

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

NM C. CONS COMMISSION

Drawer DD

Artesia, NM 88210 FORM APPROVED

Budget Bureau No. 1004-0135  
Expires: March 31, 1993

**SUNDRY NOTICES AND REPORTS ON WELLS**

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.  
Use "APPLICATION FOR PERMIT—" for such proposals

**SUBMIT IN TRIPLICATE**

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Designation and Serial No. LC062085
2. Name of Operator SDX Resources, Inc.		6. If Indian, Allottee or Tribe Name
3. Address and Telephone No. P. O. Box 5061, Midland, TX. 79704      915/685-1761		7. If Unit or CA, Agreement Designation
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Federal E #2 - 660' FNL & 1980' FWL, Unit C, Sec. 31, T18S, R31E Federal F #1 - 660' FNL & 660' FEL, Unit A, Sec. 31, T18S, R31E Federal F #2 - 660' FNL & 1980 FEL, Unit B, Sec. 32, T18S, R31E		8. Well Name and No. Federal E&F
		9. API Well No. Battery
		10. Field and Pool, or Exploratory Area Shugart-Yates-SR-QN-GR
		11. County or Parish, State Eddy

12. CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

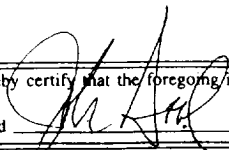
TYPE OF SUBMISSION	TYPE OF ACTION
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> Altering Casing
	<input checked="" type="checkbox"/> Other <u>Request to Commingle</u>
	<input type="checkbox"/> Change of Plans
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Conversion to Injection
	<input type="checkbox"/> Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)\*

Request permission to commingle lease production from Lease No. NM0560352, Federal E #2, Unit C, Sec. 32, T18S, R31E, Queen-SR formation with Federal F, #1 and #2, Lease No. LC062085, well #1 located in Unit A, Sec. 32, T18S, R32E, Queen formation, and Well #2 Unit B, Sec. 32, T18S, R31 E, Queen-SR formation. Detailed application to commingle is attached.

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

Signed  Title Vice President Date 3/22/95

(This space for Federal or State Office use)

Approved by Orig. Signed by Adam Salameh Title Petroleum Engineer Date 5/18/95

Conditions of approval, if any:

## GENERAL INSTRUCTIONS

This form is designed for submitting proposals to perform certain well operations, and reports of such operations when completed, as indicated, on Federal and Indian lands pursuant to applicable Federal law and regulations, and, if approved or accepted by any State, on all lands in such State, pursuant to applicable State law and regulations. Any necessary special instructions concerning the use of this form and the number of copies to be submitted, particularly with regard to local area, or regional procedures and practices, either are shown below or will be issued by, or may be obtained from, the local Federal and/or State office.

## SPECIFIC INSTRUCTIONS

If there are no applicable State requirements, locations on Federal or Indian land should be described in accordance with Federal requirements. Consult local State or Federal office for specific instructions.

*Item 13*—Proposals to abandon a well and subsequent reports of abandonment should include special information as is required by local Federal and/or State offices. In addition, such proposals and reports should include reasons for the abandonment; data on any former or present productive zones, or other zones with present significant fluid contents not sealed off by cement or otherwise; depths (top and bottom) and method of placement of cement plugs; mud or other material placed below, between and above plugs; amount, size, method of parting of any casing, liner or tubing pulled and the depth to top of any left in the hole; method of closing top of well; and date well site conditioned for final inspection looking to approval of the abandonment.

The Privacy Act of 1974 and the regulation in 43 CFR 2.48(d) provide that you be furnished the following information in connection with information required by this application.

**AUTHORITY:** 30 U.S.C. 181 et. seq., 351 et. seq., 43 CFR 3160.

**PRINCIPAL PURPOSE** — The information is to be used to evaluate, when appropriate, approve applications, and report completion of secondary well operations, on a Federal or Indian lease.

### ROUTINE USES:

(1) Evaluate the equipment and procedures used during the proposed or completed subsequent well operations.

