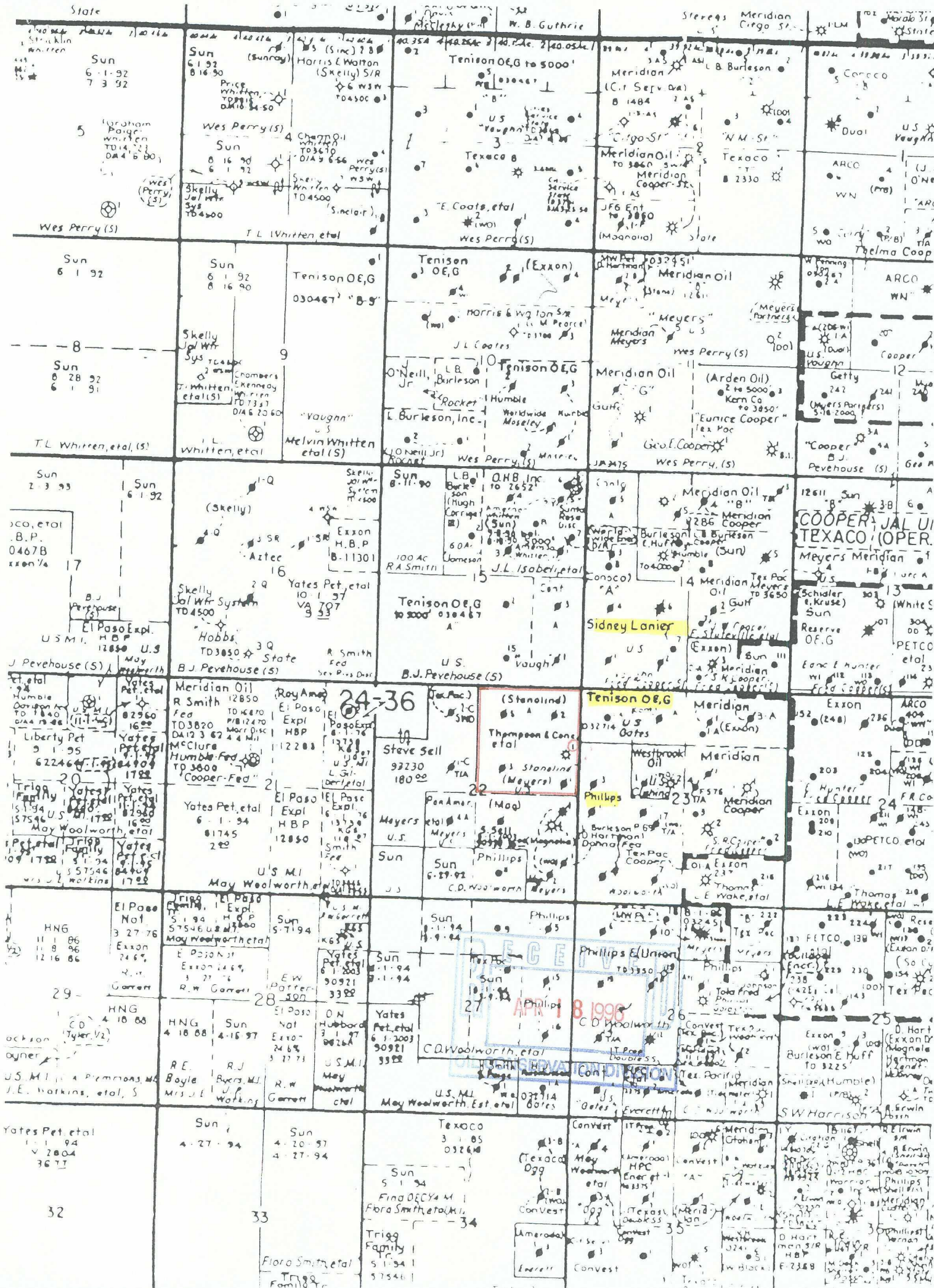
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

<sup>12</sup> Dedicated Acres 40	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
-------------------------------------	-------------------------------	----------------------------------	-------------------------

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<sup>16</sup> 	<sup>17</sup> OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief   Signature Chuck Morgan Printed Name Engineer Title 4/04/96 Date	
	<sup>18</sup> 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 belief.  Date of Survey  Signature and Seal of Professional Surveyer	
	RECEIVED APR 18 OIL CONSERVATION DIVISION	
	Certificate Number	





SDX RESOURCES, INC.

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

April 8, 1996

Phillips Petroleum Co.  
4001 Penbrook Street  
Odessa, TX. 79760

Attention: Land Department

RE: Non Standard Location - Proration Unit Reduction  
Myers #1, API No. 30-025-09604  
330' FEL & 1650' FNL, Unit Letter H  
Sec. 22, T24S, R36E  
Jalmat-Tansill-Yates-Seven Rivers (Pro Gas)  
Lea Co., NM

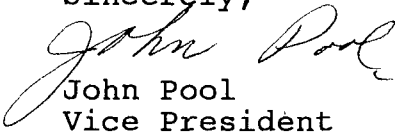
Gentlemen:

SDX Resources, Inc. is applying for a Proration Unit Reduction for the captioned gas well from 160 acres to 40 acres. Enclosed is a gas curve showing gas production; new Form C-102 showing requested 40 acres; and a map showing offset operators.

This letter serves as notice by SDX Resources, Inc. of its intent to apply for Administrative Approval for a 40 acre proration unit for the Myers #1. As an offset operator, please indicate your approval below and return this letter as soon as possible.

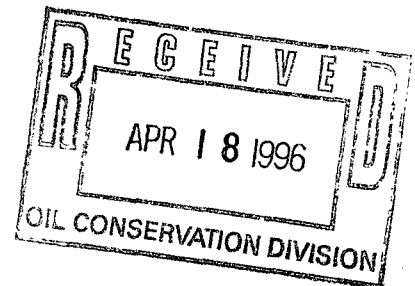
Thank you for your prompt reply to this matter.

Sincerely,

  
John Pool  
Vice President

Enclosures

cc: Mr. Mike Stogner/OCD/Santa Fe  
OCD/Hobbs



AS AN OFFSET OPERATOR, WE HAVE NO OBJECTION TO SDX RESOURCES, INC. APPLICATION FOR A 40 ACRE NSL FOR THE CAPTIONED WELL.

PHILLIPS PETROLEUM COMPANY

BY: \_\_\_\_\_

DATE: \_\_\_\_\_

SDX RESOURCES, INC.

P.O. BOX 5061

MIDLAND, TEXAS 79704

(915) 685-1761

April 8, 1996

Mr. Sidney Lanier  
P. O. Box 755  
Hobbs, NM 88241

RE: Non Standard Location - Proration Unit Reduction  
Myers #1, API No. 30-025-09604  
330' FEL & 1650' FNL, Unit Letter H  
Sec. 22, T24S, R36E  
Jalmat-Tansill-Yates-Seven Rivers (Pro Gas)  
Lea Co., NM

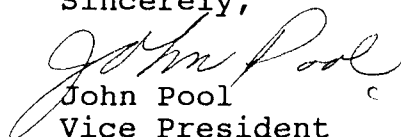
Dear Mr. Lanier:

SDX Resources, Inc. is applying for a Proration Unit Reduction for the captioned gas well from 160 acres to 40 acres. Enclosed is a gas curve showing gas production; new Form C-102 showing requested 40 acres; and a map showing offset operators.

This letter serves as notice by SDX Resources, Inc. of its intent to apply for Administrative Approval for a 40 acre proration unit for the Myers #1. As an offset operator, please indicate your approval below and return this letter as soon as possible.

Thank you for your prompt reply to this matter.

Sincerely,

  
John Pool  
Vice President

Enclosures

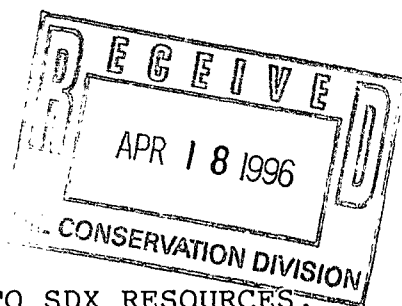
cc: Mr. Mike Stogner/OCD/Santa Fe  
OCD/Hobbs

AS AN OFFSET OPERATOR, WE HAVE NO OBJECTION TO SDX RESOURCES, INC. APPLICATION FOR A 40 ACRE NSL FOR THE CAPTIONED WELL.

SIDNEY LANIER

BY: \_\_\_\_\_

DATE: \_\_\_\_\_



SDX RESOURCES, INC.

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

April 8, 1996

Tenison Oil Company  
8140 Walnut Lane, Suite 601  
Dallas, TX 75231

Attention: Mr. William B. Tenison

RE: Non Standard Location - Proration Unit Reduction  
Myers #1, API No. 30-025-09604  
330' FEL & 1650' FNL, Unit Letter H  
Sec. 22, T24S, R36E  
Jalmat-Tansill-Yates-Seven Rivers (Pro Gas)  
Lea Co., NM


Gentlemen:

SDX Resources, Inc. is applying for a Proration Unit Reduction for the captioned gas well from 160 acres to 40 acres. Enclosed is a gas curve showing gas production; new Form C-102 showing requested 40 acres; and a map showing offset operators.

This letter serves as notice by SDX Resources, Inc. of its intent to apply for Administrative Approval for a 40 acre proration unit for the Myers #1. As an offset operator, please indicate your approval below and return this letter as soon as possible.

Thank you for your prompt reply to this matter.

Sincerely,

  
John Pool  
Vice President

Enclosures

cc: Mr. Mike Stogner/OCD/Santa Fe  
OCD/Hobbs

AS AN OFFSET OPERATOR, WE HAVE NO OBJECTION TO SDX RESOURCES, INC. APPLICATION FOR A 40 ACRE NSL FOR THE CAPTIONED WELL.

TENISON OIL COMPANY

BY: \_\_\_\_\_

DATE: \_\_\_\_\_





STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

HOBBS DISTRICT OFFICE

RECEIVED

95 APR 12 AM 8 52

4/10/96

GOVERNOR

POST OFFICE BOX 1980  
HOBBS, NEW MEXICO 88241-1980  
(505) 393-6161

OIL CONSERVATION DIVISION  
P. O. BOX 2088  
SANTA FE, NEW MEXICO 87501

RE: Proposed:

MC \_\_\_\_\_  
DHC \_\_\_\_\_  
NSL \_\_\_\_\_  
NSP X \_\_\_\_\_  
SWD \_\_\_\_\_  
WFX \_\_\_\_\_  
PMX \_\_\_\_\_

Gentlemen:

I have examined the application for the:

SDX Resources Inc Myers #1-H 22-24s-3be  
Operator Lease & Well No. Unit S-T-R

and my recommendations are as follows:

OK

Yours very truly,

Jerry Sexton  
Supervisor, District 1

/ed

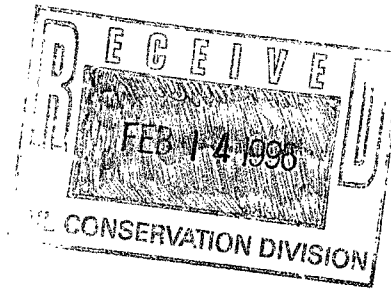


SDX RESOURCES, INC.

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

February 12, 1996

Mr. Mike Stogner  
Oil Conservation Commission  
P. O. Drawer 2088  
Santa Fe, New Mexico 87504



RE: Non Standard Locations  
Meyers Federal #7  
1400' FNL & 1650' FEL, Unit Letter G  
Sec. 22, T24S, R36E, Lea Co., NM

Meyers Federal #8  
330' FNL & 1400' FEL, Unit Letter B  
Sec. 22, T24S, R36E, Lea Co., NM

Dear Mr. Stogner:

SDX Resources, Inc. respectively request administrative approval for the above captioned NSL. A complete copy of the Application to Drill on each are enclosed.

We are proposing these locations for prudent reservoir maintenance.

A copy of the letters sent to the offset operators by Certified Mail are attached as per Rule 104.F (4).

If additional information is needed, please advise.

Best Regards,

John Pool  
Vice President

JP/jdc

Enclosures

cc: BLM/Carlsbad w/Original APD's

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

## APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK <b>DRILL</b> <input checked="" type="checkbox"/> <b>DEEPEN</b> <input type="checkbox"/>		5. LEASE DESIGNATION AND SERIAL NO. LC-032451-C	
b. TYPE OF WELL OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input checked="" 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. P. O. Box 5061, Midland, TX. 79704 915/685-1761		8. FARM OR LEASE NAME, WELL NO. Meyers Federal #8	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)* At surface 330' FNL & 1400' FEL, Unit B At proposed prod. zone Same		9. API WELL NO.	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 5 mi. NW from Jal, NM		10. FIELD AND POOL, OR WILDCAT Jalmat, Tan-Yates-7 Rvrs	
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 300' 80'		11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Sec. 22, T24S, R36E	
16. NO. OF ACRES IN LEASE 160		12. COUNTY OR PARISH Lea	
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. 1070'		19. PROPOSED DEPTH 4,000'	
20. ROTARY OR CABLE TOOLS Rotary		21. APPROX. DATE WORK WILL START* 2/09/96	
21. ELEVATIONS (Show whether DF, RT, GR, etc.) GR 3341'		22. APPROX. DATE WORK WILL START*	

23.

## PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4"	8-5/8", J-55	24#	350'	350 sxs Cl "C"
7-7/8"	5-1/2", J-55	14#	4000'	350 sxs Poz, 400 sxs Lite

Plan to drill 12-1/4" hole to approximately 350'; set 8-5/8" surface casing. Circulate Class "C" cement. Drill 7-7/8" hole to 4000'. Run open hole logs (LDT-CNL-GR & DLL). Set 5-1/2" casing and circulate cement. Perforate the Yates/Seven Rivers and stimulate as necessary for optimum production.

Specific programs as per Onshore Oil & Gas Order #1 are outlined in the following attachments: Drilling Program:


## Surface Use and Operating Plan

- EXHIBIT #1 - Location and Elevation Plat
- EXHIBIT #2 - BOP Equipment
- EXHIBIT #3 - Planned Access Roads
- EXHIBIT #4 - One Mile Radius Map
- EXHIBIT #5 - Planned Production Facilities & Access
- EXHIBIT #6 - Drilling Rig Layout

IN ABOVE SPACE DESCRIBE PROPOSED 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

  
Janice Courtney

TITLE

Regulatory Tech

DATE

2/09/96

(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 these rights in the subject lease which would entitle the applicant to conduct operations thereon.

CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY

TITLE

DATE

\*See Instructions On Reverse Side

District I  
PO Box 1980, Hobbs, NM 88241-1980  
District II  
PO Drawer DD, Artesia, NM 88211-0719  
District III  
1000 Rio Brazos Rd., Aztec, NM 87410  
District IV  
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico  
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
PO Box 2088  
Santa Fe, NM 87504-2088

Form C-102  
Revised February 10, 1994  
Instructions on back  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code 79240		3 Pool Name JALMAT, TAN-YATES-7 RVRS	
4 Property Code 017002		5 Property Name MEYERS FEDERAL			6 Well Number 8
7 OGRID No. 020451		8 Operator Name SDX RESOURCES, INC.			9 Elevation 3341.

10 Surface Location

UL or lot no. B	Section 22	Township 24-S	Range 36-E	Lot Idn	Feet from the 330	North/South line NORTH	Feet from the 1400	East/West line EAST	County LEA
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11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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12 Dedicated Acres 40	13 Joint or Infill	14 Consolidation Code	15 Order No.
--------------------------	--------------------	-----------------------	--------------

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

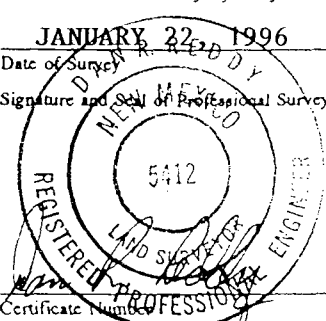
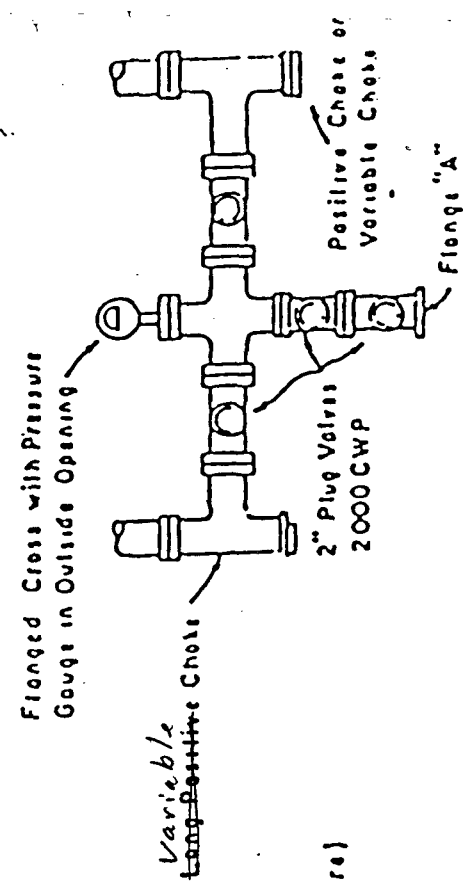
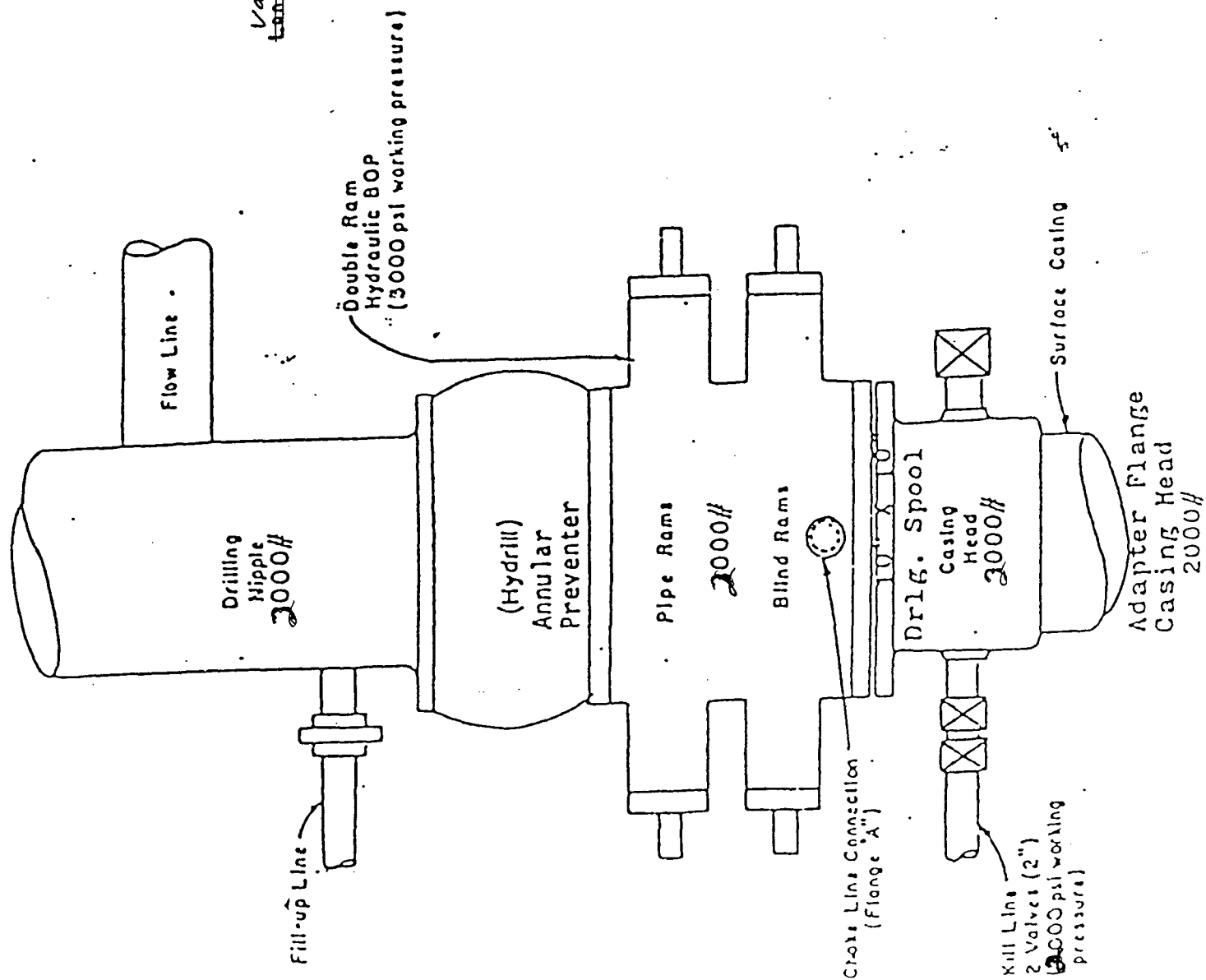
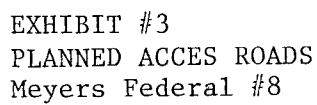
16						17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief  <i>Janice Courtney</i> Signature Janice Courtney Printed Name Regulatory Tech Title 1/29/96 Date
						18 SURVEYOR CERTIFICATION I hereby certify that 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 belief.  JANUARY 22, 1996 Date of Survey Signature and Seal of Professional Surveyor:  Certificate Number NM PE&PS NO. 5412

