

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Form C-101
May 27, 2004

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit to appropriate District Office

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

Operator Name and Address SDX Resources, Inc. PO Box 5061 Midland, TX 79704		OGRID Number 020451
Property Code 33269		API Number 30-025-36534
Property Name Aztec	Well No. 1	
Proposed Pool 1 Osudo, S. Morrow (82200)	Proposed Pool 2	

Surface Location

UL or lot no. M	Section 15	Township 21S	Range 35E	Lot Idn	Feet from the 660	North/South line South	Feet from the 660	East/West line West	County Lea
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Proposed 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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Additional Well Information

Work Type Code N	Well Type Code G	Cable/Rotary R	Lease Type Code S	Ground Level Elevation 3585'
Multiple N	Proposed Depth 12600	Formation Morrow	Contractor Patterson	Spud Date 5/1/05
Depth to Groundwater >50 <100		Distance from nearest fresh water well >1000		Distance from nearest surface water >1000
Pit: Liner: Synthetic ☐ 12_mils thick Clay ☐ Pit Volume: 9000_bbls Drilling Method: Closed-Loop System ☐ Fresh Water X Brine ☐ Diesel/Oil-based ☐ Gas/Air ☒				

Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
17-1/2"	13-3/8"	54.5#	1450'	900	Surf
12-1/4"	9-5/8"	40#	5500'	1200	Surf
8-3/4"	5-1/2"	17#	12600'	800	8000'

Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

Propose to drill 17-1/2" hole to 1450' & set 54.5# 13-3/8" csg & circ cmt to surf. Drill out w/12-1/4" bit to 5500' & set 9-5/8" 40# csg. Cmt to surf. Drill out w/8-3/4" bit to TD of 12,600'. Will set 5-1/2" 17# S-95 csg & cmt w/800 sx. TOC appx 8000'. Will use double ram 5000# WP BOP. No H2S is expected & no contingency plan is necessary. Will perf & stimulate the Morrow formation as necessary for optimum production.

Permit Expires 1 Year From Approval
Date Unless Drilling Underway

I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines X, a general permit ☐ , or an (attached) alternative OCD-approved plan ☐ .		OIL CONSERVATION DIVISION	
Printed name: Bonnie Atwater		Approved by:	
Title: Regulatory Tech		Title: PETROLEUM ENGINEER	
E-mail Address: batwater@sdresources.com		Approval Date: APR 13 2005	
Date: 4-11-05	Phone: 432/685-1761	Expiration Date:	
		Conditions of Approval Attached ☐	

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102

Revised February 10, 1994

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

DISTRICT I

P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II

P.O. Drawer DD, Artesia, NM 88211-0719

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV

P.O. BOX 2088, SANTA FE, N.M. 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code 82200	Pool Name Osudo, S. Morrow
Property Code	Property Name AZTEC	Well Number 1
OGRID No. 020451	Operator Name SDX RESOURCES, INC.	Elevation 3585'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	15	21-S	35-E		660	SOUTH	660	WEST	LEA