(2) Request and grant approval to perform those actions covered by 43 CFR 3162.3-2(2).

(3) Analyze future applications to drill or modify operations in light of data obtained and methods used.

(4)(5) Information from the record and/or the record will be transferred to appropriate Federal, State, local or foreign agencies, when relevant to civil, criminal or regulatory investigations or prosecutions.

**EFFECT OF NOT PROVIDING INFORMATION** — Filing of this notice and report and disclosure of the information is mandatory once an oil or gas well is drilled.

The Paperwork Reduction Act of 1980 (44 U.S.C. 3501, et. seq.) requires us to inform you that:

This information is being collected in order to evaluate proposed and/or completed subsequent well operations on Federal or Indian oil and gas leases.

This information will be used to report subsequent operations once work is completed and when requested, to obtain approval for subsequent operations not previously authorized.

Response to this request is mandatory for the specific types of activities specified in 43 CFR Part 3160.

## BURDEN HOURS STATEMENT

Public reporting burden for this form is estimated to average 25 minutes per response, including the time for reviewing instructions, gathering and maintaining data, and completing and reviewing the form. Direct comments regarding the burden estimate or any other aspect of this form to U.S. Department of the Interior, Bureau of Land Management, (Alternate) Bureau Clearance Officer, (WO-771), 18 and C Streets, N.W., Washington, D.C. 20240, and the Office of Management and Budget, Paperwork Reduction Project (1004-0135), Washington, D.C. 20503.

CRA BLM FORMAT

APPLICATION FOR SURFACE COMMINGLING,  
OFF LEASE STORAGE AND MEASUREMENT APPROVAL

This Format Should Be Attached To A Sundry Notice

To: Bureau of Land Management  
P. O. Box 1778  
Carlsbad, New Mexico 88221-1778

SDX RESOURCES, INC. (Operator's Name) is requesting approval for surface commingling and off-lease storage and measurement of hydrocarbon production from the following formation(s) and well(s) on Federal Lease No. NM0560352 ; Lease Name: Federal "E"

<u>Well No.</u>	<u>Loc.</u>	<u>Sec.</u>	<u>Twp.</u>	<u>Rng.</u>	<u>Formation</u>
<u>2</u>	<u>Unit C</u>	<u>31</u>	<u>18S</u>	<u>31E</u>	<u>Queen-SR</u>
<u>    </u>	<u>    </u>	<u>    </u>	<u>    </u>	<u>    </u>	<u>    </u>
<u>    </u>	<u>    </u>	<u>    </u>	<u>    </u>	<u>    </u>	<u>    </u>
<u>    </u>	<u>    </u>	<u>    </u>	<u>    </u>	<u>    </u>	<u>    </u>

with hydrocarbon production from the following formation(s) and well(s) on Federal lease No. LC062085 ; Lease Name: Federal "F"

<u>Well No.</u>	<u>Loc.</u>	<u>Sec.</u>	<u>Twp.</u>	<u>Rng.</u>	<u>Formation</u>
<u>1</u>	<u>Unit A</u>	<u>31</u>	<u>18S</u>	<u>31E</u>	<u>Queen</u>
<u>2</u>	<u>Unit B</u>	<u>31</u>	<u>18S</u>	<u>31E</u>	<u>Queen-SR</u>
<u>    </u>	<u>    </u>	<u>    </u>	<u>    </u>	<u>    </u>	<u>    </u>

Production from the wells involved is as follows:

<u>Well Name and No.</u>	<u>BOPD</u>	<u>Oil Gravity</u>	<u>MCFPD</u>
<u>Federal "F" #1</u>	<u>1/4</u>	<u>33.2</u>	<u>0</u>
<u>Federal "F" #2</u>	<u>1/4</u>	<u>33.2</u>	<u>0</u>
<u>Federal "E" #2</u>	<u>1/2</u>	<u>33.2</u>	<u>0 (when producing)</u>
<u>    </u>	<u>    </u>	<u>    </u>	<u>    </u>
<u>    </u>	<u>    </u>	<u>    </u>	<u>    </u>
<u>    </u>	<u>    </u>	<u>    </u>	<u>    </u>

Continued ...