EXHIBIT 2  
BLOWOUT PREVENTER  
DIAGRAM



PLAN VIEW-CHOKE MANIFOLD





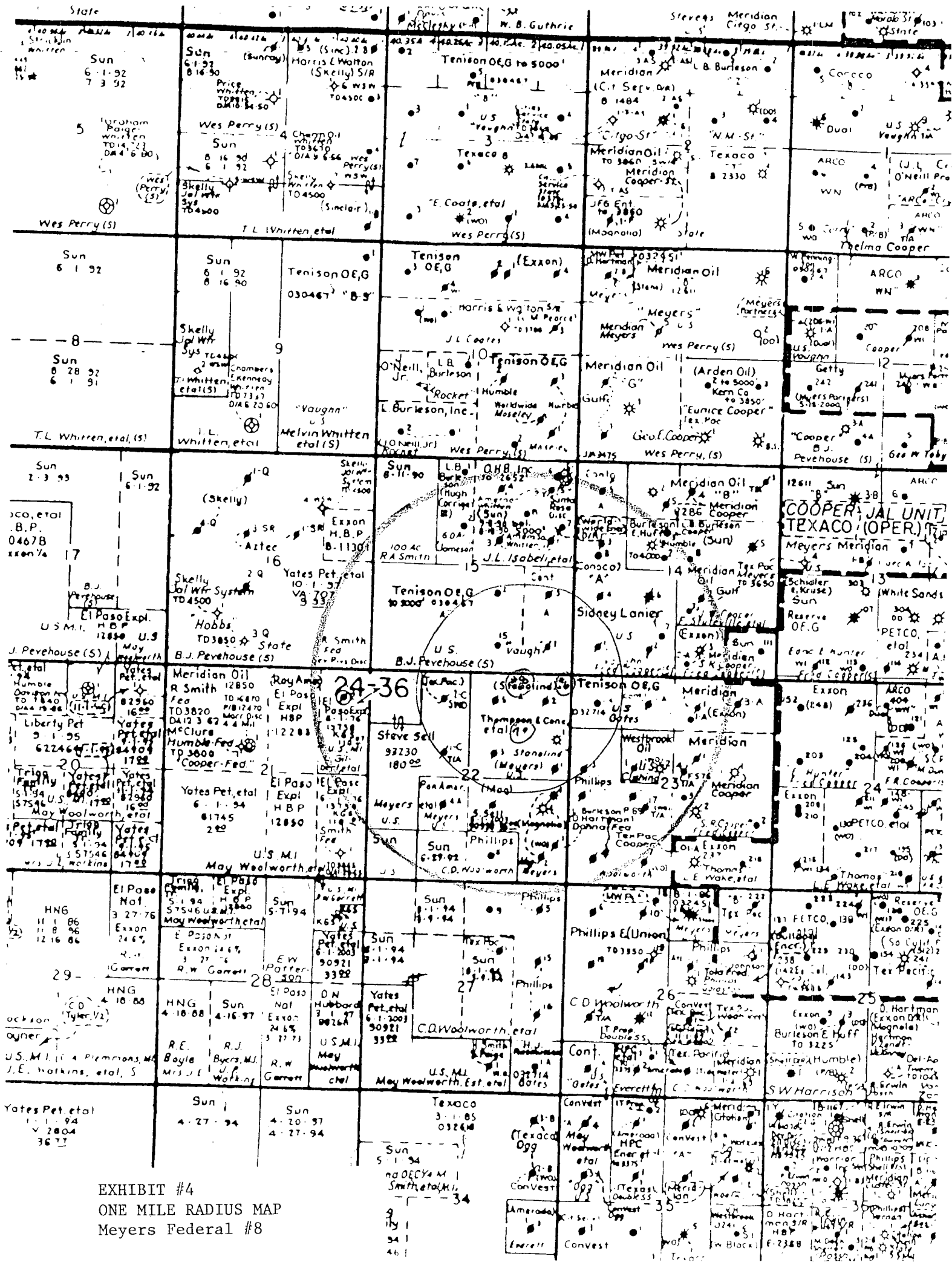


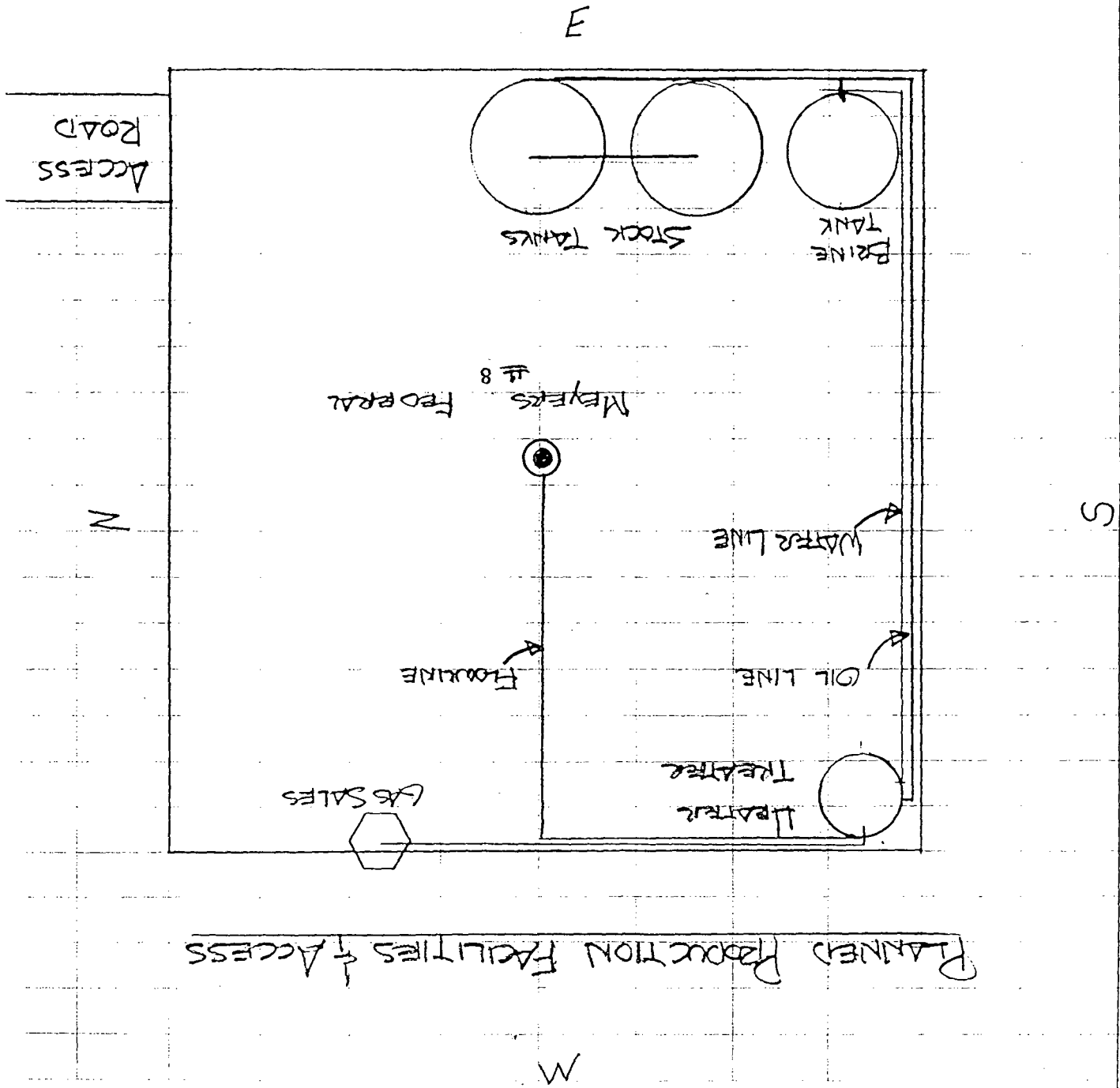
EXHIBIT #4  
ONE MILE RADIUS MAP  
Meyers Federal #8

EXHIBIT #5

PLANNED PRODUCTION FACILITIES AND  
ACCESS

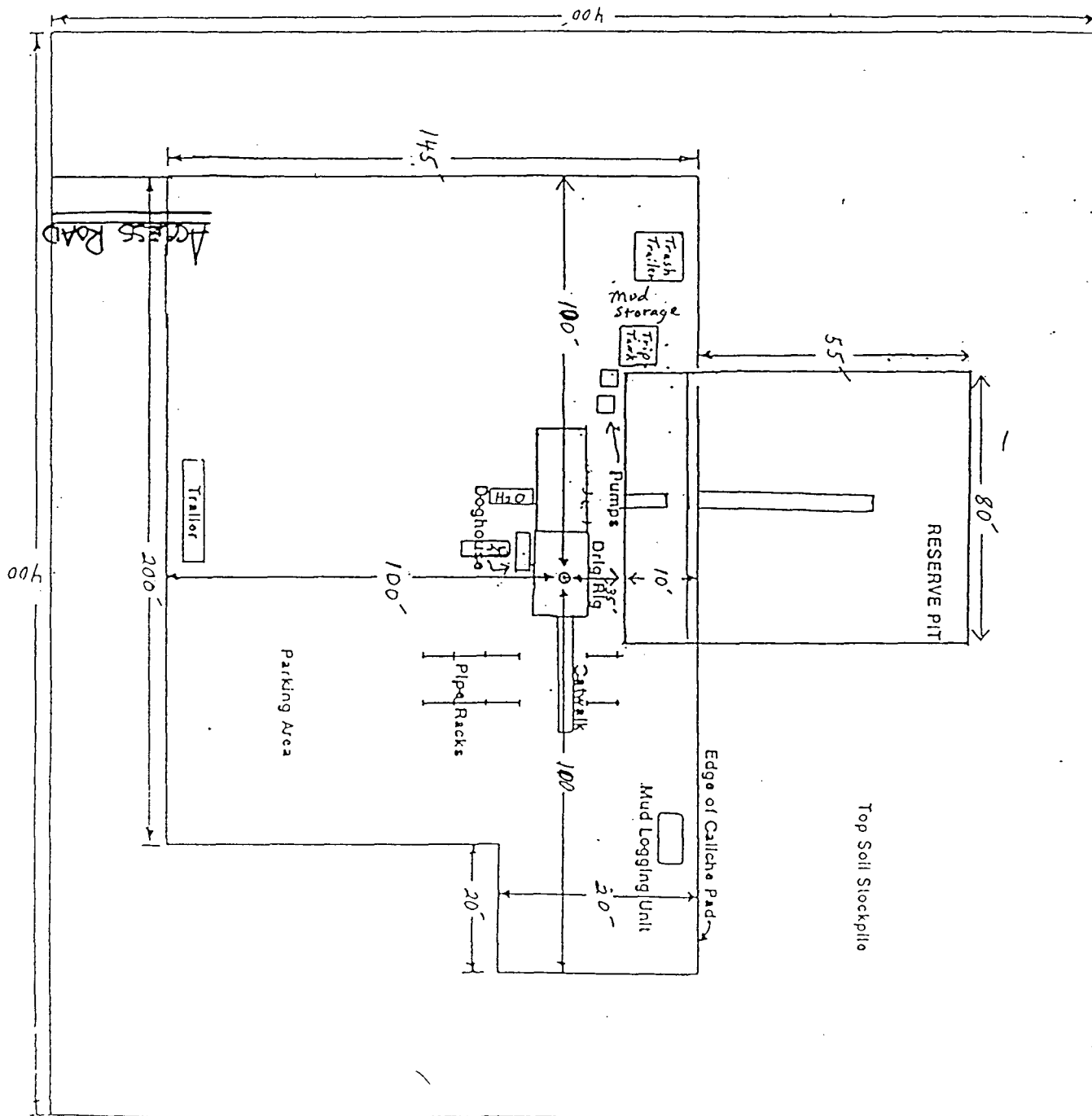
Meyers Federal, Well No. 8

SCALE: 1" = 20'



DRILLING RIG LAYOUT - Meyers Federal  
Well No. 8

EXHIBIT #6



UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

## APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK <b>DRILL</b> <input checked="" type="checkbox"/> <b>DEEPEN</b> <input type="checkbox"/>		5. LEASE DESIGNATION AND SERIAL NO. LC-032451-C	
b. TYPE OF WELL OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input checked="" 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. P. O. Box 5061, Midland, TX. 79704 915/685-1761		8. FARM OR LEASE NAME, WELL NO. Meyers Federal #7	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)* At surface 1650' FEL & 1400' FNL, Unit G At proposed prod. zone Same		9. API WELL NO.	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 5 mi. NW from Jal, NM		10. FIELD AND POOL, OR WILDCAT Jalmat, Tan-Yates-7 Rvrs	
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 1400' 80'		11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Sec. 22, T24S, R36E	
16. NO. OF ACRES IN LEASE 160		12. COUNTY OR PARISH Lea	
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. 1070'		20. ROTARY OR CABLE TOOLS Rotary	
21. ELEVATIONS (Show whether DF, RT, GR, etc.) GR 3334'		22. APPROX. DATE WORK WILL START* 4/01/96	

23. PROPOSED CASING AND CEMENTING PROGRAM				
SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4"	8-5/8", J-55	24#	350'	350 sxs Cl "C"
7-7/8"	5-1/2", J-55	14#	4000'	350 sxs Poz, 400 sxs Lite

Plan to drill 12-1/4" hole to approximately 350'; set 8-5/8" surface casing. Circulate Class "C" cement. Drill 7-7/8" hole to 4000'. Run open hole logs (LDT-CNL-GR & DLL). Set 5-1/2" casing and circulate cement. Perforate the Yates/Seven Rivers and stimulate as necessary for optimum production.

Specific programs as per Onshore Oil & Gas Order #1 are outlined in the following attachments: Drilling Program:

Surface Use and Operating Plan

EXHIBIT #1 - Location & Elevation Plat

EXHIBIT #2 - BOP Equipment

EXHIBIT #3 - Planned Access Roads

EXHIBIT #4 - One Mile Radius Map

EXHIBIT #5 - Planned Production Facilities & Access

EXHIBIT #6 - Drilling Rig Layout

IN ABOVE SPACE DESCRIBE PROPOSED 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 surface locations and measured and true vertical depths. Give blowout preventer program, if any.

24

SIGNED: Janice Courtney TITLE: Regulatory Tech DATE: 2/09/96  
(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's conduct to its operation.  
CONDITIONS OF APPROVAL, IF ANY

APPROVED BY \_\_\_\_\_

DATE \_\_\_\_\_

DATE \_\_\_\_\_

District I  
PO Box 1980, Hobbs, NM 88241-1980  
District II  
PO Drawer DD, Artesia, NM 88211-0719  
District III  
1000 Rio Brazos Rd., Aztec, NM 87410  
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PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico  
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
PO Box 2088  
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Form C-102  
Revised February 10, 1994  
Instructions on back  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

☐ AMENDED REPORT

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<sup>1</sup> API Number	<sup>2</sup> Pool Code 79240	<sup>3</sup> Pool Name JALMAT, TAN- YATES-7 RVRS
<sup>4</sup> Property Code 017002	<sup>5</sup> Property Name MEYERS FEDERAL	<sup>6</sup> Well Number 7
<sup>7</sup> OGRID No. 020451	<sup>8</sup> Operator Name SDX RESOURCES, INC.	<sup>9</sup> Elevation 3334.

