

Case No. 2656



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

February 3, 1993

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

Attention: Chuck Morgan

Administrative Order NSL-3219

Dear Mr. Morgan:

Reference is made to your applications filed with the Division on January 26, 28 and February 1, 1993 for fourteen unorthodox oil well locations for the purpose of completing an efficient injection/production pattern within the East Millman Queen-Grayburg Waterflood Project Area, Eddy County, New Mexico. Said secondary recovery project was originally approved by **Division Order No. R-2405**, issued in Case No. 2656 and dated December 31, 1962, as the East Millman Queen-Grayburg Pressure Maintenance Project in the East Millman Queen-Grayburg Pool and comprised the following described area in Eddy County, New Mexico:

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM

Section 14: SW/4 NE/4, W/2, and W/2 SE/4

Section 15: E/2 NE/4, SE/4 SW/4, and SE/4

Section 22: NE/4

Section 23: N/2 NW/4 and SW/4 NW/4.

Said Order also promulgated special rules and regulations for the project area including establishing administrative procedures for the expansion of the "project area" and the reclassification of the pressure maintenance project to a "waterflood project".

By **Division Administrative Order PMX-5**, dated August 29, 1963, said pressure maintenance project area was expanded to include the **SW/4 NE/4 of said Section 15**.

By Administrative Order WFX-388, dated February 25, 1973, the Division apparently reclassified said pressure maintenance project as a "waterflood project" by virtue of the type of order issued and all references contained therein. Said order also expanded the area to include the following additional acreage (see Exhibit No. 1 submitted as a part of the application in said WFX-388 order):

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM

Section 11: NE/4 SW/4, S/2 SW/4, and SE/4

Section 14: N/2 NE/4, SE/4 NE/4, and E/2 SE/4

Section 15: NE/4 SW/4.

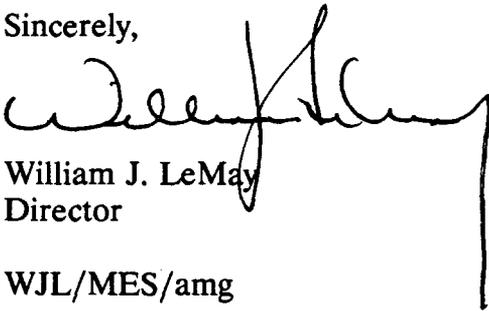
At this time, the applicant has made a proper filing pursuant to Division General Rule 104.F. (3) and (4); therefore, by the authority granted me under the provisions of General Rule 104.F.(1), the following described fourteen unorthodox oil well locations, all to be drilled in Township 19 South, Range 28 East, NMPM, East Millman Queen-Grayburg Waterflood Project, East Millman Queen-Grayburg Pool, Eddy County, New Mexico, are hereby approved:

| Well Name and No. | Footage Location | Unit | Section | Dedicated 40-acre Tract |
|----------------------|-----------------------|------|---------|-------------------------|
| East Millman No. 191 | 10' FN - EL | A | 22 | NE/4 NE/4 |
| East Millman No. 192 | 10' FSL - 1330' FWL | N | 14 | SE/4 SW/4 |
| East Millman No. 193 | 1294' FSL - 51' FWL | M | 14 | SW/4 SW/4 |
| East Millman No. 194 | 1382' FSL - 1330' FWL | K | 14 | NE/4 SW/4 |
| East Millman No. 195 | 1375' FSL - 2506' FWL | K | 14 | NE/4 SW/4 |
| East Millman No. 196 | 2630' FSL - 10' FWL | L | 14 | NW/4 SW/4 |
| East Millman No. 197 | 2608' FNL - 1354' FWL | F | 14 | SE/4 NW/4 |
| East Millman No. 198 | 2630' FSL - 2526' FWL | K | 14 | NE/4 SW/4 |
| East Millman No. 199 | 1425' FNL - 10' FWL | E | 14 | SW/4 NW/4 |
| East Millman No. 200 | 1261' FNL - 1330' FWL | C | 14 | NE/4 NW/4 |
| East Millman No. 201 | 1261' FNL - 2514' FWL | C | 14 | NE/4 NW/4 |
| State "BN" No. 5 | 1265' FSL - 1330' FEL | O | 11 | SW/4 SE/4 |

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| Well Name and No. | Footage Location | Unit | Section | Dedicated 40-acre Tract |
|-------------------|-----------------------|------|---------|----------------------------|
| State "BN" No. 6 | 1310' FSL - 2513' FEL | O | 11 | SW/4 SE/4 |
| State "BN" No. 7 | 10' FSL - 1330' FEL | O | 11 | SW/4 SE/4 |

Sincerely,



William J. LeMay
Director

WJL/MES/amg

cc: Oil Conservation Division - Artesia
State Land Office - Santa Fe
File: PMX-5
WFX-388
Case No. 2656 (Artesia)
David R. Catanach - OCD, Santa Fe