Continued:

The proposed operation is described in detail on the attached diagrams.

A map is enclosed showing the lease numbers and location of all leases and wells that will contribute production to the proposed commingling/common storage facility. All unitized/communitized areas, producing zones/pools are also clearly illustrated.

A schematic diagram is also attached which clearly identifies all equipment that will be utilized.

The storage and measuring facility is located at NE/4 of the NE -1/4, Sec.31, T\_18S, R\_31E, on lease No.LC062085, Eddy County, New Mexico. BLM will be notified if there is any future change in the facility location.

Details of the proposed method for allocating production to contributing sources is as follows:

Production test from the Federal "E" #2 are used to determine what percentage of the battery production is contributed by the Federal "E" #2 well. The balance will be attributed to the Federal "F" #1 and #2.


The working interest owners have been notified of the proposal.

The proposed commingling of production is in the interest of conservation and will not result in reduced royalty or improper measurement of production.

The proposed commingling is necessary for continued operation of the above referenced Federal leases.

We understand that the requested approval will not constitute the granting of any right-of-way or construction rights not granted by the lease instrument. And, we will submit within 30 days an application for right-of-way approval to the BLM's Realty Section in your office if we have not already done so.

Additional wells require additional commingling approvals.

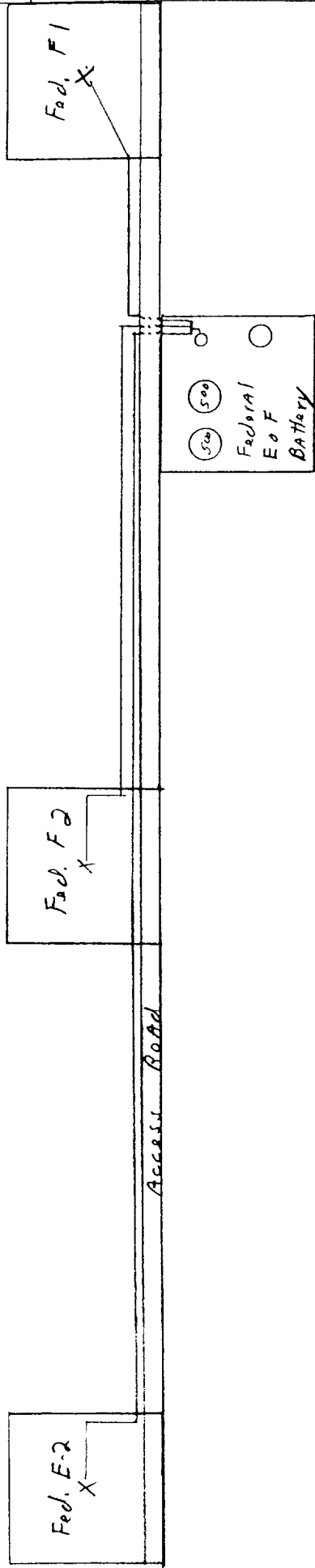
Signature:   
Name: John Pool  
Title: Vice President  
Date: 3/14/95