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	22	24-S	36-E		1400	NORTH	1650	EAST	LEA

<sup>11</sup> Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

<sup>12</sup> Dedicated Acres 40	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

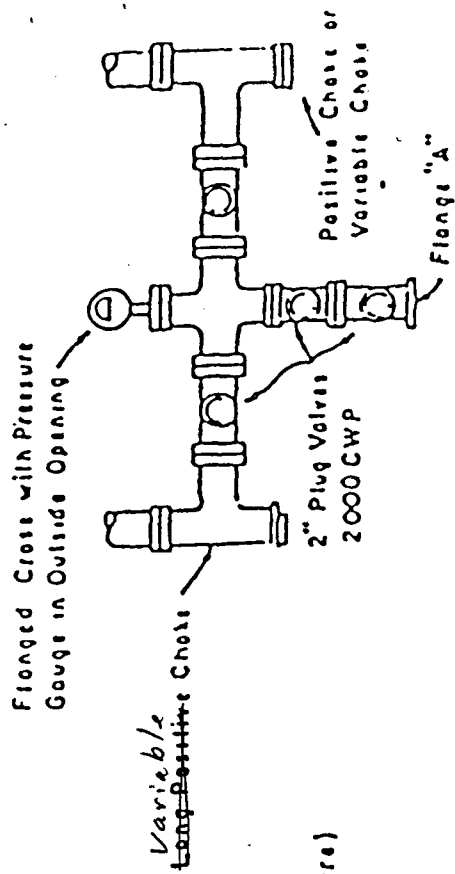
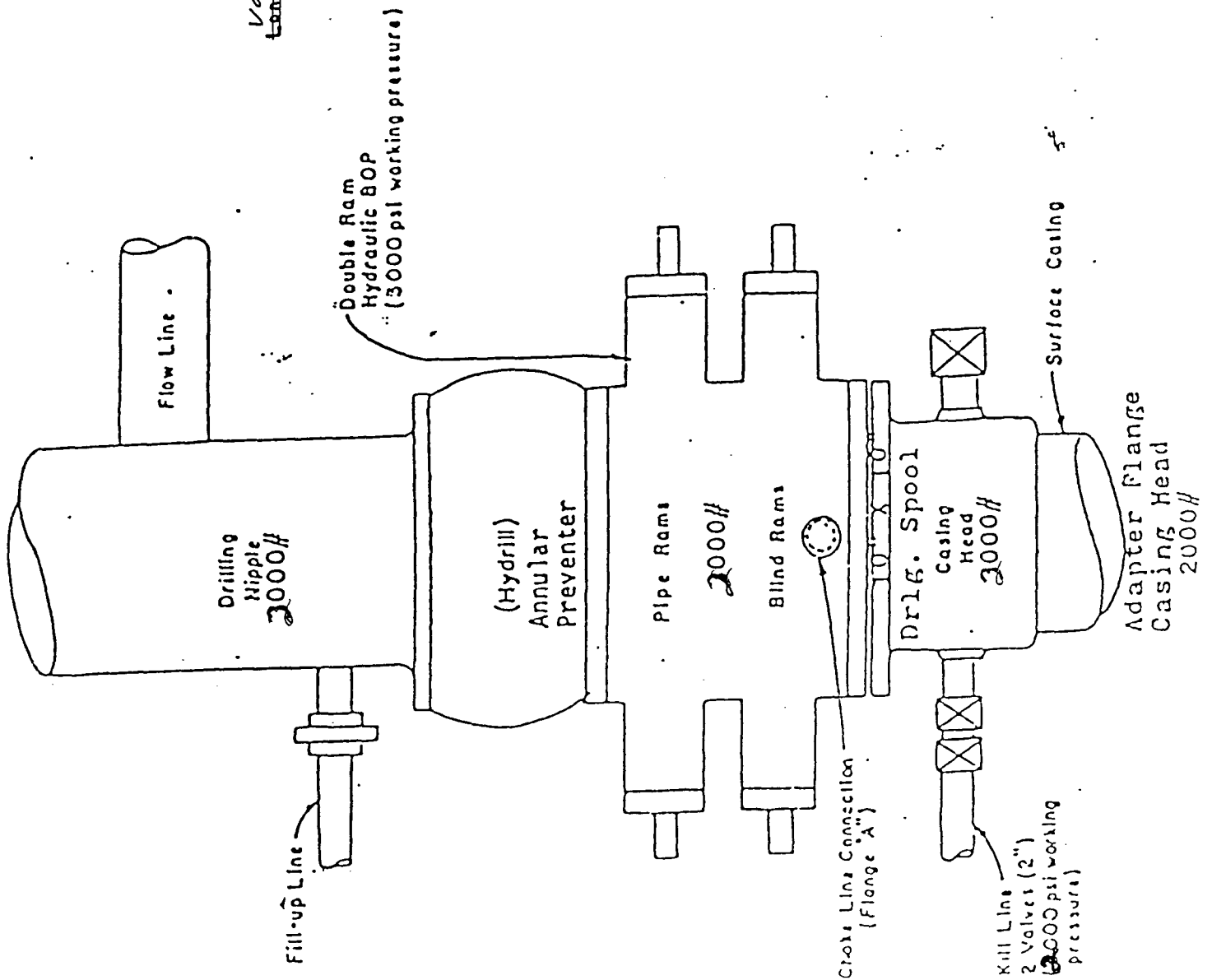
<sup>16</sup> 	<sup>17</sup> OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief  <i>Janice Courtney</i> Signature Janice Courtney Printed Name Regulatory Tech Title 1/29/96 Date	
	<sup>18</sup> SURVEYOR CERTIFICATION 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 belief.  JANUARY 22, 1996 Date of Survey Signature and Seal of Professional Surveyor: 	
	Certificate Number NM PE&PS NO. 5412	



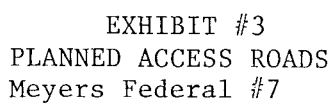
EXHIBIT 2

BLOWOUT PREVENTER  
DIAGRAM

Meyers Federal #7



PLAN VIEW - CHOKE MANIFOLD



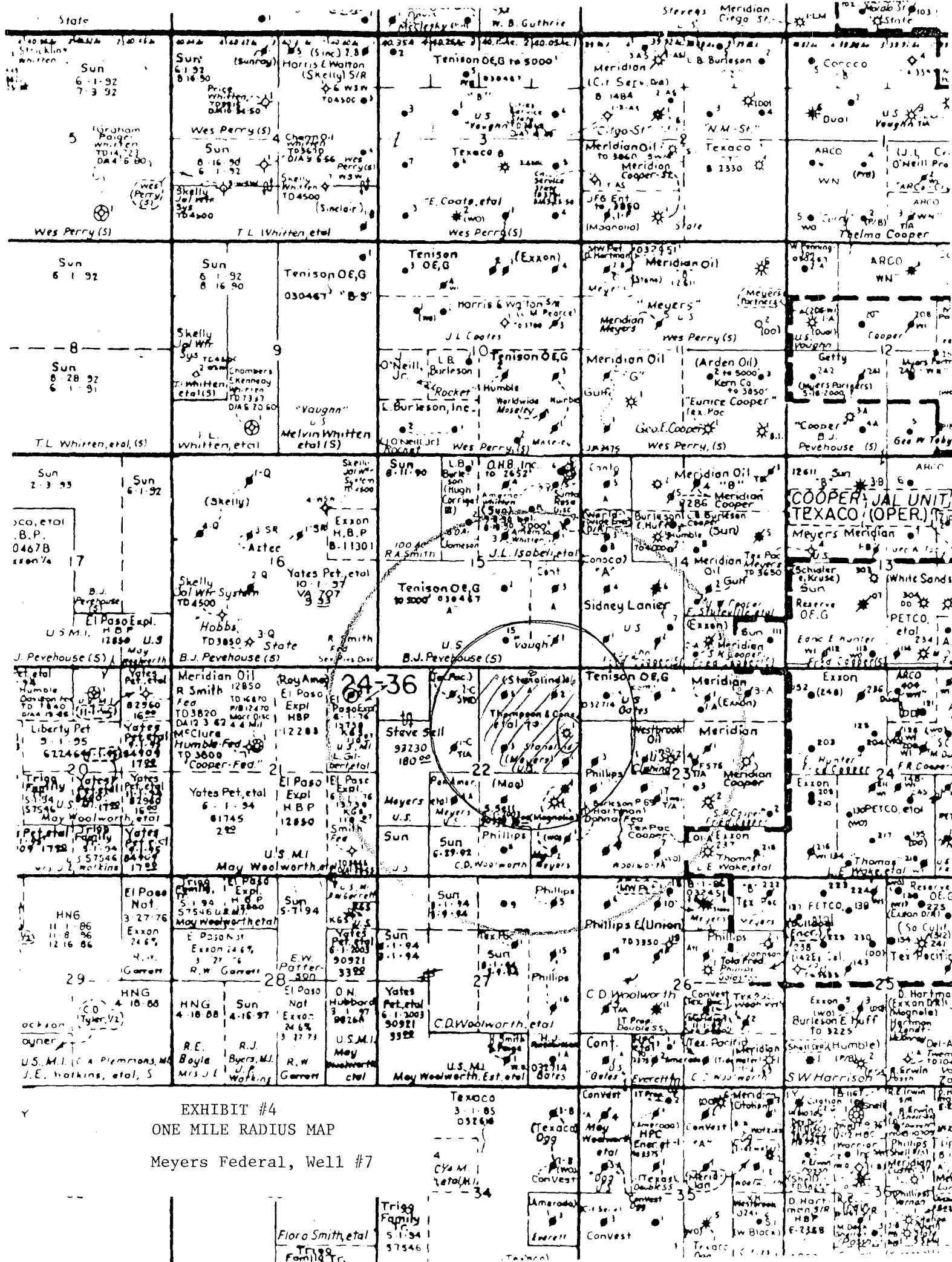
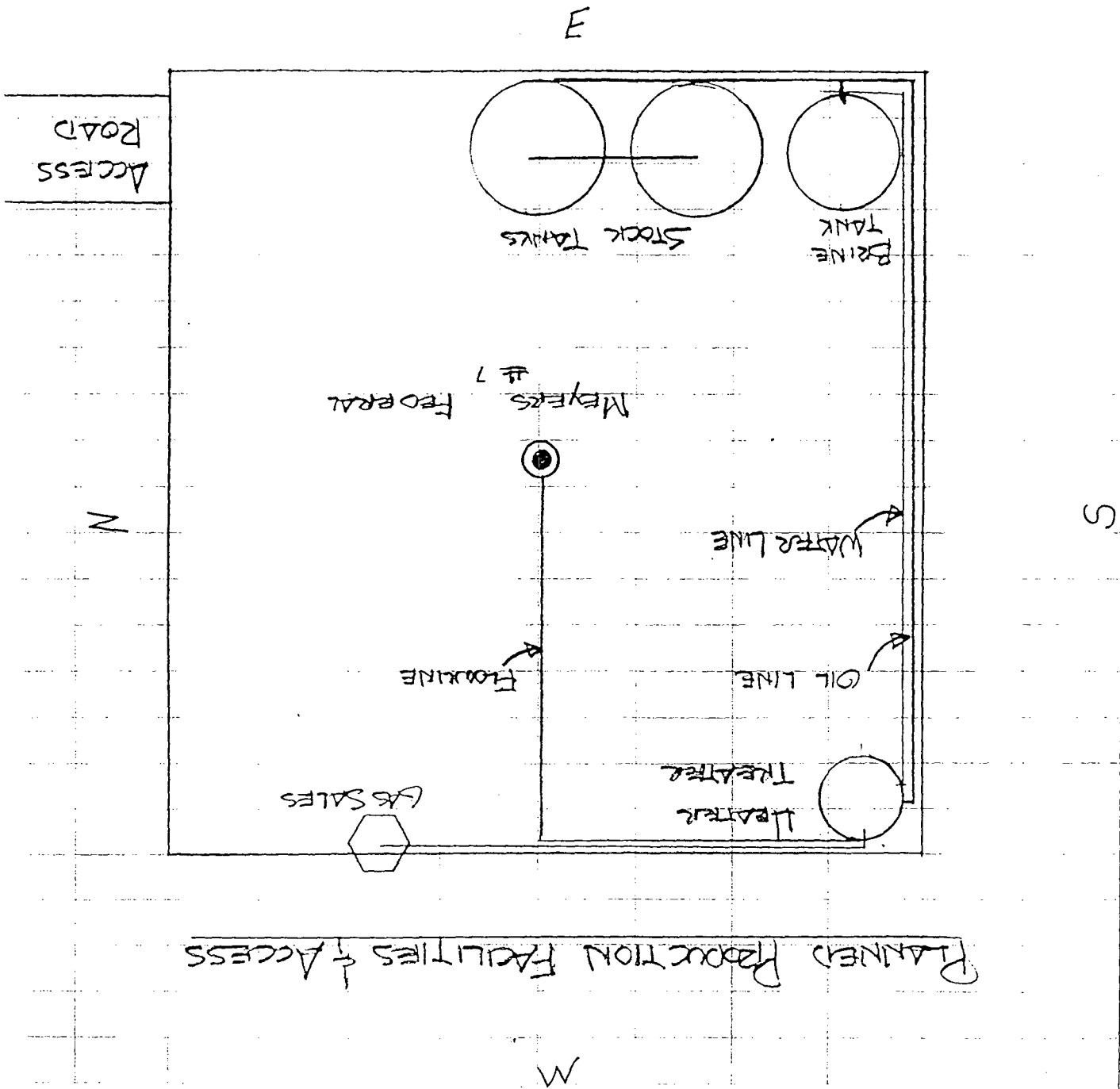


EXHIBIT #5

PLANNED PRODUCTION FACILITIES AND  
ACCESS

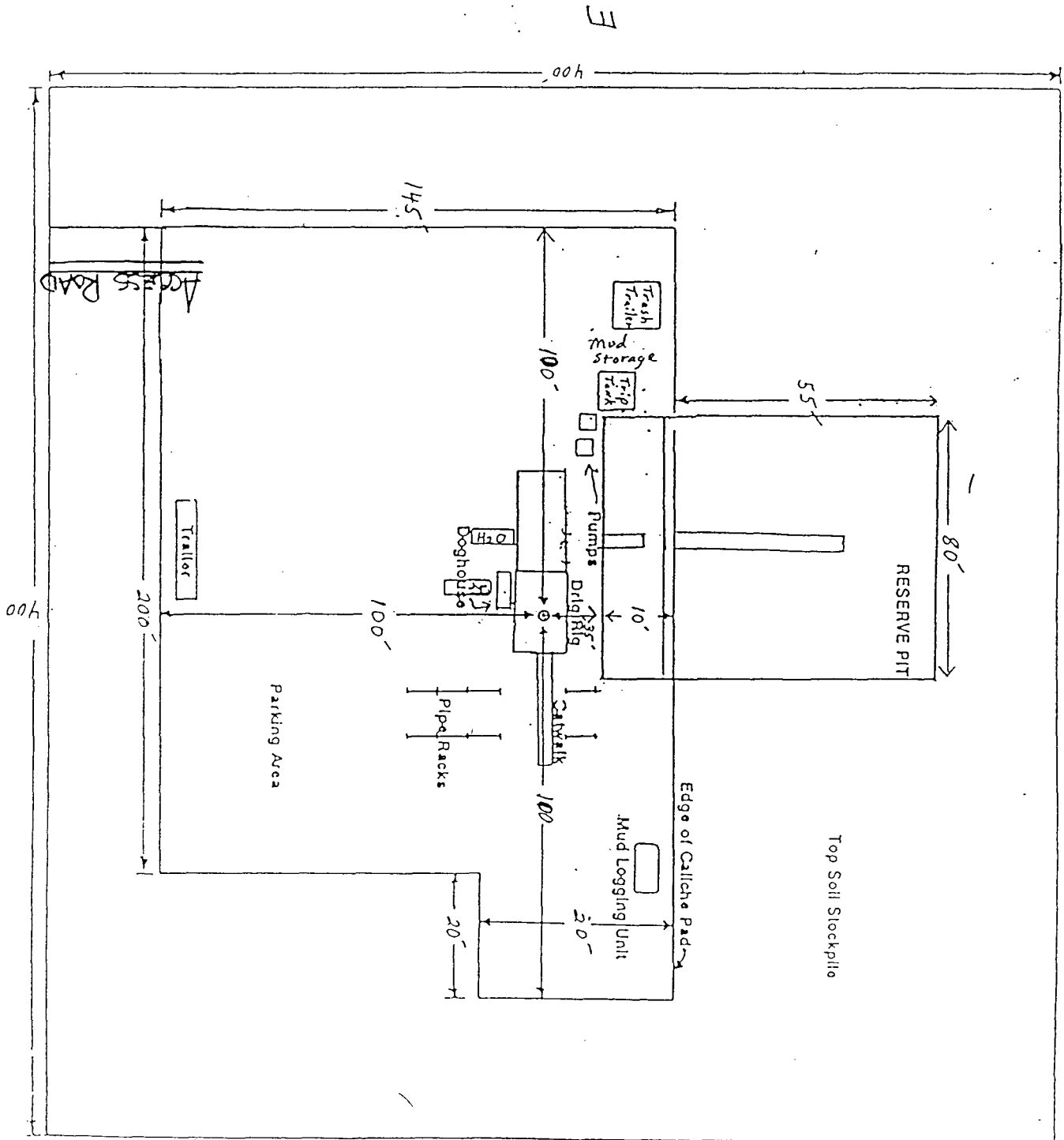
Meyers Federal, Well No. 7

SCALE: 1" = 20'



DRILLING RIG LAYOUT - Meyers Federal  
Well No. 7

EXHIBIT #6





Information Only

Form 3160-3  
(July 1992)

SUBMIT IN TRIPLICATE\*  
(Other instructions on  
reverse side)

FORM APPROVED  
OMB NO. 1004-0136  
Expires: February 28, 1995

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/>		5. LEASE DESIGNATION AND SERIAL NO. LC-032451-C
b. TYPE OF WELL OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input checked="" 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. P. O. Box 5061, Midland, TX. 79704 915/685-1761		8. FARM OR LEASE NAME, WELL NO. Meyers Federal #6
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface 330' FNL & 330' FEL, Unit A At proposed prod. zone Same		9. API WELL NO.
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 5 mi. NW from Jal, NM		10. FIELD AND POOL, OR WILDCAT Jalmat, Tan-Yates-7 Rvrs
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 330' 330'	16. NO. OF ACRES IN LEASE 160	11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Sec. 22, T24S, R36E
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 1070'	19. PROPOSED DEPTH 4,000'	12. COUNTY OR PARISH Lea
21. ELEVATIONS (Show whether DF, RT, GR, etc.) GL 3338'		13. STATE NM
22. APPROX. DATE WORK WILL START* 4/01/96		

23. PROPOSED CASING AND CEMENTING PROGRAM				
SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4"	8-5/8", J-55	24#	350'	350 sxs Cl "C"
7-7/8"	5-1/2", J-55	14#	4000'	350 sxs Poz, 400 sxs Lite

Plan to drill 12-1/4" hole to approximately 350'; set 8-5/8" surface casing. Circulate Class "C" cement. Drill 7-7/8" hole to 4000'. Run open hole logs (LDT-CNL-GR & DLL). Set 5-1/2" casing and circulate cement. Perforate the Yates/Seven Rivers and stimulate as necessary for optimum production.

Specific programs as per Onshore Oil & Gas Order #1 are outlined in the following attachments: Drilling Program:

Surface Use and Operating Plan

- EXHIBIT #1 - Location & Elevation Plat.
- EXHIBIT #2 - BOP Equipment
- EXHIBIT #3 - Planned Access Roads
- EXHIBIT #4 - One Mile Radius Map
- EXHIBIT #5 - Planned Production Facilities & Access
- EXHIBIT #6 - Drilling Rig Layout

IN ABOVE SPACE DESCRIBE PROPOSED 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 Janice Courtney TITLE Regulatory Tech DATE 2/09/96  
(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:

APPROVED BY \_\_\_\_\_ TITLE \_\_\_\_\_ DATE \_\_\_\_\_

\*See Instructions On Reverse Side

District I  
PO Box 1980, Hobbs, NM 88241-1980  
District II  
PO Drawer DD, Artesia, NM 88211-0719  
District III  
1000 Rio Brazos Rd., Aztec, NM 87410  
District IV  
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico  
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
PO Box 2088  
Santa Fe, NM 87504-2088

Form C-102  
Revised February 10, 1994  
Instructions on back  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> APT Number	<sup>2</sup> Pool Code 79240	<sup>3</sup> Pool Name JALMAT, TAN-YATES-7 RVRS
<sup>4</sup> Property Code 017002	<sup>5</sup> Property Name MEYERS FEDERAL	<sup>6</sup> Well Number 6
<sup>7</sup> OGRID No. 020451	<sup>8</sup> Operator Name SDX RESOURCES, INC.	<sup>9</sup> Elevation 3338.