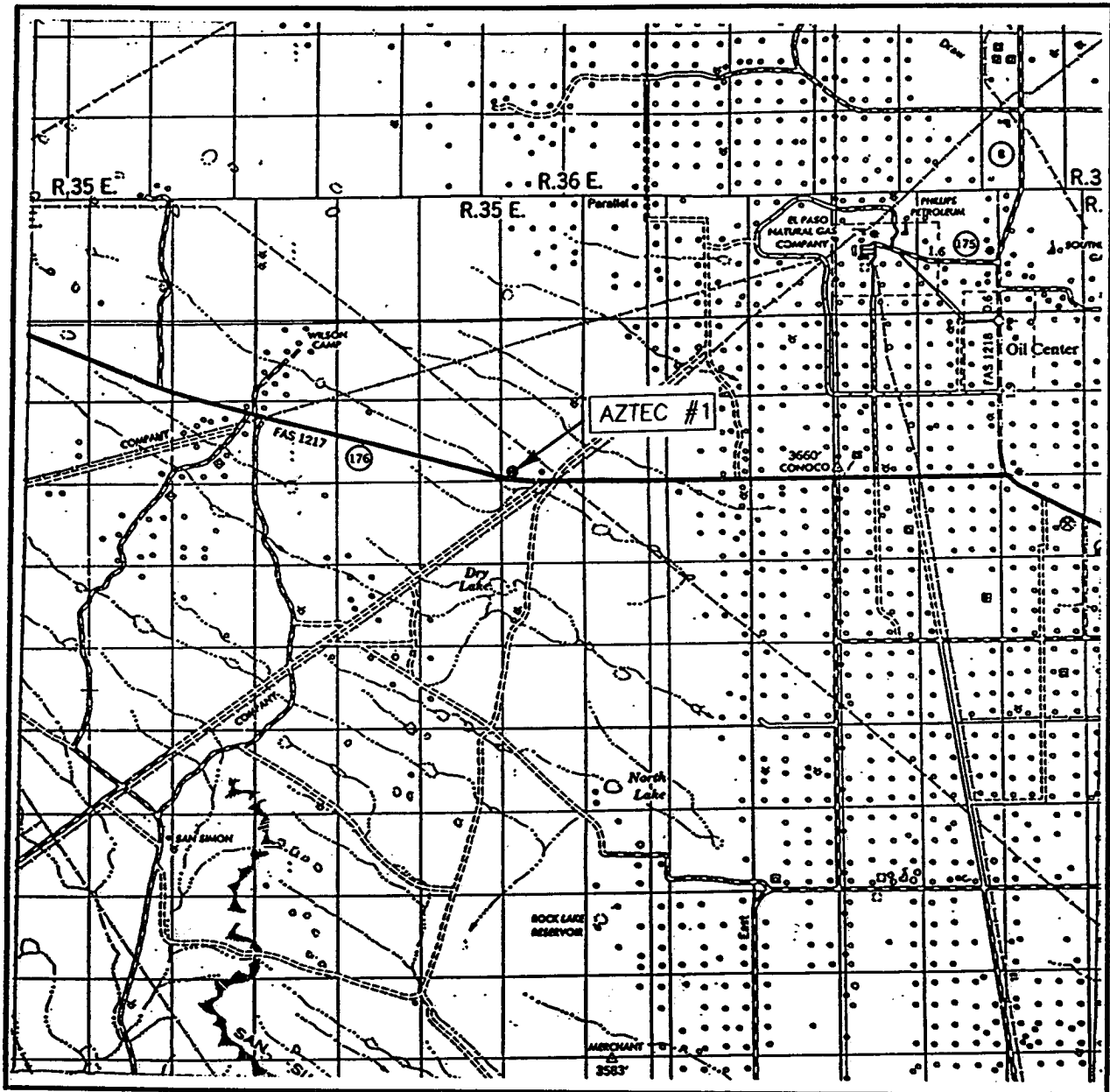
Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 320	Joint or Infill	Consolidation Code	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

	GEODETIC COORDINATES NAD 1927 NME Y = 537317.2 N X = 799748.6 E LAT. - 32°28'24.40"N LONG. - 103°21'40.96"W	OPERATOR CERTIFICATION <i>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</i> <u>Bonnie Atwater</u> Signature Bonnie Atwater Printed Name Regulatory Tech Title 1/9/04 Date
	SURVEYOR CERTIFICATION <i>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.</i> DECEMBER 22, 2003 Date Surveyed LA Signature & Seal of Professional Surveyor <u>Gary E. Edson</u> Professional Surveyor 03.11.1378 Certificate No. 12641	

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 15 TWP. 21-S RGE. 35-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 660' FSL & 660' FWL

ELEVATION 3585'

OPERATOR SDX RESOURCES, INC.

