

0LS-182



State of New Mexico
Commissioner of Public Lands

RAY POWELL, M.S., D.V.M.
COMMISSIONER

310 OLD SANTA FE TRAIL P.O. BOX 1148

SANTA FE, NEW MEXICO 87504-1148

(505) 827-5760
FAX (505) 827-5766

February 4, 1998

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

Attn: Mr. Chuck Morgan

Re: Off-Lease Storage and Measurement
JB State Well No. 1
Unit Letter E, Section 32-23S-28E
Eddy County, New Mexico

Dear Mr. Morgan:

We are in receipt of your letter of January 21, 1998, wherein you have requested our approval for off-lease storage, measurement and sales of the production from the JB State Well No. 1.

It is our understanding that production from the JB State Well No. 1 will be stored, measured and sold at the existing Watts Federal Well No. 1 tank battery located in the NE/4NE/4 of Section 31-23S-28E. It is also our understanding that there will be no other commingling of whatsoever kind with this well.

Since it appears that there will be no loss of revenue to the State of New Mexico's beneficiaries as a result of your proposed operation, your request is hereby approved. Our approval is given with the understanding that the Commissioner of Public Lands reserves the right to amend or withdraw his approval, should this operation prove to be unprofitable to the state at any time in the future. Also, our approval is contingent upon like approval by the New Mexico Oil Conservation Division and the Bureau of Land Management.

Your \$30.00 filling fee has been received.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

BY:

JAMI BAILEY, Director
Oil, Gas and Minerals Division
(505) 827-5744

RP/JB/cpm

xc: Reader File

OCD-David Catanach and Ben Stone

BLM

OLS 2/12/98
182

SDX RESOURCES, INC.

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

Jan. 21, 1998

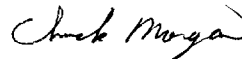
N.M. O.C.D.
P.O. Box 2088
Santa Fe, N.M. 87504-2088
Attn.: Ben Stone

Re: Off lease storage
JB State #1
Sec. 32 T-23S R28E
1980' FNL & 660' FWL
Eddy Co., N.M.

Gentleman,

SDX Resources respectfully request permission for off lease storage for the above referenced well. SDX is the operator of an adjacent well, the Watts Federal #1, located in section 31 T-23S R28E 910' FNL & 800' FEL. The Watts Fed. is currently being converted into a salt water disposal well which will serve the JB State #1 and several other leases. It has operational production facilities on site. Rather than abandon these facilities or move them to the JB State location, we plan to lay a flow line from the JB St. to the Watts Fed. location. The production facilities will be totally disconnected from the Watts Fed. #1 well and will be dedicated solely to The JB St. #1. SDX has right of way agreements with the surface owners and owns 100% of the working interest in the JB St. #1. The State of N.M. owns the royalty in the JB St. #1 and an application for off lease storage has been sent to the state land office to the attention of Pete Martinez. The economic savings generated by this would extend the life of the well and result in increased revenue for the State of New Mexico. Your prompt consideration on this matter is greatly appreciated.

Sincerely,



Chuck Morgan

SDX RESOURCES, INC.

P.O. BOX 5061

MIDLAND, TEXAS 79704

(915) 685-1761

Fax 915 685-0533

TO: Ben StoneDATE: 1-21-98

ATTENTION: _____

FROM: Chuck Morgan

TOTAL PAGES INCLUDING THIS PAGE _____

IF YOU HAVE ANY PROBLEMS OR QUESTIONS, PLEASE CALL US AT
(915) 685-1761.

☐ PER YOUR REQUEST☐ PER OUR PHONE CONVERSATION☐ FOR YOUR INFORMATION☐ PLEASE PHONE ME TO DISCUSS☐ PLEASE REVIEW & ADVISE☐ PLEASE ADVISE WHEN RECEIVED

COMMENTS: _____

CHUCK'S
MOBILE

915-559-4667

BRIAN WOOD
466 8120

SDX RESOURCES, INC.

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

045-182
NEAR
ON
1-27-98

Jan. 21, 1998

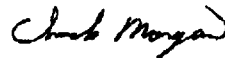
N.M. O.C.D.
P.O. Box 2088
Santa Fe, N.M. 87504-2088
Attn: Ben Stone

Re: Off lease storage
JB State #1
Sec. 32 T-23S R28E
1980' FNL & 660' FWL
Eddy Co., N.M.

Gentleman,

SDX Resources respectfully request permission for off lease storage for the above referenced well. SDX is the operator of an adjacent well, the Watts Federal #1, located in section 31 T-23S R28E 910' FNL & 800' FEL. The Watts Fed. is currently being converted into a salt water disposal well which will serve the JB State #1 and several other leases. It has operational production facilities on site. Rather than abandon these facilities or move them to the JB State location, we plan to lay a flow line from the JB St. to the Watts Fed. location. The production facilities will be totally disconnected from the Watts Fed. #1 well and will be dedicated solely to The JB St. #1. SDX has right of way agreements with the surface owners and owns 100% of the working interest in the JB St. #1. The State of N.M. owns the royalty in the JB St. #1 and an application for off lease storage has been sent to the state land office to the attention of Pete Martinez. The economic savings generated by this would extend the life of the well and result in increased revenue for the State of New Mexico. Your prompt consideration on this matter is greatly appreciated.

Sincerely,



Chuck Morgan