<sup>10</sup> Surface Location


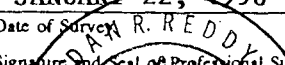
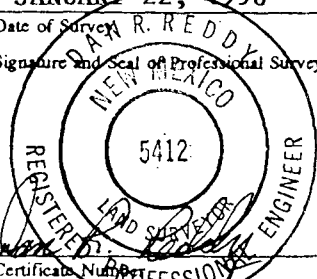
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	22	24-S	36-E		330	NORTH	330	EAST	LEA

<sup>11</sup> Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

<sup>12</sup> Dedicated Acres 40	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
-------------------------------------	-------------------------------	----------------------------------	-------------------------

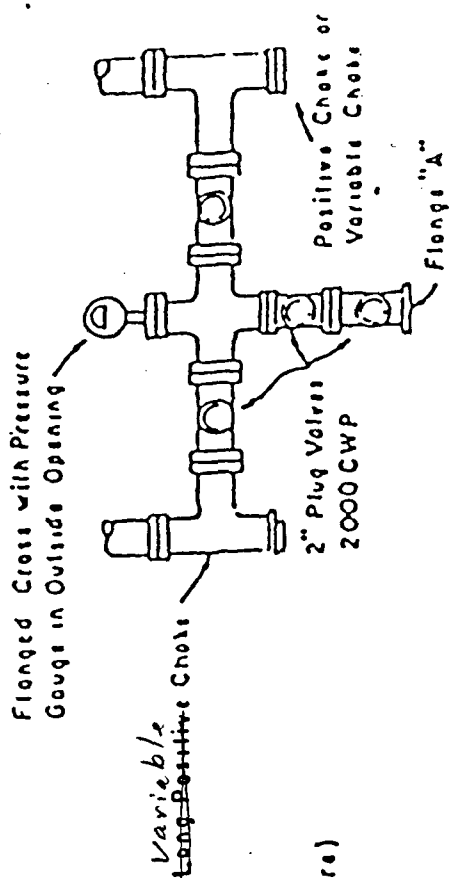
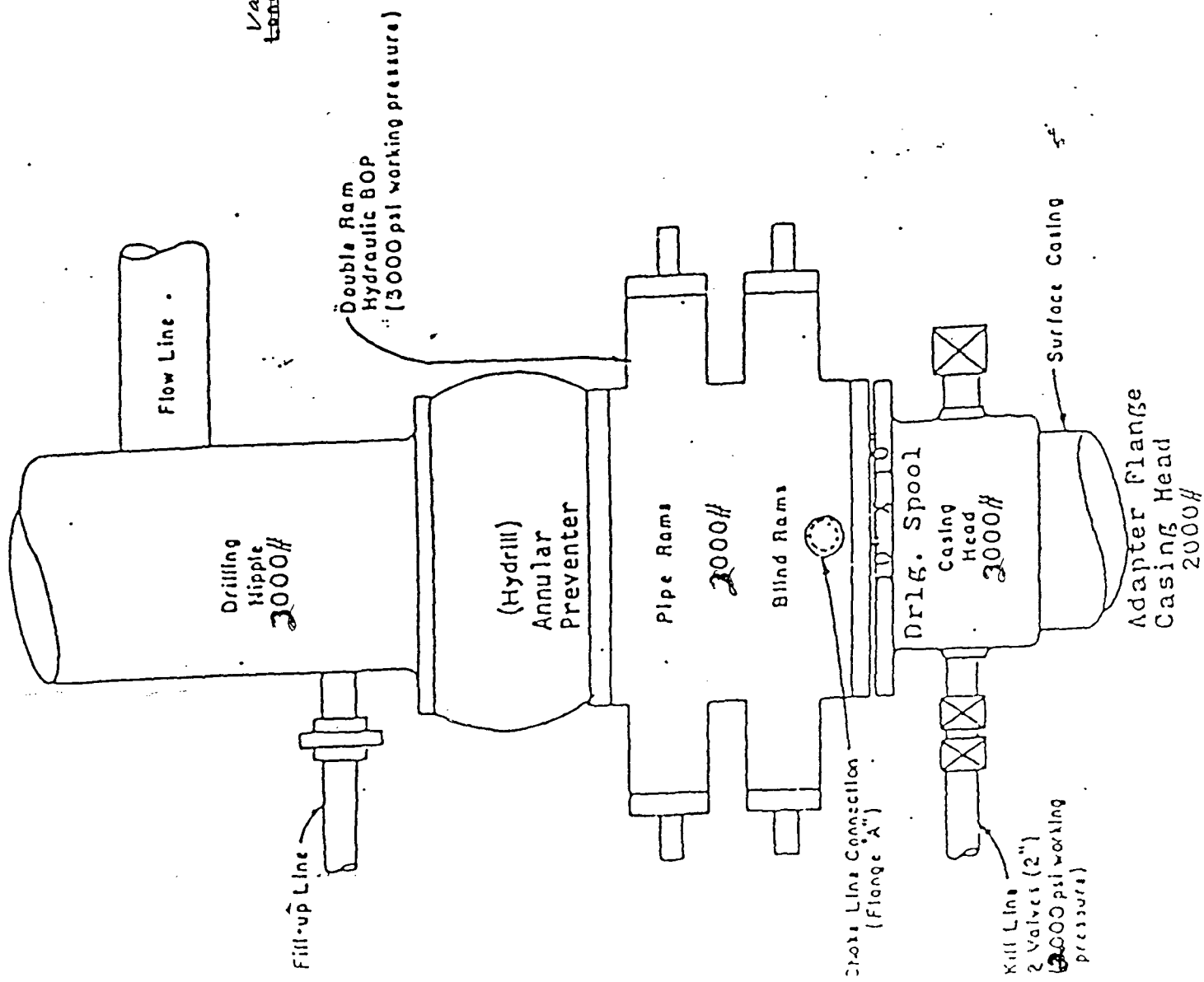
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16				<sup>17</sup> OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief   Signature Janice Courtney Printed Name Regulatory Tech Title 1/29/96 Date
<sup>18</sup> 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 belief.  JANUARY 22, 1996 Date of Survey  Signature and Seal of Professional Surveyor:  Certificate Number NM P.E.S.S. No. 5412				