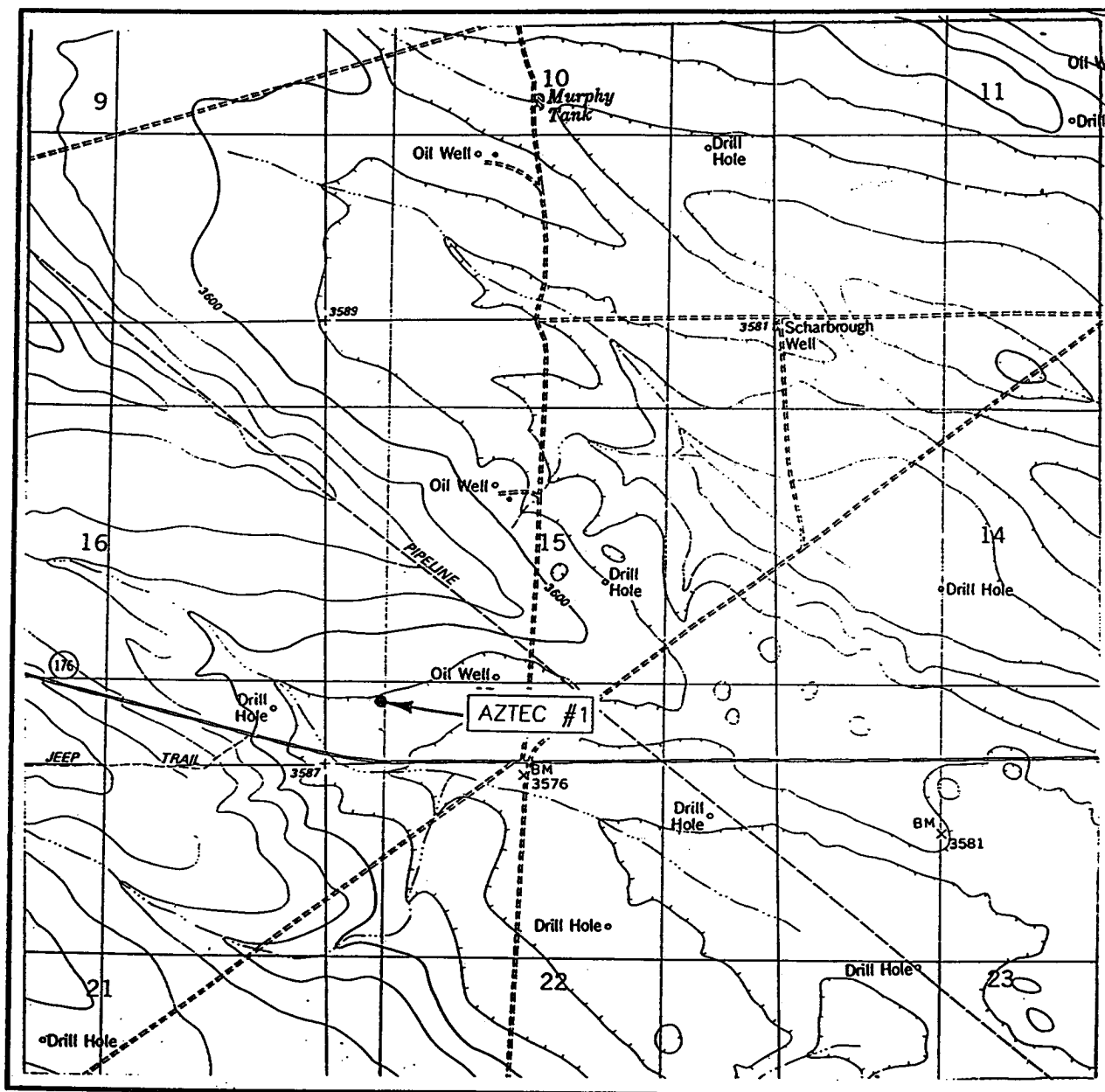
LEASE AZTEC

JOHN WEST SURVEYING
HOBBS, NEW MEXICO
(505) 393-3117

DRIVING DIRECTIONS:

FROM THE INTERSECTION OF STATE HWY. #8 AND STATE HWY. #176, GO WEST ALONG STATE HWY. #176 APPROX. 5.81 MILES (APPROX. 300' WEST OF BEND IN ROAD). THE LOCATION IS LOCATED APPROX. 600' NORTH.

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL: 10'
OIL CENTER, N.M.