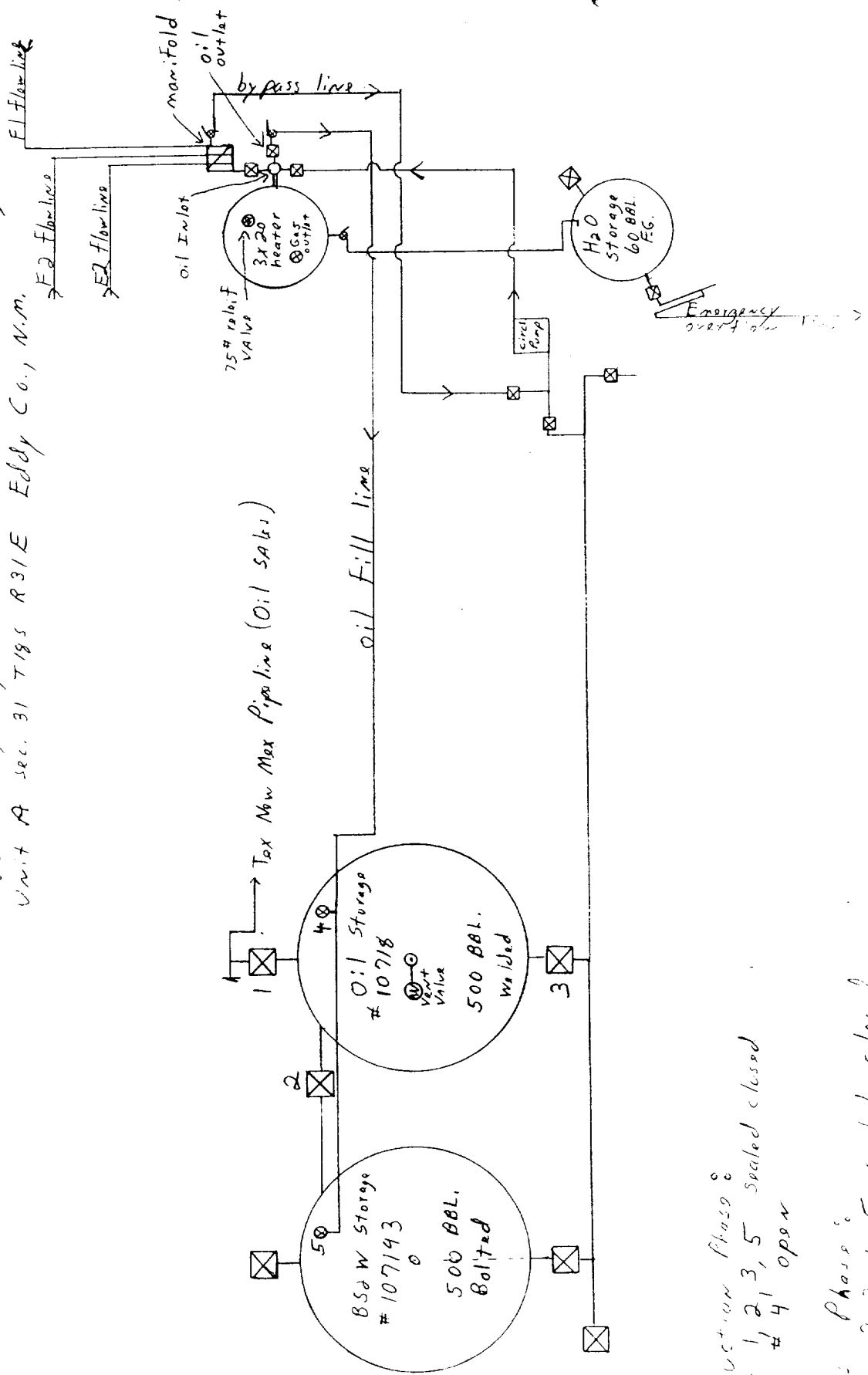
SDX Resources, Inc.

Location Diagram

Fed. E #2 Unit C T 185 R 31 E sec. 31 Eddy Co. N.M.  
 Fed. F #1 Unit A " " " " " "  
 Fed. F #2 Unit B " " " " " "



SAX Resources, Inc.  
 Site Facility Diagram  
 Federal F1, F2, (LCO62085) & F2 (NM0560352) BATTERY  
 Unit A sec. 31 T185 R31E Eddy Co., N.M.



Production Phase:  
 Valves 1, 2, 3, 5 sealed closed  
 Valve # 4 open

Sales Phase:  
 Valves 2, 3, 4, 5 sealed closed  
 Valve # 1 open