# EXHIBIT 2

## BLOWOUT PREVENTER DIAGRAM

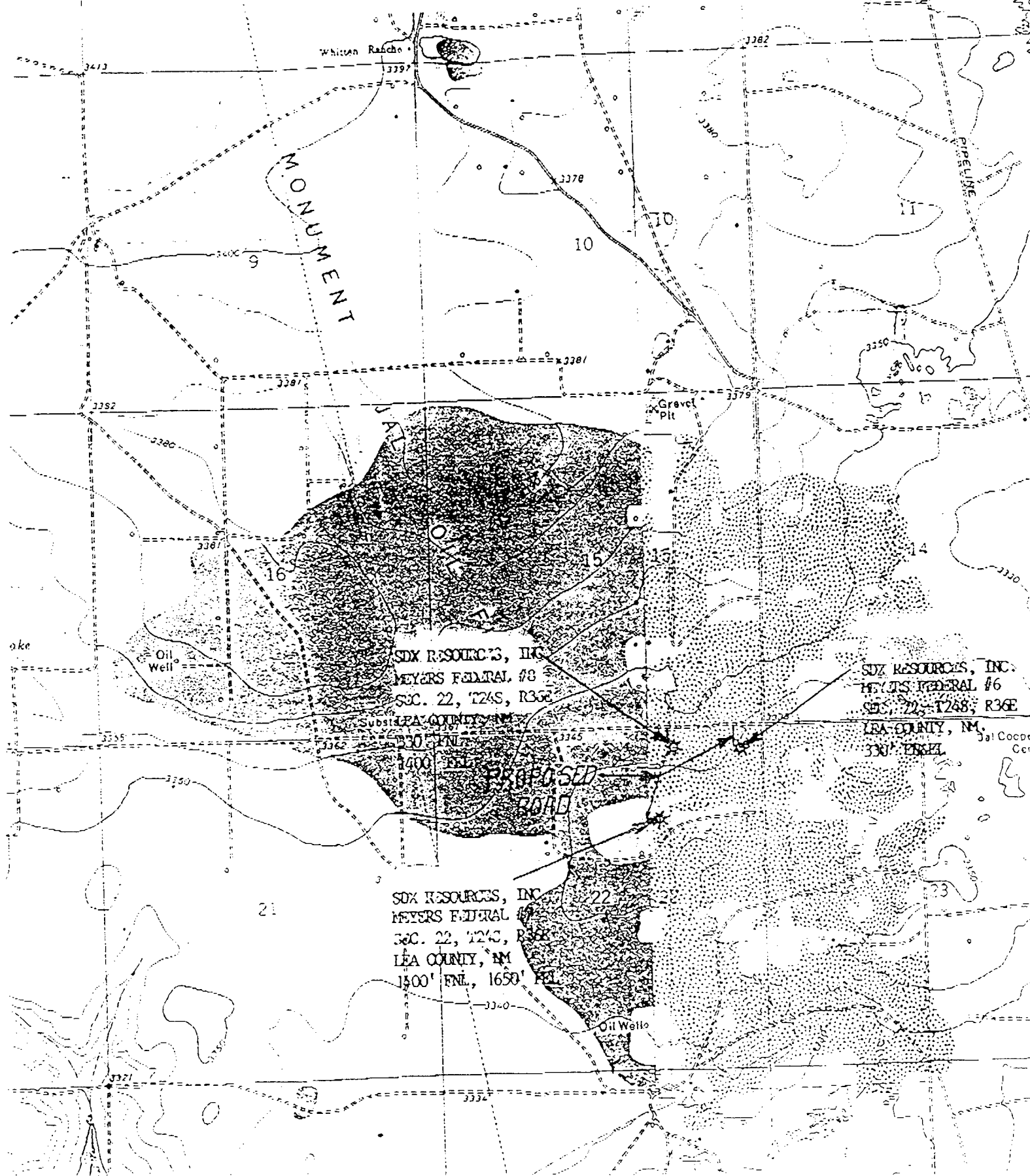
MEYERS FEDERAL #6



PLAN VIEW - CHOKE MANIFOLD

3569000- N

Meyers Federal, Well No. 6



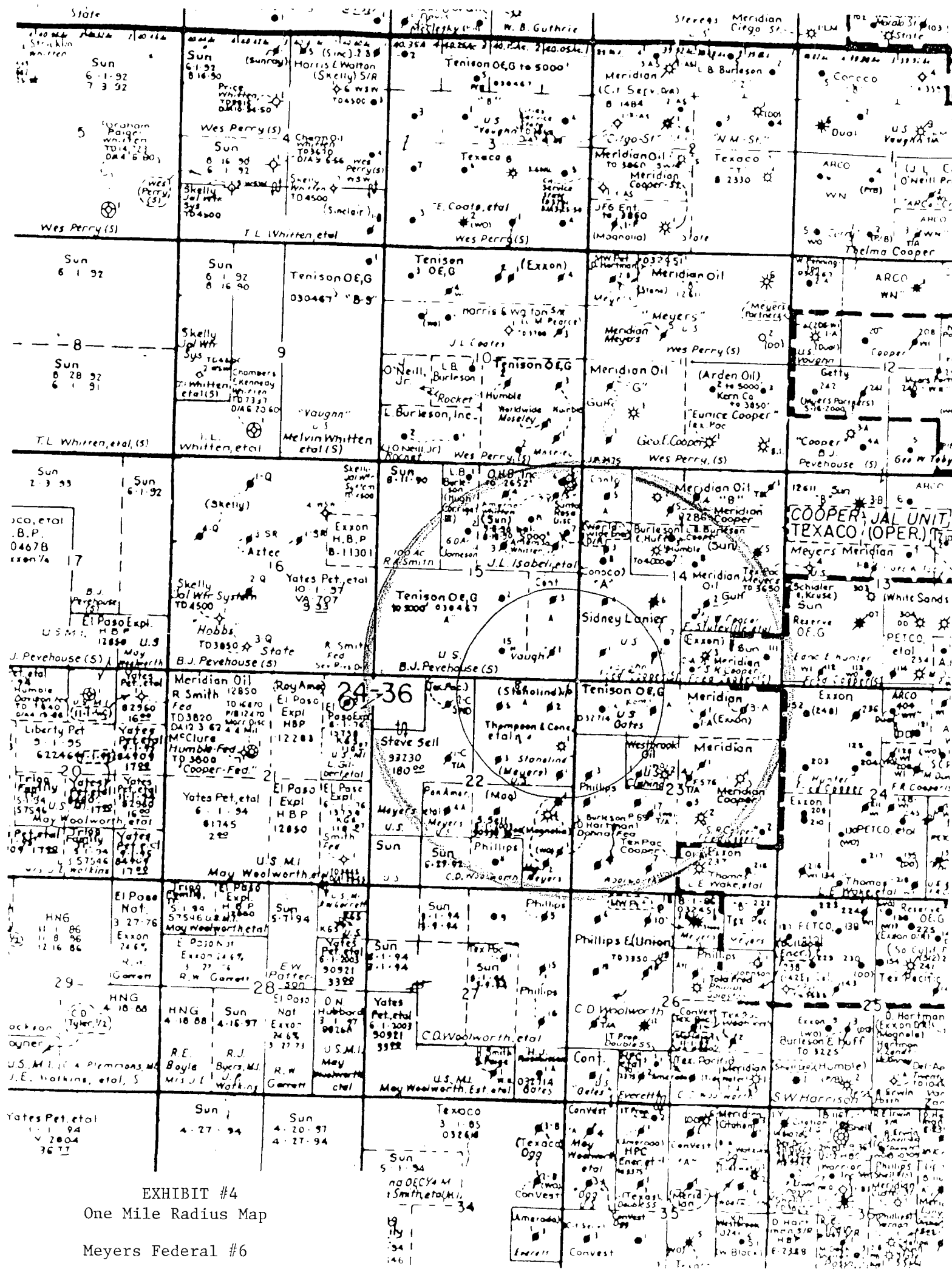


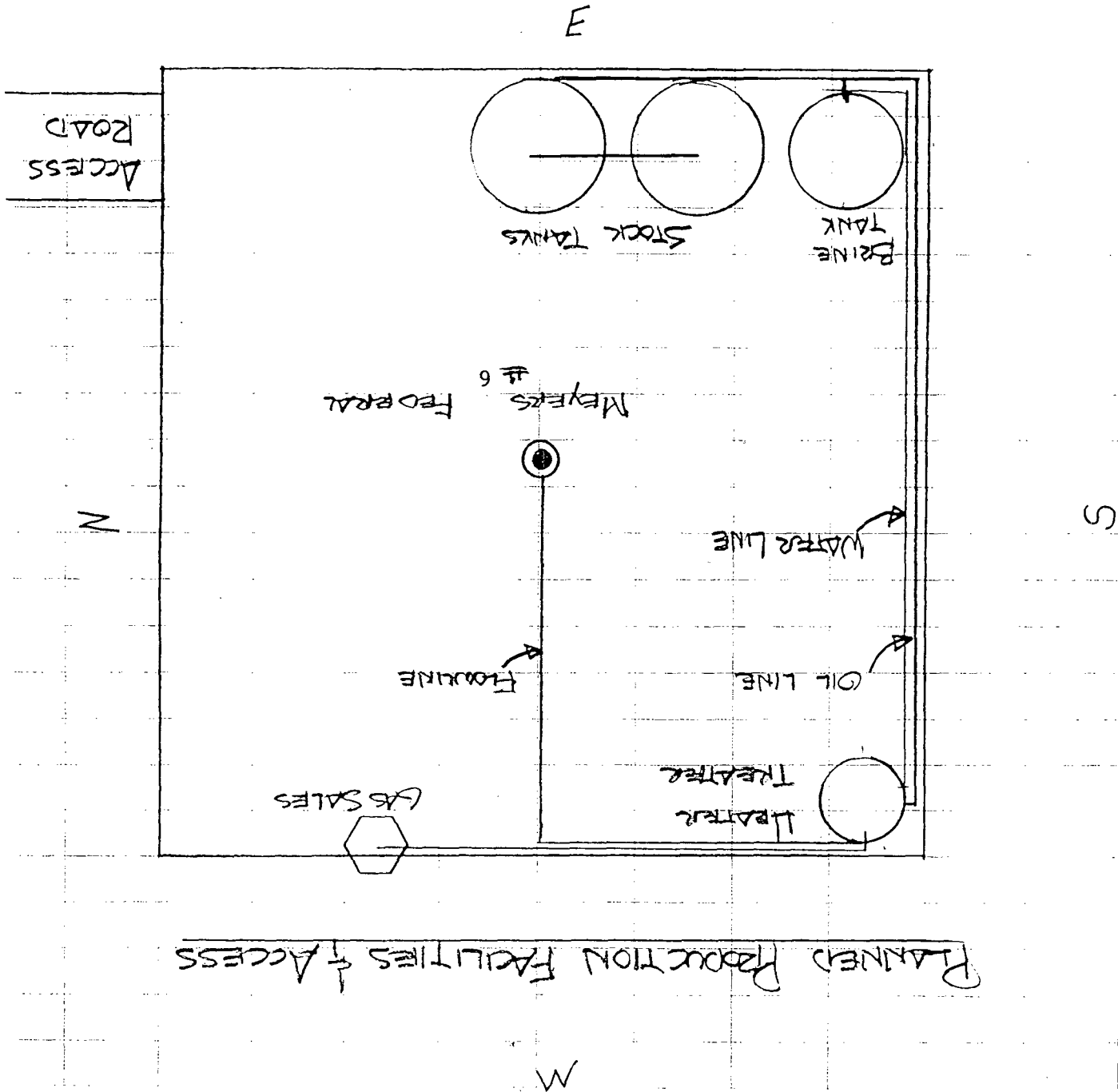


EXHIBIT #5

PLANNED PRODUCTION FACILITIES AND  
ACCESS

Meyers Federal, Well No. 6

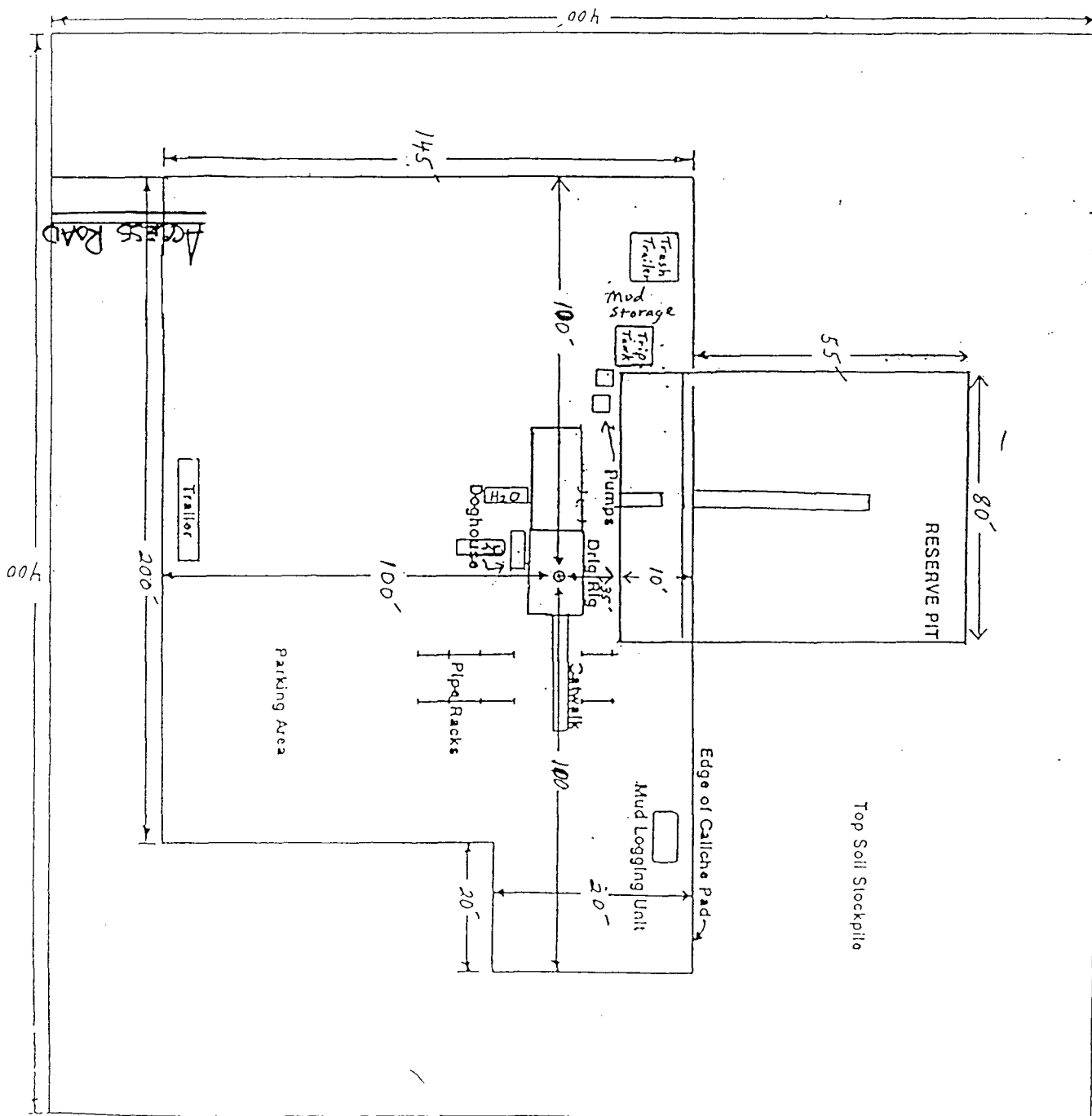
SCALE: 1" = 20'



PLANNED PRODUCTION FACILITIES & ACCESS

DRILLING RIG LAYOUT - Meyers Federal  
Well No. 6

EXHIBIT #6



SDX RESOURCES, INC.

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

February 9, 1996

Phillips Petroleum Co.  
4001 Penbrook Street  
Odessa, TX. 79760

Attention: Land Department

RE: Non Standard Locations  
Meyers Federal #7  
1400' FNL & 1650' FEL, Unit Letter G  
Sec. 22, T24S, R36E, Lea Co., NM

Meyers Federal #8  
330' FNL & 1400' FEL, Unit Letter B  
Sec. 22, T24S, R36E, Lea Co., NM


Gentlemen:

SDX Resources, Inc. is planning to drill the captioned wells at the described locations. Division General Rule 104.F (4) requires all operators offsetting the location(s) be notified of the NSL and a waiver be requested before work can be commenced.

This letter serves as notice by SDX Resources, Inc. of its intent to drill the captioned wells at the described locations. As an offset operator, please indicate your approval below and return this letter as soon as possible.

Thank you for your prompt reply to this matter.

Sincerely,

  
John Pool  
Vice President

Attachments

AS AN OFFSET OPERATOR, WE HAVE NO OBJECTION TO THE DRILLING OF THE ABOVE CAPTIONED WELLS AT THE NON STANDARD LOCATIONS.

PHILLIPS PETROLEUM COMPANY

BY: \_\_\_\_\_

DATE: \_\_\_\_\_

SDX RESOURCES, INC.

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

February 9, 1996

Tenison Oil Company  
8140 Walnut Lane, Suite 601  
Dallas, TX. 75231

Attention: Mr. Walter V. Pelepchan, Vice President  
Land Department

RE: Non Standard Locations  
Meyers Federal #7  
1400' FNL & 1650' FEL, Unit Letter G  
Sec. 22, T24S, R36E, Lea Co., NM

Meyers Federal #8  
330' FNL & 1400' FEL, Unit Letter B  
Sec. 22, T24S, R36E, Lea Co., NM

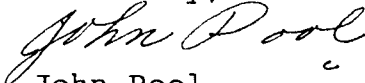
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Thank you for your prompt reply to this matter.

Sincerely,



John Pool  
Vice President

Attachments

AS AN OFFSET OPERATOR, WE HAVE NO OBJECTION TO THE DRILLING  
OF THE ABOVE CAPTIONED WELLS AT THE NON STANDARD LOCATIONS.

TENISON OIL COMPANY

BY: \_\_\_\_\_

DATE: \_\_\_\_\_

SDX RESOURCES, INC.

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

February 9, 1996

Mr. Sidney Lanier  
P. O. Box 755  
Hobbs, NM. 88241

RE: Non Standard Locations  
Meyers Federal #7  
1400' FNL & 1650' FEL, Unit Letter G  
Sec. 22, T24S, R36E, Lea Co., NM

Meyers Federal #8  
330' FNL & 1400' FEL, Unit Letter B  
Sec. 22, T24S, R36E, Lea Co., NM

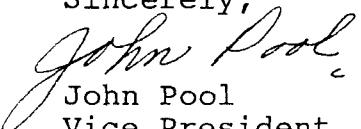
Dear Mr. Lanier:

SDX Resources, Inc. is planning to drill the captioned wells at the described locations. Division General Rule 104.F (4) requires all operators offsetting the location(s) be notified of the NSL and a waiver be requested before work can be commenced.

This letter serves as notice by SDX Resources, Inc. of its intent to drill the captioned wells at the described locations. As an offset operator, please indicate your approval below and return this letter as soon as possible.

Thank you for your prompt reply to this matter.

Sincerely,

  
John Pool  
Vice President

Attachments

AS AN OFFSET OPERATOR, WE HAVE NO OBJECTION TO THE DRILLING  
OF THE ABOVE CAPTIONED WELLS AT THE NON STANDARD LOCATIONS.

TENISON OIL COMPANY

BY: \_\_\_\_\_

DATE: \_\_\_\_\_

SDX RESOURCES, INC.

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

OIL CONSERVATION DIVISION  
RECEIVED  
FEB 17 1996 AM 8 52

February 15, 1996

Oil Conservation Commission  
2040 South Pacheco  
Santa Fe, NM 87505

Attention: Mr. Mike Stogner

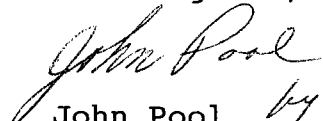
RE: Meyers Federal #7  
Meyers Federal #8  
Sec. 22, T24S, R36E  
Lea County, NM

Gentlemen:

I mailed to you APD's on the captioned wells on February 12, 1996, requesting your approval for NSL. I inadvertently omitted the Drilling Plan, Hydrogen Sulfide Drilling Operations Plan, and the executed Surface Use and Operating Plan. Enclosed are the documents that you will need to assist you in determining your approval for these locations. Please attach the enclosed documents with the APD's for the Meyers Federal #7 and the Meyers Federal #8 APD's. Sorry for the inconvenience that this delay may have caused you.

Thank you.

Best regards,

  
John Pool *by jc*

JP/jdc

Enclosures

## DRILLING PROGRAM

SDX Resources, Inc.  
Meyers Federal #7  
1650' FEL & 1400' FNL  
Unit G Sec. 22, T24S, R36E  
Lea County, New Mexico

1. Geologic Name of Surface Formation:

Permian

2. Estimated Tops of Important Geologic Markers:

Top of Salt	1200'
Base of Salt	2200'
Yates	2900'
7-Rivers	3550'
Queen	3900'
Grayburg	4300'

3. Estimated Depth of Anticipated Fresh Water, Oil or Gas:

Water Sands	200'-250'	Fresh H2O
7-Rivers	3700'	Oil & Gas
Queen	4000'	Oil & Gas
Grayburg	4400'	Oil & Gas

Fresh water sands will be protected by running 8 5/8" casing to a minimum depth of 350' and circulating cement. All other zones will be isolated by running 5 1/2" production casing and circulating cement.

4. Casing Program:

<u>Hole Size</u>	<u>Interval</u>	<u>OD csg</u>	<u>Weight Grade Jt Cond Type</u>
12 1/4"	0-350'	8 5/8"	24#, J-55, New
7 7/8	0-TD	5 1/2"	14#-15.50#, J-55, Used

Cement Program:

8 5/8" surface casing: Cemented to surface with 250 sx of Class C with 2% CaCl and 1/4 #/sx Flocele and 100 sx of Class "C" with CaCl.

5 1/2" production casing: Cemented with 300 sx of 50/50 Class "C" POZ with 6# salt/sx and 6% Halad 322 and 400 sx of Lite "C" with 3# salt/sx and 1/4#/sx flocele. This should circulate cement to the surface.

5. Minimum Specifications for Pressure Control:

The blowout preventer equipment (BOP) shown in Exhibit #1 will consist of a bag-type (hydril) preventer (2000 psi WP). Unit will be hydraulically operated. BOP will be nipped up on the 8 5/8" surface csg and used continuously until TD is reached. BOP and accessory equipment will be tested to 1000 psi before drilling out of surface casing. A 2" kill line and a 2" choke line will be included in the drilling spool. Other accessories to the BOP equipment will include a kelly cock.

6. Types and Characteristics of the Proposed Mud System:

The well will be drilled to TD with a combination of fresh water and brine water mud system. The applicable depth and properties of this system are as follows:

<u>Depth</u>	<u>Type</u>	<u>Weight (ppg)</u>	<u>Viscosity (sec)</u>	<u>Waterloss (cc)</u>
0-350	Fresh water (spud)	8.5	40-45	N/C
350-TD	Brine water, SWG, Starch	10.0	30	24



Sufficient mud materials to maintain mud properties and meet minimum lost circulation and weight increase requirements will be kept at the wellsite at all times.

7. Auxiliary Well Control and Monitoring Equipment:

- (A) A kelly cock will be kept in the drill string at all times.
- (B) A mud logging unit complete with H<sub>2</sub>S detector will be continuously monitoring drilling penetration rate and hydrocarbon shows from 1000' to TD.

8. Logging, Testing and Coring Program:

- (A) Drillstem tests will be run on the basis of drilling shows.
- (B) The electric logging program will consist of GR-Dual Laterolog and GR-Compensated Neutron-Density from TD to surface casing.
- (C) Conventional coring may be performed in select intervals in the Queen-Grayburg.
- (D) Further testing procedures will be determined after the 5 1/2" production casing has been cemented at TD based on drill shows and log evaluation.

9. Abnormal Conditions, Pressures, Temperatures, & Potential Hazards:

No abnormal pressure or temperatures are anticipated. The estimated bottom hole temperature (BHT) at TD is 94 F and estimated maximum bottom-hole pressure (BHP) is 1200 psig. No abnormal concentrations of hydrogen sulfide or other hazardous gases or fluids have been encountered, reported or are known to exist at this depth in this area. All H<sub>2</sub>S operation precautions will be followed (see attached H<sub>2</sub>S drilling operations plans). No major loss circulation zones have been reported in offsetting wells.

10. Anticipated Starting Date and Duration of Operations:

Road and location work will not begin until approval has been received from the BLM. The anticipated spud date is April 1, 1996. Once commenced, the drilling operation should be finished in approximately 10 days. If the well is productive, an additional 30 days will be required for completion and testing before a decision is made to install permanent facilities.

## HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

SDX Resources, Inc.  
Meyers Federal #7  
1650' FEL & 1400' FNL  
Unit G Sec. 22, T24S, R36E  
Lea County, New Mexico

### I. Hydrogen Sulfide Training

All personnel, whether regularly assigned, contracted, or employed on an unscheduled basis, will receive training from a qualified instructor in the following areas prior to commencing drilling operations on this well:

1. The hazards and characteristics of hydrogen sulfide (H<sub>2</sub>S).
2. The proper use and maintenance of personal protective equipment and life support system.
3. The proper use of H<sub>2</sub>S detectors, alarms, warning systems, briefing areas, evacuation procedures, and prevailing winds.
4. The proper techniques for first aid and rescue procedures.

In addition, supervisory personnel will be trained in the following areas:

1. The effects of H<sub>2</sub>S on metal components. If high tensile tubulars are to be used, personnel will be trained in their special maintenance requirements.
2. Corrective action and shut-in procedures when drilling or reworking a well and blowout prevention and well control procedures.
3. The contents and requirements of the H<sub>2</sub>S Drilling Operations Plan and the Public Protection Plan.

There will be an initial safety session just prior to commencing operations on the well. The initial session shall include a review of the site's specific H2S Drilling Operations Plan and the Public Protection Plan. This plan shall be available at the well site. All personnel will be required to carry documentation that they have received the proper training.

## II. H2S SAFETY EQUIPMENT AND SYSTEMS

Note: All H2S safety equipment and systems will be installed, tested, and operational when drilling reaches a depth of 500 feet.

1. Well Control Equipment:
  - A. Blind rams and pipe rams to accommodate all pipe sizes with properly sized closing unit.
  - B. Auxiliary equipment to include: annular preventer.
2. Protective equipment for essential personnel:
  - A. Mark II Surviveair 30-minute units located in the dog house.
3. H2S detection and monitoring equipment:
  - A. 1 - portable H2S monitor positioned on location for best coverage and response.
  - B. Mud logging trailer shall have H2S monitoring equipment.
4. Visual warning systems:
  - A. Guy lines will be flagged and a wind sock will be positioned on location.
  - B. Caution/Danger signs shall be posted on roads providing direct access to location.

5. Mud program:

The mud program has been designed to minimize the volume of H2S circulated to the surface. Proper mud weight, safe drilling practices, will minimize hazards when penetrating H2S bearing zones.

6. Metallurgy:

All drill strings, casings, tubing, wellhead, blowout preventers, drilling spool, kill lines, choke manifold and lines, and valves shall be suitable for H2S service as necessary.

7. Communication:

Radio communications in company vehicles including cellular telephone and 2-way radio.

8. Well Testing:

No DST's are planned.

SURFACE USE AND OPERATING PLAN

SDX RESOURCES, INC.  
Meyers Federal #7  
1650' FEL & 1400' FNL  
Unit G Sec. 22, T24S R36E  
Lea County, New Mexico

1. Existing Roads:

- A. The well site and elevation plat for the proposed well is shown in Exhibit #1. It was staked by Dan Reddy, Carlsbad, New Mexico.
- B. All roads to the location are shown in Exhibit #3. The existing roads are labeled and are adequate for travel during drilling and production operations. Upgrading of the road prior to drilling will be done where necessary as determined during the on-site inspection.
- C. Directions to location: See Exhibit #3
- D. Routine grading and maintenance of existing roads will be conducted as necessary to maintain their condition as long as any operations continue on this lease.

2. Proposed Access Road:

Exhibit #3 shows the existing road.

Exhibit #5 shows the new access road to be constructed. The road will be constructed as follows:

- A. The maximum width of the running surface will be 15'. The road will be crowned and ditched and constructed of 6" of rolled and compacted caliche. Water will be diverted where necessary to avoid ponding, prevent erosion, maintain good drainage, and to be consistent with local drainage patterns. BLM may specify any additions or changes during the on-site inspection.
- B. The average grade will be less than 1%.
- C. No turnouts are planned.
- D. No fences will be cut.

- E. Surfacing material will consist of native caliche. Caliche will be obtained from the nearest approved caliche pit. Any additional materials that are required will be purchased from the dirt contractor.
- F. The proposed access road is shown in Exhibit #3. It is +/- 600' long and will be included in the Archaeological Survey.

3. Location of Existing Wells:

Exhibit #4 shows all existing wells within a one-mile radius of this well.

4. Location of Existing and/or Proposed Facilities:

A. If the well is productive:

- 1) A production battery of adequate size to handle the anticipated production will be constructed on the existing location.

B. If the well is productive, rehabilitation plans are as follows:

- 1. The reserve pit will be back-filled after the contents of the pit are dry (within 120 days after the well is complete).
- 2. Topsoil removed from the drill site will be used to re-contour the pit area to the original natural level, as nearly as possible, and reseeded as per BLM specifications.

5. Location and Type of Water Supply:

The well will be drilled with a combination brine and fresh water mud systems as outlined in the drilling program. The brine water will be obtained from commercial water stations in the area and hauled to the location by transport truck over the existing and proposed access roads shown in Exhibit #3. No water well will be drilled on location.

6. Source of Construction Materials:

All caliche required for construction of the drill pad and any new access road will be obtained from the drilling pits and/or on site when possible. Any additional caliche will be obtained from approved caliche pits. All roads and pads will be constructed of 6" of rolled and compacted caliche.

7. Methods of Handling Water Disposal:

- A. Drill cuttings not retained for evaluation purposes will be disposed into the reserve pit.
- B. Drilling fluids will be contained in plastic lined pits. The reserve pit will contain any excess drilling fluid or flow from the well during drilling, cementing and completion operations. The reserve pit will be an earthen pit, approximately 80' x 55' x 6' deep and fenced. The reserve pit will be plastic lined (5-7 mil thickness) to minimize loss of drilling fluids and saturation of the ground with brine water.
- C. Water produced from the well during completion may be disposed into the reserve pit after the well is permanently placed on production.
- D. Garbage and trash produced during drilling or completion operations will be collected in a trash trailer by a contractor. All water and fluids will be disposed of into the reserve pit. Salts and other chemicals produced during drilling or testing will be disposed into the reserve pit. No toxic waste or hazardous chemicals will be produced by this operation.
- E. After the rig is moved out and the well is either completed or abandoned, all waste materials will be cleaned-up within 90 days. No adverse materials will be left on the location. The reserve pit will be completely fenced and kept closed until it has dried. When the reserve pit is dry enough to breakout and fill, and as weather permits, the unused portion of the well site will be leveled and reseeded as per BLM specifications. Only that part of the pad required for production facilities will be kept in use.