SEC. 15 TWP. 21-S RGE. 35-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 660' FSL & 660' FWL

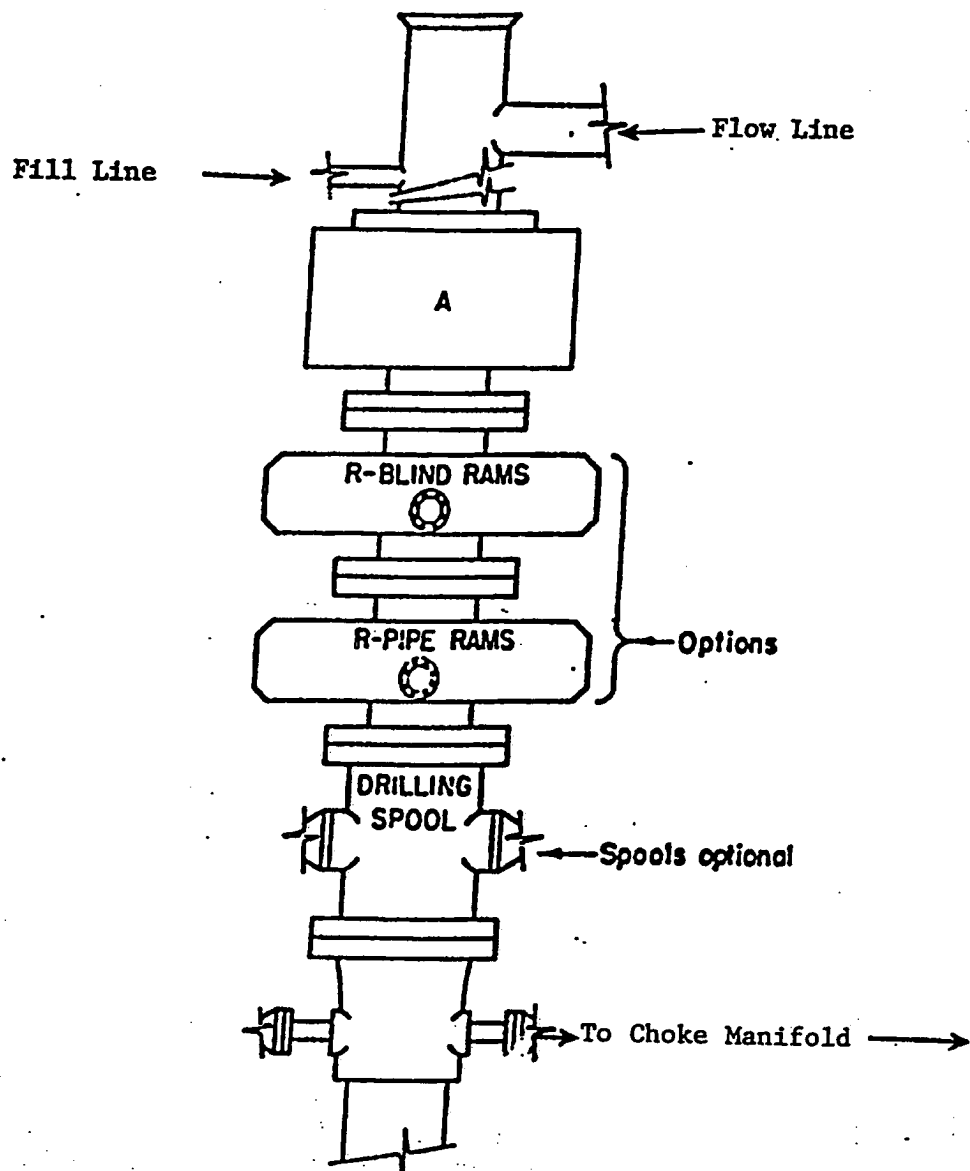
ELEVATION 3585'

OPERATOR SDX RESOURCES, INC.

LEASE AZTEC

U.S.G.S. TOPOGRAPHIC MAP
OIL CENTER, N.M.