8. Ancillary Facilities:

None

9. Well Site Layout:

- A. The drill pad layout is shown in Exhibit #6. Dimensions of the pad and pits and location of major rig components are shown. Top soil, if available, will be stockpiled per BLM specifications as determined at the on-site inspection. Because the pad is almost level no major cuts will be required.
- B. Exhibit #6 shows the planned orientation for the rig and associated drilling equipment, reserve pit, trash pit, pipe racks, turn-around, parking areas and access road. No permanent living facilities are planned but a temporary foreman/toolpusher's trailer will be on location during the drilling operations.
- C. The reserve pit will be lined with high-quality plastic sheeting (5-7 mil thickness).

10. Plan for Restoration of the Surface:

- A. Upon completion of the proposed operation, if the well is to be abandoned, the pit area, after allowing to dry, will be broken out and leveled. The original top soil will be returned to the entire location which will be leveled and contoured to as nearly the original topography as possible.

All trash and garbage will be hauled away in order to leave the location in an aesthetically pleasing condition. All pits will be filled and the location leveled within 120 days after abandonment.

- B. The disturbed area will be revegetated by reseeding during the proper growing season with a seed mixture of native grasses as recommended by the BLM.
- C. The reserve pit will be fenced prior to and during drilling operations. The fencing will remain in place until the pit area is cleaned-up and leveled. No oil will be left on the surface of the fluid in the pit.

- D. Upon completion of the proposed operations, if the well is completed, the reserve pit area will be treated as outlined above within the same prescribed time. The caliche from any area of the original drill site not needed for production operations or facilities will be removed and used for construction of thicker pads. Any additional caliche required for facilities will be obtained from an approved caliche pit. Topsoil removed from the drill site will be used to re-contour the pit area and any unused portions of the drill pad to the original natural level and reseeded as per BLM specifications.

11. Surface Ownership:

C. D. Woolworth Trust  
P. O. Box 178  
Jal, NM 88252

12. Other Information:

- A. The area around the well site is grassland. The vegetation is native scrub grasses with abundant catclaw and mesquite.
- B. There is no permanent or live water in the immediate area.
- C. An Archaeological Survey has been requested and will be forwarded to your office in the near future.

13. Lessee's and Operator's Representative:

The SDX Resources, Inc. representative for assuring compliance with the surface use plan is as follows:

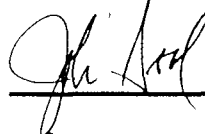
Chuck Morgan  
SDX Resources, Inc.  
P. O. Box 1302  
Artesia, NM 88210  
505-748-9724 Office  
505-748-9814 Home

**Certification:**

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and the work associated with the operations proposed herein will be performed by SDX Resources, Inc. and its contractors and subcontractors in conformity with this plan and the terms and conditions which it is approved.

Date: 2/14/96

Signed: SDX RESOURCES, INC.

  
John D. Pool  
Vice President

DRILLING PROGRAM

SDX Resources, Inc.  
Meyers Federal #8  
330' FNL & 1400' FEL  
Unit B Sec. 22, T24S, R36E  
Lea County, New Mexico

1. Geologic Name of Surface Formation:

Permian

2. Estimated Tops of Important Geologic Markers:

Top of Salt	1200'
Base of Salt	2200'
Yates	2900'
7-Rivers	3550'
Queen	3900'
Grayburg	4300'

3. Estimated Depth of Anticipated Fresh Water, Oil or Gas:

Water Sands	200'-250'	Fresh H2O
7-Rivers	3700'	Oil & Gas
Queen	4000'	Oil & Gas
Grayburg	4400'	Oil & Gas

Fresh water sands will be protected by running 8 5/8" casing to a minimum depth of 350' and circulating cement. All other zones will be isolated by running 5 1/2" production casing and circulating cement.

4. Casing Program:

<u>Hole Size</u>	<u>Interval</u>	<u>OD csg</u>	<u>Weight Grade Jt Cond Type</u>
12 1/4"	0-350'	8 5/8"	24#, J-55, New
7 7/8"	0-TD	5 1/2"	14#-15.50#, J-55, Used

Cement Program:

8 5/8" surface casing: Cemented to surface with 250 sx of Class C with 2% CaCl and 1/4 #/sx Flocele and 100 sx of Class "C" with CaCl.

5 1/2" production casing: Cemented with 300 sx of 50/50 Class "C" POZ with 6# salt/sx and 6% Halad 322 and 400 sx of Lite "C" with 3# salt/sx and 1/4#/sx flocele. This should circulate cement to the surface.

5. Minimum Specifications for Pressure Control:

The blowout preventer equipment (BOP) shown in Exhibit #1 will consist of a bag-type (hydril) preventer (2000 psi WP). Unit will be hydraulically operated. BOP will be nipped up on the 8 5/8" surface csg and used continuously until TD is reached. BOP and accessory equipment will be tested to 1000 psi before drilling out of surface casing. A 2" kill line and a 2" choke line will be included in the drilling spool. Other accessories to the BOP equipment will include a kelly cock.

6. Types and Characteristics of the Proposed Mud System:

The well will be drilled to TD with a combination of fresh water and brine water mud system. The applicable depth and properties of this system are as follows:

<u>Depth</u>	<u>Type</u>	<u>Weight (ppg)</u>	<u>Viscosity (sec)</u>	<u>Waterloss (cc)</u>
0-350	Fresh water (spud)	8.5	40-45	N/C
350-TD	Brine water, SWG, Starch	10.0	30	24

Sufficient mud materials to maintain mud properties and meet minimum lost circulation and weight increase requirements will be kept at the wellsite at all times.

7. Auxiliary Well Control and Monitoring Equipment:

- (A) A kelly cock will be kept in the drill string at all times.
- (B) A mud logging unit complete with H<sub>2</sub>S detector will be continuously monitoring drilling penetration rate and hydrocarbon shows from 1000' to TD.

8. Logging, Testing and Coring Program:

- (A) Drillstem tests will be run on the basis of drilling shows.
- (B) The electric logging program will consist of GR-Dual Laterolog and GR-Compensated Neutron-Density from TD to surface casing.
- (C) Conventional coring may be performed in select intervals in the Queen-Grayburg.
- (D) Further testing procedures will be determined after the 5 1/2" production casing has been cemented at TD based on drill shows and log evaluation.

9. Abnormal Conditions, Pressures, Temperatures, & Potential Hazards:

No abnormal pressure or temperatures are anticipated. The estimated bottom hole temperature (BHT) at TD is 94 F and estimated maximum bottom-hole pressure (BHP) is 1200 psig. No abnormal concentrations of hydrogen sulfide or other hazardous gases or fluids have been encountered, reported or are known to exist at this depth in this area. All H<sub>2</sub>S operation precautions will be followed (see attached H<sub>2</sub>S drilling operations plans). No major loss circulation zones have been reported in offsetting wells.

10. Anticipated Starting Date and Duration of Operations:

Road and location work will not begin until approval has been received from the BLM. The anticipated spud date is April 1, 1996. Once commenced, the drilling operation should be finished in approximately 10 days. If the well is productive, an additional 30 days will be required for completion and testing before a decision is made to install permanent facilities.

HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

SDX Resources, Inc.  
Meyers Federal #8  
330' FNL & 1400' FEL  
Unit B Sec. 22, T24S, R36E  
Lea County, New Mexico

I. Hydrogen Sulfide Training

All personnel, whether regularly assigned, contracted, or employed on an unscheduled basis, will receive training from a qualified instructor in the following areas prior to commencing drilling operations on this well:

1. The hazards and characteristics of hydrogen sulfide (H<sub>2</sub>S).
2. The proper use and maintenance of personal protective equipment and life support system.
3. The proper use of H<sub>2</sub>S detectors, alarms, warning systems, briefing areas, evacuation procedures, and prevailing winds.
4. The proper techniques for first aid and rescue procedures.

In addition, supervisory personnel will be trained in the following areas:

1. The effects of H<sub>2</sub>S on metal components. If high tensile tubulars are to be used, personnel will be trained in their special maintenance requirements.
2. Corrective action and shut-in procedures when drilling or reworking a well and blowout prevention and well control procedures.
3. The contents and requirements of the H<sub>2</sub>S Drilling Operations Plan and the Public Protection Plan.



There will be an initial safety session just prior to commencing operations on the well. The initial session shall include a review of the site's specific H2S Drilling Operations Plan and the Public Protection Plan. This plan shall be available at the well site. All personnel will be required to carry documentation that they have received the proper training.

## II. H2S SAFETY EQUIPMENT AND SYSTEMS

Note: All H2S safety equipment and systems will be installed, tested, and operational when drilling reaches a depth of 500 feet.

1. Well Control Equipment:
  - A. Blind rams and pipe rams to accommodate all pipe sizes with properly sized closing unit.
  - B. Auxiliary equipment to include: annular preventer.
2. Protective equipment for essential personnel:
  - A. Mark II Surviveair 30-minute units located in the dog house.
3. H2S detection and monitoring equipment:
  - A. 1 - portable H2S monitor positioned on location for best coverage and response.
  - B. Mud logging trailer shall have H2S monitoring equipment.
4. Visual warning systems:
  - A. Guy lines will be flagged and a wind sock will be positioned on location.
  - B. Caution/Danger signs shall be posted on roads providing direct access to location.

5. Mud program:

The mud program has been designed to minimize the volume of H2S circulated to the surface. Proper mud weight, safe drilling practices, will minimize hazards when penetrating H2S bearing zones.

6. Metallurgy:

All drill strings, casings, tubing, wellhead, blowout preventers, drilling spool, kill lines, choke manifold and lines, and valves shall be suitable for H2S service as necessary.

7. Communication:

Radio communications in company vehicles including cellular telephone and 2-way radio.

8. Well Testing:

No DST's are planned.

SURFACE USE AND OPERATING PLAN

SDX RESOURCES, INC.  
Meyers Federal #8  
330' FNL & 1400' FEL  
Unit B Sec. 22, T24S R36E  
Lea County, New Mexico

1. Existing Roads:

- A. The well site and elevation plat for the proposed well is shown in Exhibit #1. It was staked by Dan Reddy, Carlsbad, New Mexico.
- B. All roads to the location are shown in Exhibit #3. The existing roads are labeled and are adequate for travel during drilling and production operations. Upgrading of the road prior to drilling will be done where necessary as determined during the on-site inspection.
- C. Directions to location: See Exhibit #3
- D. Routine grading and maintenance of existing roads will be conducted as necessary to maintain their condition as long as any operations continue on this lease.

2. Proposed Access Road:

Exhibit #3 shows the existing road.

Exhibit #5 shows the new access road to be constructed. The road will be constructed as follows:

- A. The maximum width of the running surface will be 15'. The road will be crowned and ditched and constructed of 6" of rolled and compacted caliche. Water will be diverted where necessary to avoid ponding, prevent erosion, maintain good drainage, and to be consistent with local drainage patterns. BLM may specify any additions or changes during the on-site inspection.
- B. The average grade will be less than 1%.
- C. No turnouts are planned.
- D. No fences will be cut.

- E. Surfacing material will consist of native caliche. Caliche will be obtained from the nearest approved caliche pit. Any additional materials that are required will be purchased from the dirt contractor.
- F. The proposed access road is shown in Exhibit #3. It is +/- 600' long and will be included in the Archaeological Survey.

3. Location of Existing Wells:

Exhibit #4 shows all existing wells within a one-mile radius of this well.

4. Location of Existing and/or Proposed Facilities:

A. If the well is productive:

- 1) A production battery of adequate size to handle the anticipated production will be constructed on the existing location.

B. If the well is productive, rehabilitation plans are as follows:

- 1. The reserve pit will be back-filled after the contents of the pit are dry (within 120 days after the well is complete).
- 2. Topsoil removed from the drill site will be used to re-contour the pit area to the original natural level, as nearly as possible, and reseeded as per BLM specifications.

5. Location and Type of Water Supply:

The well will be drilled with a combination brine and fresh water mud systems as outlined in the drilling program. The brine water will be obtained from commercial water stations in the area and hauled to the location by transport truck over the existing and proposed access roads shown in Exhibit #3. No water well will be drilled on location.

6. Source of Construction Materials:

All caliche required for construction of the drill pad and any new access road will be obtained from the drilling pits and/or on site when possible. Any additional caliche will be obtained from approved caliche pits. All roads and pads will be constructed of 6" of rolled and compacted caliche.

7. Methods of Handling Water Disposal:

- A. Drill cuttings not retained for evaluation purposes will be disposed into the reserve pit.
- B. Drilling fluids will be contained in plastic lined pits. The reserve pit will contain any excess drilling fluid or flow from the well during drilling, cementing and completion operations. The reserve pit will be an earthen pit, approximately 80' x 55' x 6' deep and fenced. The reserve pit will be plastic lined (5-7 mil thickness) to minimize loss of drilling fluids and saturation of the ground with brine water.
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8. Ancillary Facilities:

None

9. Well Site Layout:

- A. The drill pad layout is shown in Exhibit #6. Dimensions of the pad and pits and location of major rig components are shown. Top soil, if available, will be stockpiled per BLM specifications as determined at the on-site inspection. Because the pad is almost level no major cuts will be required.
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- C. The reserve pit will be lined with high-quality plastic sheeting (5-7 mil thickness).

10. Plan for Restoration of the Surface:

- A. Upon completion of the proposed operation, if the well is to be abandoned, the pit area, after allowing to dry, will be broken out and leveled. The original top soil will be returned to the entire location which will be leveled and contoured to as nearly the original topography as possible.

All trash and garbage will be hauled away in order to leave the location in an aesthetically pleasing condition. All pits will be filled and the location leveled within 120 days after abandonment.

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11. Surface Ownership:

C. D. Woolworth Trust  
P. O. Box 178  
Jal, NM 88252

12. Other Information:

- A. The area around the well site is grassland. The vegetation is native scrub grasses with abundant catclaw and mesquite.
- B. There is no permanent or live water in the immediate area.
- C. An Archaeological Survey has been requested and will be forwarded to your office in the near future.

13. Lessee's and Operator's Representative:

The SDX Resources, Inc. representative for assuring compliance with the surface use plan is as follows:

Chuck Morgan  
SDX Resources, Inc.  
P. O. Box 1302  
Artesia, NM 88210  
505-748-9724 Office  
505-748-9814 Home

**Certification:**

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and the work associated with the operations proposed herein will be performed by SDX Resources, Inc. and its contractors and subcontractors in conformity with this plan and the terms and conditions which it is approved.

Date: 2/14/96

Signed: SDX RESOURCES, INC.



John D. Pool  
Vice President





## TENISON OIL COMPANY

8140 WALNUT HILL LANE, SUITE 601  
DALLAS, TEXAS 75231  
PHONE (214) 363-5005  
FAX (214) 363-5475

OIL CONSERVATION DIVISION  
RECEIVED  
96 FEB 20 AM 8 52

February 16, 1996

Mr. William Lemay, Director  
State of New Mexico  
Oil Conservation Division  
2040 South Pacheco  
Sante Fe, New Mexico 87505

re: Non Standard locations  
Meyers Federal #7 and #8  
Sec 22, T24S, R36E - Lea Co., New Mexico

Dear Mr. Lemay;

Tenison Oil Company is an offset operator to these two proposed locations and we oppose the non standard locations. We are concerned about the draining of our leases from these sites. Tenison Oil Company feels that there is no viable reason for the approval of these non standard locations. Also the letter we received states that the #7 and #8 are the well locations in question. Looking at the Acreage Dedication Plats the wells should be the #6 and the #8.

Thank you for your consideration of this matter, if you have any questions please contact me.

Very Truly Yours  
TENISON OIL COMPANY

William B. Tenison  
Production Manager

District I  
PO Box 1980, Hobbs, NM 88241-1980  
District II  
PO Drawer DD, Artesia, NM 88211-0719  
District III  
1000 Rio Brazos Rd., Aztec, NM 87410  
District IV  
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico  
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
PO Box 2088  
Santa Fe, NM 87504-2088

Form C-102  
Revised February 10, 1994  
Instructions on back  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code 79240		3 Pool Name JALMAT, TAN-YATES-7 RVRS	
4 Property Code 017002		5 Property Name MEYERS FEDERAL			6 Well Number 6
7 OGRID No. 020451		8 Operator Name SDX RESOURCES, INC.			9 Elevation 3338.

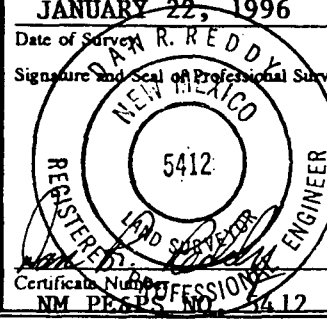
10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	22	24-S	36-E		330	NORTH	330	EAST	LEA

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
12 Dedicated Acres 40		13 Joint or Infill		14 Consolidation Code		15 Order No.			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16					330'	17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief  <i>Janice Courtney</i> Signature Janice Courtney Printed Name Regulatory Tech Title 1/29/96 Date
						18 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 belief.  JANUARY 22, 1996 Date of Survey R. REDDY Signature and Seal of Professional Surveyor:  Certificate Number NM PRS PS NO. 5412

District I  
PO Box 1980, Hobbs, NM 88241-1980  
District II  
PO Drawer DD, Artesia, NM 88211-0719  
District III  
1000 Rio Brazos Rd., Aztec, NM 87410  
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WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code 79240		3 Pool Name JALMAT, TAN-YATES-7 RVRS	
4 Property Code 017002		5 Property Name MEYERS FEDERAL			6 Well Number 8
7 OGRID No. 020451		8 Operator Name SDX RESOURCES, INC.			9 Elevation 3341.

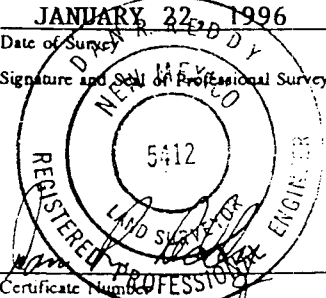
10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	22	24-S	36-E		330	NORTH	1400	EAST	LEA

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
12 Dedicated Acres 40		13 Joint or Infill		14 Consolidation Code		15 Order No.			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
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16										17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief  <i>Janice Courtney</i> Signature Janice Courtney Printed Name Regulatory Tech Title 1/29/96 Date
										18 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 belief.  JANUARY 22, 1996 Date of Survey Signature and Seal of Professional Surveyor:  Certificate Number NM PE&PS NO. 5412

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WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		Pool Code	Pool Name
		79240	JALMAT, TAN- YATES-7 RVRS
Property Code	Property Name		Well Number
017002	MEYERS FEDERAL		7
OGRID No.	Operator Name		Elevation
020451	SDX RESOURCES, INC.		3334.

<sup>10</sup> Surface Location

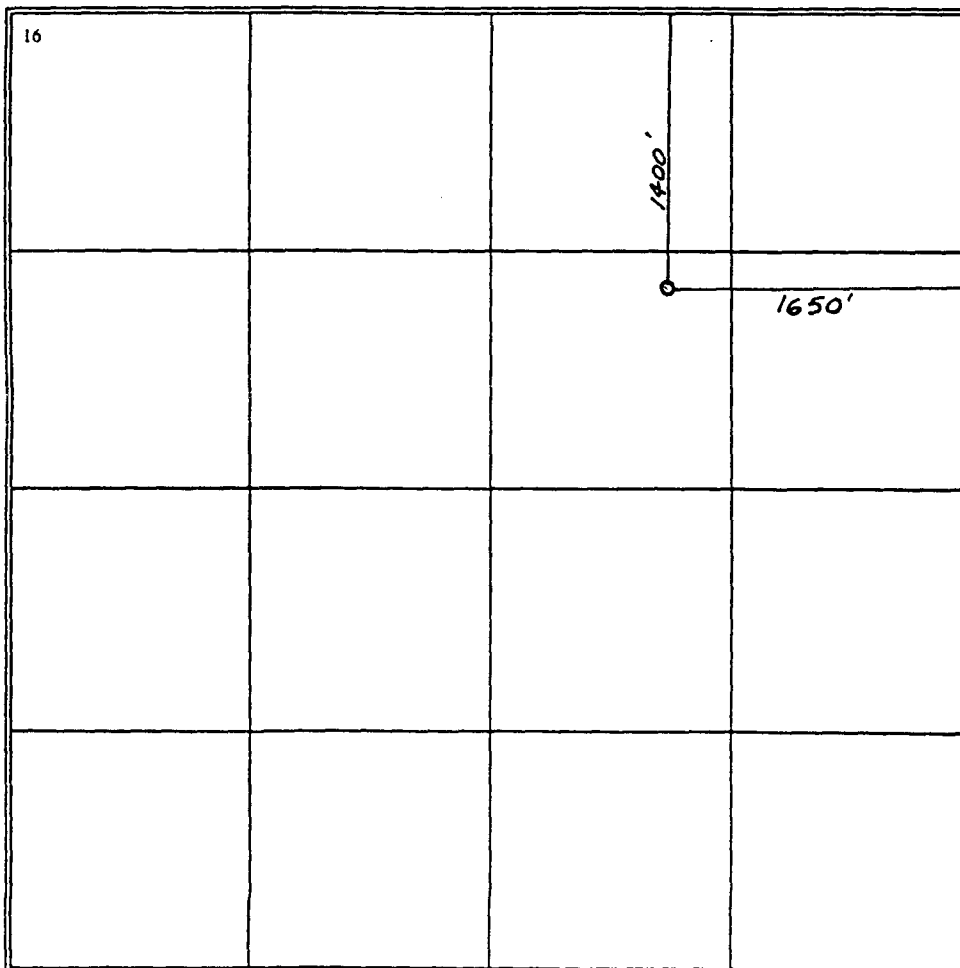
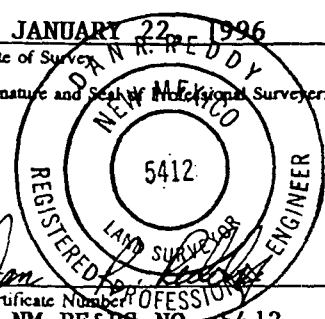
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	22	24-S	36-E		1400	NORTH	1650	EAST	LEA

<sup>11</sup> Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

<sup>12</sup> Dedicated Acres	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
40			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
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<div>16</div> 	<div>17 OPERATOR CERTIFICATION</div> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p> <p><i>Janice Courtney</i> Signature Janice Courtney Printed Name Regulatory Tech Title 1/29/96 Date</p>
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NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505  
(505) 827-7131

March 25, 1996

SDX Resources, Inc.  
Attn: John Pool  
P. O. Box 5061  
Midland, Texas 79704

Tenison Oil Company  
Attn: William B. Tenison  
8140 Walnut Hill Lane - Suite 601  
Dallas, Texas 75231

**Administrative Application For Two Unorthodox  
Jalmat Oil Well Locations:  
Meyers Federal Well Nos. 7 and 8, Located in Units  
"G" and "B", Respectively, of Section 22, Township 24  
South, Range 36 East, NMPM, Lea County, New  
Mexico.**

Dear Messrs. Pool and Tenison:

Reference is made to the application by SDX Resources, Inc. dated February 12, 1996 for the following two unorthodox Jalmat oil well locations on the Meyers Federal lease in Section 22, Township 24 South, Range 36 East, NMPM, Lea County, New Mexico:

- (a) Well No. 7 to be drilled 1400' FNL & 1650' FEL (Unit G), to which the 40-acre tract comprising the SW/4 NE/4 is to be dedicated; and,
- (b) Well No. 8 to be drilled 330' FNL & 1400' FEL (Unit B), to which the 40-acre tract comprising the NW/4 NE/4 is to be dedicated.

The application also made reference to a third oil well to be drilled on this lease, the Meyers Federal Well No. 6 to be drilled at a standard Jalmat oil well location 330 feet from the North and East lines (Unit A) of said Section 22 in which the NE/4 NE/4 (Unit A) is to be dedicated to form a standard 40-acre oil spacing and proration unit.

The Jalmat Gas Pool is governed by the "*General Rules for the Prorated Gas Pools of New Mexico/Special Rules and Regulations for the Jalmat Gas Pool*", as promulgated by Division Order No. R-8170, as amended, which allows for 40-acre oil spacing and proration units [see **Rule 2(a)2**] with wells to be located no closer than 330 feet to the outer boundary of any governmental quarter-quarter section [see **Rule 2(b)2**].

The proposed Meyers Federal Well No. 6 is therefore considered to be at a standard Jalmat oil well location and the proposed Meyers Federal Well Nos. 7 and 8 are unorthodox oil well locations, because they both crowd quarter-quarter section lines. The SDX application indicates that the ownership within the NE/4 of said Section 22 is common throughout and that neither the No. 7 or 8 wells are crowding any other 40-acre tracts operated and/or owned by another operator. Pursuant to Rule 2(d) of said special pool rules and to Division General Rule 104.F(3)(a) and (b) SDX Resources, Inc. has satisfied its obligations in contacting affected owners in adjoining units.

The objections raised by Tenison Oil Company by letter dated February 16, 1996 is not applicable in this instance.

The special Jalmat pool rules further provides, pursuant to **Rule 2(a)3**, that:

*"Acreage dedication to a gas well shall not be simultaneously dedicated to an oil well in the Jalmat Gas Pool, and the dual completion of a well so as to produce oil from the Yates and oil from the Seven Rivers or Queen formation is prohibited."*

Our records further indicate that the SDX Resources, Inc. Meyers Well No. 1, located 1650 feet from the North line and 330 feet from the East line (Unit H) of said Section 22 is a gas well dedicated to a non-standard 160-acre gas spacing and proration unit ("GPU") comprising the NE/4 of said Section 22. Said well location and GPU were authorized by Division Order No. R-520, dated August 12, 1954, and by **Rule 2(b)(2)** of the special Jalmat pool rules.

It is further noted that the SDX application made no mention of the Meyers (gas) Well No. 1, the existing 160-acre GPU, or proposed any measures to correct the simultaneous dedication of oil and gas acreage within the NE/4 of said Section 22 once these three oil wells are in place. I shall therefore hold taking any action on the two pending unorthodox oil well locations until such time as I receive a corresponding application from SDX Resources, Inc. to reduce the acreage for the Meyers Well No. 1 to keep the NE/4 of said Section 22 in compliance with the special Jalmat pool rules.

Should either of you have any further questions or comments concerning this matter, please contact me at (505) 827-8185. Thank you.

Sincerely,



Michael E. Stogner  
Chief Hearing Officer/Engineer

cc: Oil Conservation Division - Hobbs  
William J. LeMay, Director - OCD, Santa Fe  
U. S. Bureau of Land Management - Carlsbad

D. ALLOCATION AND GRANTING OF ALLOWABLES

RULE 5. Acreage is the only proration factor in the Indian Basin-Upper Pennsylvanian Gas Pool.

SPECIAL RULES AND REGULATIONS FOR THE  
JALMAT GAS POOL

The Jalmat Gas Pool, Lea County, New Mexico, was created effective September 1, 1954, from a consolidation of the Jalco and Langmat Pools, which were created February 7, 1953. Gas prorationing was instituted in the Jalco and Langmat Pools January 1, 1954, and was continued after consolidation to form the Jalmat Gas Pool. The Jalmat Gas Pool now includes acreage that was formerly included in the Jal, Cooper-Jal, Eaves, Falby-Yates, Jalco and Langmat Pools.

A. DEFINITIONS

THE VERTICAL LIMITS of the Jalmat Gas Pool shall extend from the top of the Tansill formation to a point 100 feet above the base of the Seven Rivers formation, thereby including all of the Yates formation, except,

In the area described immediately below, the vertical limits of the Jalmat Gas Pool shall extend from the top of the Tansill formation to a point 250 feet above the base of the Seven Rivers formation, thereby including all of the Yates formation:

TOWNSHIP 24 SOUTH, RANGE 36 EAST, NMPM

Section 13: SE/4 NE/4, SE/4

Section 23: E/2 E/2

Section 24: All

Section 25: N/2

Section 26: E/2 NE/4

TOWNSHIP 24 SOUTH, RANGE 37 EAST, NMPM

Section 18: SW/4 NW/4, W/2 SW/4

Section 19: W/2

Section 30: NW/4

A GAS WELL in the Jalmat Gas Pool shall be a well producing from the vertical limits of the pool with a gas-liquid ratio in excess of 100,000 cubic feet of gas per barrel of oil.

AN OIL WELL in the Jalmat Gas Pool shall be a well producing from the vertical limits of the pool and not

classified as a gas well as defined above.

THE LIMITING GAS-OIL RATIO for oil wells in the Jalmat Gas Pool shall be 10,000 cubic feet of gas per barrel of oil.

B. WELL LOCATION AND ACREAGE REQUIREMENTS

RULE 2(a) 1. A standard gas proration unit in the Jalmat Gas Pool shall be 640 acres.

2. A standard oil proration unit in the Jalmat Gas Pool shall be 40 acres.

3. Acreage dedicated to a gas well in the Jalmat Gas Pool shall not be simultaneously dedicated to an oil well in the Jalmat Gas Pool, and the dual completion of a well so as to produce oil from the Yates and oil from the Seven Rivers or Queen formation is prohibited.

RULE 2(b) 1. A gas well in the Jalmat Gas Pool to which 640 acres is dedicated shall be located no nearer than 1650 feet to the outer boundary of the section and no nearer than 330 feet to any governmental quarter-quarter section line or subdivision boundary line.

2. An oil well in the Jalmat Gas Pool shall be located no nearer than 330 feet to the outer boundary of any governmental quarter-quarter section or subdivision boundary line.

(Any well drilled to and producing from the Jalmat Gas Pool prior to September 1, 1954, at a location conforming with the spacing requirements effective at the time said well was drilled, shall be granted a tolerance not exceeding 330 feet with respect to the required distance from the boundary lines.)

RULE 4(b) 2. In establishing a non-standard gas proration unit in the Jalmat Gas Pool, the location of the well with respect to the two nearest boundary lines thereof shall govern the maximum amount of acreage that may be assigned to the well for the purposes of gas proration as follows:

<u>LOCATION</u>	<u>MAXIMUM ACREAGE</u>
660-660	160 acres
660-990	320 acres
990-990	<u>600</u> acres

D. ALLOCATION AND GRANTING OF ALLOWABLES



RULE 5. Acreage is the only proration factor in the Jalmat Gas Pool.

(a) A 640 acre proration unit in the Jalmat Gas Pool shall be assigned an Acreage Factor of 4.00, a 160 acre proration unit an Acreage Factor of 1.00, etc.

#### I. MISCELLANEOUS SPECIAL POOL RULES

RULE 26. Oil wells in the Jalmat Gas Pool shall receive oil and casinghead gas allowables as provided in Rules 503, 505, and 506 of the Division Rules and Regulations.

### SPECIAL RULES AND REGULATIONS FOR THE JUSTIS GAS POOL

The Justis Gas Pool, Lea County, New Mexico was created January 1, 1950 and gas proration in this pool became effective January 1, 1954.

#### A. DEFINITIONS

THE VERTICAL LIMITS of the Justis Gas Pool shall be defined as follows: from the top of the Glorieta formation, found at a depth of 4599 feet (Elevation 3080, Subsea Datum - 1519) in the Gulf Oil Corporation McBuffington Well No. 8, located 350 feet from the South line and 1980 feet from the West line of Section 13, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico, to a point 40 feet above the marker encountered at 4879 feet (Subsea Datum - 1799) in said McBuffington Well No. 8. The Hamilton Dome Westates Carlson Federal "A" Well No. 1, located in the NW/4 of Section 25, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico, as the completion existed on April 22, 1959, shall be considered to be completed within the vertical limits of the Justis Gas Pool.

#### B. WELL LOCATION AND ACREAGE REQUIREMENTS

RULE 2(a). A standard GPU in the Justis Gas Pool shall be 320 acres.

RULE 2(b). Each well completed or recompleted in the Justis Gas Pool shall be located no closer than 1980 feet to the end boundary nor closer than 660 feet to the side boundary of the proration unit nor closer than 330 feet to any governmental quarter-quarter section or subdivision inner boundary.

#### D. ALLOCATION AND GRANTING OF ALLOWABLES

allowable not produced on a GPU. Underproduction accumulates month to month during the proration period.

#### A. WELL ACREAGE AND LOCATION REQUIREMENTS

##### RULE 2 STANDARD GAS PRORATION UNIT SIZE AND WELL SPACING

(a) Unless otherwise provided for in applicable special pool rules gas wells in prorated gas pools shall be drilled in accordance with the well spacing and acreage requirements contained in the Rules and Regulations of the Oil Conservation Division, provided that wells drilled in pools with 640 acre spacing, a government section shall comprise the proration unit.

(b) Any GPU drilled in accordance with paragraph (a) and which contains acreage within the tolerances below shall be considered a standard GPU for the purpose of calculating allowables:

<u>STANDARD PRORATION UNIT</u>	<u>ACREAGE TOLERANCE</u>
160 acres	158-162 acres
320 acres	316-324 acres
640 acres	632-648 acres

(c) The District Supervisor of the appropriate district office of the Division has the authority to approve a non-standard GPU without notice and hearing when the unorthodox size and shape of the GPU is necessitated by a variation in the legal subdivision of the U.S. Public Land Surveys and the non-standard GPU is not less than 75% nor more than 125% of a standard GPU by accepting a form C-102 land plat showing the proposed non-standard GPU with the number of acres contained therein, and shall assign an allowable to the non-standard GPU based upon the acreage factor for that acreage.

(d) Non-standard proration units and unorthodox locations may be approved by the Division in accordance with applicable special pool rules or Rules and Regulations of the Division.

**RULE 3(a) GAS PURCHASERS OR GAS TRANSPORTERS SHALL NOMINATE:** Each gas purchaser or each gas transporter as herein provided shall file with the Division its nomination for the amount of gas which it in good faith desires to purchase and/or expects to transport

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**RULE 104. WELL SPACING:**  
**ACREAGE REQUIREMENTS FOR DRILLING TRACTS**

**104. A. CLASSIFICATION OF WELLS: WILDCAT WELLS AND DEVELOPMENT WELLS**

**(1) San Juan, Rio Arriba, Sandoval, and McKinley Counties**

- (a) Any well which is to be drilled the spacing unit of which is a distance of 2 miles or more from:
  - (i) the outer boundary of any defined pool which has produced oil or gas from the formation to which the well is projected; and
  - (ii) any other well which has produced oil or gas from the formation to which the proposed well is projected, shall be classified as a wildcat well.
- (2) All Counties Except San Juan, Rio Arriba, Sandoval, and McKinley
  - (a) Any well which is to be drilled the spacing unit of which is a distance of one mile or more from:
    - (i) the outer boundary of any defined pool which has produced oil or gas from the formation to which the well is projected; and
    - (ii) any other well which has produced oil or gas from the formation to which the proposed well is projected, shall be classified as a wildcat well.
  - (3) Any well which is not a wildcat well as defined above shall be classified as a development well for the nearest pool which has produced oil or gas from the formation to which the well is projected. Any such development well shall be spaced, drilled, operated, and produced in accordance with the rules and regulations in effect in such nearest pool, provided the well is completed in the formation to which it was projected.

**104. B.**

**ACREAGE AND WELL LOCATION REQUIREMENTS FOR WILDCATS**

**(1) Lea, Chaves, Eddy and Roosevelt Counties**

- (4) Any well classified as a development well for a given pool but which is completed in a producing horizon not included in the vertical limits of said pool shall be operated and produced in accordance with the rules and regulations in effect in the nearest pool within the 2 mile limit in San Juan, Rio Arriba, Sandoval, and McKinley Counties or within one mile everywhere else which is producing from that horizon. If there is no designated pool for said producing horizon within the 2 mile limit in San Juan, Rio Arriba, Sandoval, and McKinley Counties or within one mile everywhere else, the well shall be re-classified as a wildcat well.
- (a) Wildcat Gas Wells. In Lea, Chaves, Eddy and Roosevelt Counties, a wildcat well which is projected as a gas well to a formation and in an area which, in the opinion of the engineer or supervisor approving the application to drill, may reasonably be presumed to be productive of gas rather than oil shall be located on a drilling tract consisting of 160 surface contiguous acres, more or less, substantially in the form of a square which is a quarter section, being a legal subdivision of the U. S. Public Land Surveys, and shall be located not closer than 660 feet to any outer boundary of such tract nor closer than 330 feet to any quarter-quarter section or subdivision inner boundary. Provided, however, that any such wildcat gas well which is projected to the Wolfcamp or older formations shall be located on a drilling tract consisting of 320 surface contiguous acres, more or less, comprising any two contiguous quarter sections of a single governmental section, being a legal subdivision of the U. S. Public Land Surveys. Any such "deep" wildcat gas well to which is dedicated more than 160 acres shall be located not closer than 660 feet to the nearest side boundary of the dedicated tract nor closer than 1650 feet to the nearest end boundary, nor closer than 330 feet to any quarter-quarter section or subdivision inner boundary. (For the purpose of this rule, "side" boundary is defined as one of the outer boundaries running lengthwise to the tract's greatest overall dimensions; "end" boundary is defined as one of the outer boundaries perpendicular to a side boundary and

closing the tract across its least overall dimension )

- (b) Wildcat Oil Wells. In Lea, Chaves, Eddy, and Roosevelt Counties, a wildcat well which is not a wildcat gas well as defined above shall be located on a tract consisting of approximately 40 surface contiguous acres substantially in the form of a square which is a legal subdivision of the U. S. Public Land Surveys, or on a governmental quarter-quarter section or lot, and shall be located not closer than 330 feet to any boundary of such tract.

- (c) In the event gas production is encountered in a well which was projected as an oil well and which is located accordingly but does not conform to the above gas well location rule, it shall be necessary for the operator to bring the matter to a hearing before approval for the production of gas can be given.

(2) San Juan, Rio Arriba, Sandoval, and McKinley Counties

- (a) Wildcat Gas Wells. In San Juan, Rio Arriba, Sandoval, and McKinley Counties, a wildcat well which is projected to a gas-producing horizon shall be located on a designated drilling tract consisting of 160 surface contiguous acres, more or less, substantially in the form of a square which is a quarter section, being a legal subdivision of the U. S. Public Land Surveys, and shall be located not closer than 790 feet to any outer boundary of the tract not closer than 130 feet to any quarter-quarter section or subdivision inner boundary.