JOHN WEST SURVEYING
HOBBS, NEW MEXICO
(505) 393-3117



ARRANGEMENT SRRA

1500 Series

5000# Working Pressure

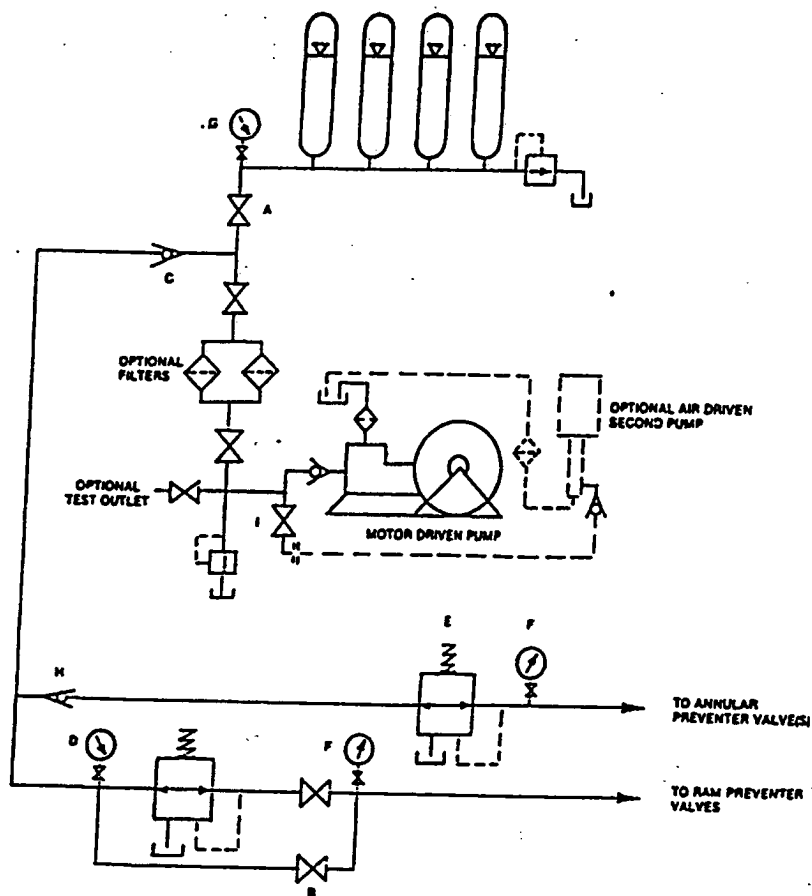


FIGURE K6-1. The schematic sketch of an accumulator system shows required and optional components.

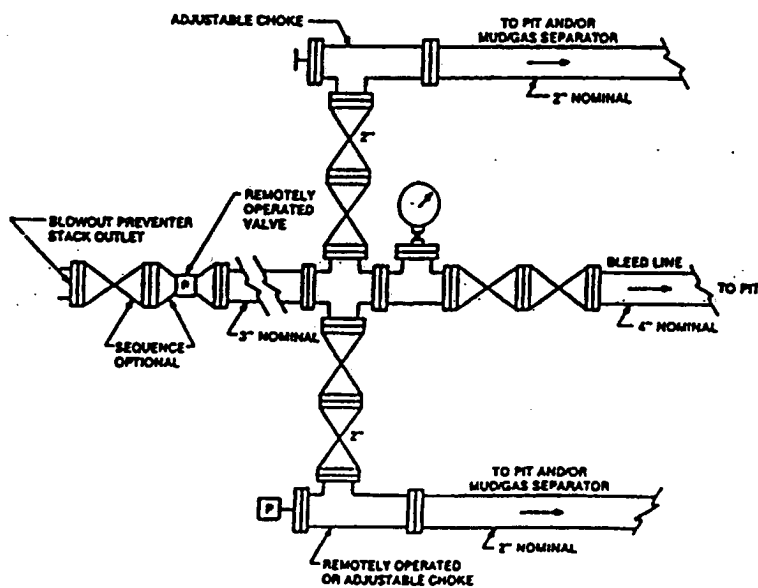


FIGURE K4-2. Typical choke manifold assembly for 5M rated working pressure service — surface installation.