- (b) In the event a well drilled as a gas well is completed as an oil well and is located accordingly but does not conform to the oil well location rule below, it shall be necessary for the operator to apply for administrative approval for a non-standard location before an oil allowable will be assigned. An application may be set for hearing by the Director. If the operator is uncertain as to whether a proposed wildcat well will be an oil well or a gas well, the well should be staked so that it is in a standard location for both oil and gas production.

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- (c) Wildcat Oil Wells. A wildcat well which is projected to an oil-producing horizon as recognized by the Division shall be located on a tract consisting of approximately 40 surface contiguous acres substantially in the form of a square which is a legal subdivision of the U. S. Public Land Surveys, or on a governmental quarter-quarter section or lot, and shall be located not closer than 330 feet to any boundary of such tract.

- (d) In the event a well drilled as an oil well is completed as a gas well and is located accordingly but does not conform to the above gas well location rules, it shall be necessary for the operator to apply for administrative approval for a non-standard location before the well can produce. An application may be set for hearing by the Director. If the operator is uncertain as to whether a proposed wildcat well will be an oil well or a gas well, the well should be staked so that it is in a standard location for both oil and gas production.

(3) All Counties except Lea, Chaves, Eddy, Roosevelt, San Juan, Rio Arriba, Sandoval, and McKinley.

- (a) Any wildcat well which is projected as an oil well in any county other than Lea, Chaves, Eddy, Roosevelt, San Juan, Rio Arriba, Sandoval, and McKinley Counties shall be located on a tract consisting of approximately 40 surface contiguous acres substantially in the form of a square which is a legal subdivision of the U. S. Public Land Surveys, or on a governmental quarter-quarter section or lot and shall be located not closer than 330 feet to any boundary of such tract.

- (b) Any wildcat well which is projected as a gas well to a formation and in an area which, in the opinion of the Division representative approving the application to drill, may reasonably be presumed to be productive of gas rather than oil shall be located on a drilling tract consisting of 160 surface contiguous acres, more or less, substantially in the form of a square which is a quarter section, being a legal subdivision of the U. S. Public Land Surveys, and shall be located not closer than 660 feet to any outer boundary of such tract not closer than 330 feet to any quarter-quarter section or subdivision inner boundary.

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104 C. ACREAGE AND WELL LOCATION REQUIREMENTS FOR DEVELOPMENT WELLS

(1) OIL WELLS, All Counties.

- (a) Unless otherwise provided in special pool rules, each development well for a defined oil pool shall be located on a tract consisting of approximately 40 surface contiguous acres substantially in the form of a square which is a legal subdivision of the U.S. Public Land Surveys, or on a governmental quarter-quarter section or lot, and shall be located not closer than 330 feet to any boundary of such tract nor closer than 330 feet to the nearest well drilling to or capable of producing from the same pool, provided however, only tracts committed to active secondary recovery projects shall be permitted more than four wells.

(2) Lea, Chaves, Eddy and Roosevelt Counties.

- (a) Gas Wells. Unless otherwise provided in special pool rules, each development well for a defined gas pool in a formation younger than the Wolfcamp formation, or in the Wolfcamp formation which was created and defined by the Division prior to November 1, 1975, or in a Pennsylvanian age or older formation which was created and defined by the Division prior to June 1, 1964, shall be located on a designated drilling tract consisting of 160 surface contiguous acres, more or less, substantially in the form of a square which is a quarter section being a legal subdivision of the U.S. Public Land Surveys, and shall be located not closer than 660 feet to any outer boundary of such tract nor closer than 330 feet to any quarter-quarter section or subdivision inner boundary nor closer than 1320 feet to the nearest well drilling to or capable of producing from the same pool.
- (b) Unless otherwise provided in the special pool rules, each development well for a defined gas pool in the Wolfcamp formation which was created and defined by the Division after November 1, 1975, or of Pennsylvanian age or older which was created and defined by the Division after June 1, 1964, shall be located on a designated drilling tract consisting of 320 surface contiguous acres, more or less,

comprising any two contiguous quarter sections of a single governmental section, being a legal subdivision of the U.S. Public Land Surveys. Any such well having more than 160 acres dedicated to it shall be located not closer than 660 feet to the nearest side boundary of the dedicated tract nor closer than 1650 feet to the nearest end boundary, nor closer than 330 feet to any quarter-quarter section or subdivision inner boundary. (For the purpose of this rule, "side" boundary and "end" boundary are as defined in Rule 104 B(1)(a), above.)

(3) San Juan, Rio Arriba, Sandoval, and McKinley Counties.

- (a) Gas Wells. Unless otherwise provided in special pool rules, each development well for a defined gas pool shall be located on a designated drilling tract consisting of 160 surface contiguous acres, more or less, substantially in the form of a square which is a quarter section, being a legal subdivision of the U.S. Public Land Surveys, and shall be located not closer than 790 feet to any outer boundary of the tract nor closer than 130 feet to any quarter-quarter section line or subdivision inner boundary.

(4) All Counties except Lea, Chaves, Eddy, Roosevelt, San Juan, Rio Arriba, Sandoval, and McKinley.

- (a) Gas Wells. Unless otherwise provided in special pool rules, each development well for a defined gas pool shall be located on a designated drilling tract consisting of 160 surface contiguous acres, more or less, substantially in the form of a square which is a quarter section, being a legal subdivision of the U.S. Public Land Surveys, and shall be located not closer than 660 feet to any outer boundary of such tract nor closer than 330 feet to any quarter-quarter section or subdivision inner boundary nor closer than 1320 feet to the nearest well drilling to or capable of producing from the same pool.

104. D. ACREAGE ASSIGNMENT

(1) Well Tests and Classification. It shall be the responsibility of the operator of any wildcat gas well or development gas well to which more than 40 acres has been dedicated to conduct a potential test within 30 days following completion of the well and to file the same with the Division within 10 days following completion of the tests. (See Rule 401.)

(a) Date of completion for a gas well shall be the date a wellhead is installed or 30 days following conclusion of active completion work on the well, whichever date comes first.

(b) Upon making a determination that the well should not properly be classified as a gas well, the Division will reduce the acreage dedicated to the well.

(c) Failure of the operator to file the aforesaid tests within the specified time will also subject the well to such acreage reduction.

(2) Non-Standard Spacing Units. Any well which does not have the required amount of acreage dedicated to it for the pool or formation in which it is completed may not be produced until a standard spacing unit for the well has been formed and dedicated or until a non-standard spacing unit has been approved.

(a) The supervisor of the appropriate District Office of the Division shall have the authority to approve non-standard spacing units without notice when the unorthodox size and shape is necessitated by a variation in the legal subdivision of the United States Public Land Surveys and/or consists of an entire governmental section and the non-standard spacing unit is not less than 70% nor more than 130% of a standard spacing unit. Such approval shall consist of acceptance of Division Form C-102 showing the proposed non-standard spacing unit and the acreage contained therein.

(b) The Division Director may grant administrative approval to non-standard spacing units without notice and hearing when an application has been filed for a non-standard spacing unit and the unorthodox size or shape of the dedicated tract is necessitated by a variation in the legal subdivision of the U.S. Public Land Surveys, or the following facts exist and the following provisions are complied with:

(i) The non-standard spacing unit consists of a single quarter-quarter section or lot or the non-standard spacing unit consists of quarter-quarter sections or lots that are contiguous by a common bordering side; and

(ii) The non-standard spacing unit lies wholly within a single governmental quarter section if the well is completed in a pool or formation for which 40, 80, or 160 acres is the standard spacing unit size, wholly within a single governmental half section if the well is completed in a pool or formation for which 320 acres is the standard spacing unit size, or wholly within a single governmental section if the well is completed in a pool or formation for which 640 acres is the standard spacing unit size.

(c) Applications for administrative approval of non-standard spacing units, pursuant to Section D(2) above, shall be accompanied by a plat showing the subject spacing unit and an applicable standard spacing unit for the applicable pool or formation, its proposed well dedications, all adjoining spacing units and/or leases (whichever is applicable), and a list of affected parties. Also to be included is a statement that discusses the necessity for the formation of the subject non-standard spacing unit and the reasons why a standard sized spacing unit is not feasible.

(i) Affected parties in this instance shall be defined as those parties who own interests in the applicable half quarter section (80-acre spacing), quarter section (160-acre spacing), half section (320-acre spacing), or section (640-acre spacing) in which the non-standard spacing unit is situated and which acreage is not included in said non-standard spacing unit.

- (ii) the designated operator of any adjoining or diagonal spacing unit producing from the same pool(s) as the proposed non-standard spacing unit;
- (iii) in the absence of an operator, all lessees of record of any diagonal or adjoining lease owning interests in the same pool(s) as the proposed non-standard spacing unit; and
- (iv) in the absence of an operator or lessee, then to all owners of record of unleased mineral interests.
- (d) The applicant shall submit a statement attesting that applicant, on or before the same date the application was submitted to the Division, has sent notification to the affected parties by submitting a copy of the application, including a copy of the plat described in Subpart (c) above by certified or registered mail-return receipt in accordance with Rule 1207(6)(a) advising them that if they have an objection it must be filed in writing within twenty days from the date notice was sent. The Division Director may approve the non-standard spacing unit upon receipt of waivers from all said parties or if no said party has entered an objection to the non-standard spacing unit within 20 days after the Director has received the application.
- (e) The Division Director may set any application for administrative approval for a non-standard spacing unit for public hearing.
- (3) **Number of Wells Per Spacing Unit in Non-Protated Gas Pools:** Unless otherwise permitted by special pool rules or authorized after notice and hearing, only one (1) well per spacing unit is permitted in non-protated pools.

104 E. Form C-102, "Well Location and Acreage Dedication Plat", for any well shall designate the exact legal subdivision allotted to the well and Form C-101, "Application for Permit to Drill, Deepen, or Plug Back", will not be approved by the Division without such proper designation of acreage.

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#### 104 F.

#### UNORTHODOX LOCATIONS

- (1) Well locations for producing wells and/or injection wells which are unorthodox based on the well location requirements of Rule 104 C(1)(a) above and which are necessary to permit the completion of an efficient production and injection pattern within a secondary recovery, tertiary recovery, or pressure maintenance project are hereby authorized, provided that any such unorthodox location within such project is no closer than the required minimum orthodox distance to the outer boundary of the lease or the unitized area, nor closer than 10 feet to any quarter-quarter section line or subdivision inner boundary. Such locations shall only require such prior approval as is necessary for an orthodox location.
- (2) The Division Director shall have authority to grant an exception to the well location requirements of Sections 104 B and 104 C above or to the well location requirements of special pool rules without notice and hearing when the necessity for such unorthodox location is based upon geologic conditions, archaeological conditions, topographical conditions, or the recompletion of a well previously drilled to a deeper horizon provided said well was drilled at an orthodox or approved unorthodox location for such original horizon.
- (3) Applications for administrative approval of unorthodox locations pursuant to Rule 104 F(2), above, shall be accompanied by a plat showing the subject spacing unit, its proposed unorthodox well location, the diagonal and adjoining spacing units and/or leases (whichever is applicable) and wells, and a list of affected parties. If the proposed unorthodox location is based upon topography or archaeology, the plat shall also show and describe the existent topographical or archaeological conditions. If the proposed unorthodox location is based upon geology, the application shall include appropriate geologic exhibits and a discussion of the geologic conditions which result in the necessity for the unorthodox location.

- (a) Adjoining and diagonal spacing units shall be defined as those immediately adjacent existing spacing units in the same pool(s) as the proposed unorthodox well and towards which the unorthodox well location encroaches.

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(b) Affected parties shall be defined as those parties who own interests in leases or operate wells on adjoining or diagonal spacing units and include:

- (i) the designated operator of any adjoining or diagonal spacing unit producing from the same pool(s) as the proposed well;
- (ii) in the absence of an operator, all lessees of record of any diagonal or adjoining lease owning interests in the same pool(s) as the proposed well; and
- (iii) in the absence of an operator or lessee, all owners of record of unleased mineral interests in the same pool(s) as the proposed well.

(4) The applicant shall submit a statement attesting that applicant, on or before the same date the application was submitted to the Division, has sent notification to the affected parties by submitting a copy of the application, including a copy of the plat described in Rule 104.F(3) above by certified or registered mail-return receipt in accordance with Rule 1207(A)(5) advising them that if they have an objection it must be filed in writing within twenty days from the date notice was sent. The Division Director may approve the unorthodox location upon receipt of waivers from all said parties or if no said party has entered an objection to the unorthodox location within 20 days after the Director has received the application.

(5) The Division Director may set any application for administrative approval of an unorthodox location for public hearing, and may require that a directional survey be run in the unorthodox well to establish the actual location of the producing interval(s).

104.G. Whenever an exception is granted, the Division may take such action as will offset any advantage which the person securing the exception may obtain over other producers by reason of the unorthodox location.

104.H. If the drilling tract is within an allocated oil pool or is placed within such allocated pool at any time after completion of the well and the drilling tract consists of less than 39 1/2 acres or more than 40 1/2 acres, the top unit allowable for such well shall be increased or decreased in the proportion that the number of acres in the drilling tract bears to 40.

104.I. If the drilling tract is within an allocated gas pool or is subsequently placed within an allocated gas pool, and the drilling tract consists of less than 158 acres or more than 162 acres in 160-acre pools, or less than 316 acres or more than 324 acres in 320-acre pools, the top allowable for such well shall be decreased or increased in the proportion that the number of acres in the drilling tract bears to a standard spacing unit for the pool.

104.J. In computing acreage under Rules 104.H and 104.I above, minor fractions of an acre shall not be counted but 1/2 acre or more shall count as 1 acre.

104.K. The provisions of Rules 104.H and 104.I above shall apply only to wells completed after January 1, 1950. Nothing herein contained shall affect in any manner any well completed prior to the effective date of this rule and no adjustments shall be made in the allowable production for any such wells by reason of these rules.

104.L. In order to prevent waste the Division may, after notice and hearing, fix different spacing requirements and require greater acreage for drilling tracts in any defined oil pool or in any defined gas pool notwithstanding the provisions of Rules 104.B and 104.C above.

104.M. The Division may approve the pooling or communitization of fractional lots of 20.49 acres or less with another oil spacing unit when:

- (1) The tracts involved are contiguous;
- (2) They are part of the same basic lease, carrying the same royalty interest; and
- (3) The ownership of the tracts involved is common.



104. N. Application to the Division for pooling shall be accompanied by three (3) copies of a certified plat showing the dimensions and acreage involved in the pooling, the ownership of all leases and royalty interests involved, and the location of any proposed wells.

104. O. The Division shall wait at least ten days before approving any such pooling, and shall approve such pooling only in the absence of objection from any party entitled to notice. In the event that a party entitled to notice objects to the pooling, the Division shall consider the matter only after proper notice and hearing.

104. P. The Division may waive the ten-day waiting period requirement if the applicant furnishes the Division with the written consent to the pooling by all offset operators involved.

104. Q. The Division may consider that the requirements of Rules 104. M(2) and (3) have been fulfilled if the applicant furnishes with each copy of each application to the Division a copy of executed pooling agreement communitizing the tracts involved.

104. R. REPEALED

CMD : ONGARD 05/06/96 07:50:23  
OG6C101 C101-APPLICATION FOR PERMIT TO DRILL OGOMES -EME3

OGRID Idn : 20451 API Well No: 30 25 33361 APD Status(A/C/P): A  
Opr Name, Addr: SDX RESOURCES INC Aprvl/Cncl Date : 03-27-1996  
PO BOX 5061  
MIDLAND, TX 79704

Prop Idn: 18776 MEYERS FEDERAL Well No: 7

	U/L	Sec	Township	Range	Lot	Idn	North/South	East/West
	---	---	-----	-----	-----	-----	-----	-----
Surface Locn :	G	22	24S	36E			FTG 1400 F N	FTG 1650 F E
OCD U/L :	G		API County :	25				

Work typ(N/E/D/P/A) : N Well typ(O/G/M/I/S/W/C): O Cable/Rotary (C/R) : R  
Lease typ(F/S/P/N/J/U/I): F Ground Level Elevation : 3334

State Lease No: Multiple Comp (Y/N) : S  
Prpsd Depth : 4000 Prpsd Frmtn : TANSILL-YATES-SEVEN RIVERS

E0009: Enter data to modify record

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06 CONFIRM
PF07	PF08	PF09 PRINT	PF10 C102	PF11 HISTORY	PF12

CMD : ONGARD 05/06/96 07:49:38  
OG6C101 C101-APPLICATION FOR PERMIT TO DRILL OGOMES -EME3

OGRID Idn : 20451 API Well No: 30 25 33362 APD Status(A/C/P): A  
Opr Name, Addr: SDX RESOURCES INC Aprvl/Cncl Date : 03-27-1996  
PO BOX 5061  
MIDLAND,TX 79704

Prop Idn: 18776 MEYERS FEDERAL Well No: 8

	U/L	Sec	Township	Range	Lot	Idn	North/South	East/West
	---	---	-----	-----	-----	-----	-----	-----
Surface Locn : B	22	24S	36E				FTG 330 F N	FTG 1400 F E
OCD U/L : B		API	County	: 25				

Work typ(N/E/D/P/A) : N Well typ(O/G/M/I/S/W/C): O Cable/Rotary (C/R) : R  
Lease typ(F/S/P/N/J/U/I): F Ground Level Elevation : 3341

State Lease No: Multiple Comp (Y/N) : S  
Prpsd Depth : 4000 Prpsd Frmtn : TANSILL-YATES-SEVEN RIVERS

E0009: Enter data to modify record

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06 CONFIRM
PF07	PF08	PF09 PRINT	PF10 C102	PF11 HISTORY	PF12

CMD : ONGARD 05/06/96 07:48:55  
OG6C101 C101-APPLICATION FOR PERMIT TO DRILL OGOMES -EME3

OGRID Idn : 20451 API Well No: 30 25 33363 APD Status(A/C/P): A  
Opr Name, Addr: SDX RESOURCES INC Aprvl/Cncl Date : 03-27-1996  
PO BOX 5061  
MIDLAND, TX 79704

Prop Idn: 18776 MEYERS FEDERAL Well No: 6

	U/L	Sec	Township	Range	Lot	Idn	North/South	East/West
	---	---	-----	-----	-----	-----	-----	-----
Surface Locn : A	22	24S	36E				FTG 330 F N	FTG 330 F E
OCD U/L : A		API	County	: 25				

Work typ(N/E/D/P/A) : N Well typ(O/G/M/I/S/W/C): O Cable/Rotary (C/R) : R  
Lease typ(F/S/P/N/J/U/I): F Ground Level Elevation : 3338

State Lease No: Multiple Comp (Y/N) : S  
Prpsd Depth : 4000 Prpsd Frmtn : TANSILL-YATES-SEVEN RIVERS

E0009: Enter data to modify record

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06 CONFIRM
PF07	PF08	PF09 PRINT	PF10 C102	PF11 HISTORY	PF12