



**NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT**

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

March 31, 1999

SDX Resources, Inc.  
P. O. Box 5061  
Midland, Texas 79704  
Attention: Chuck Morgan

*Administrative Order NSL-4248(SD)*

Dear Mr. Morgan:

Reference is made to your applications dated March 4, 1999 for two unorthodox Jalmat gas well locations in an existing non-standard 200-acre gas spacing and proration unit ("GPU") for the Jalmat Gas Pool comprising the SE/4 SW/4 and SE/4 of Section 5, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico. This non-standard GPU was established by Division Administrative Order NSP-400, dated November 11, 1957 and had dedicated thereon the Wells Federal Well No. 1 (API No. 30-025-11462), located 1980 feet from the South line and 660 feet from the East line (Unit I) of Section 5.

By amendment to Division Administrative Order NSP-400 (L) (SD), dated August 17, 1984, a second well, the Wells Federal Well No. 17 (API No. 30-025-28850), located at an unorthodox gas well location 1980 feet from the South line and 1450 feet from the East line (Unit J) of Section 5 was approved for this GPU.

By authority granted me under the provisions of Rule 2(d) of the "*Special Rules and Regulations for the Jalmat Gas Pool*", as promulgated by Division Order No. R-8170, as amended, and Division Rule 104.F (2) the following two wells to be drilled at unorthodox Jalmat gas well locations in Section 5 are hereby approved:

**Wells Federal Well No. 20  
820' FSL & 1238' FEL (Unit P)**

**Wells Federal Well No. 21  
660' FSL & 2310' FEL (Unit O)**

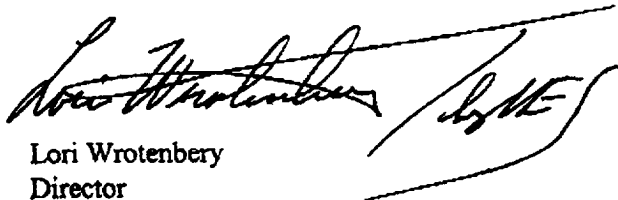
Also, you are hereby authorized to simultaneously dedicate Jalmat gas production from the proposed Wells Federal Wells No. 20 and 21 with the existing Wells Federal Wells No. 1 and 17.

Administrative Order NSL-4248(SD)  
SDX Resources, Inc.  
March 31, 1999  
Page 2

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Furthermore, you are hereby permitted to produce the allowable assigned the subject 200-acre GPU from all four wells in any proportion.

Sincerely,



Lori Wrotenbery  
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs  
U. S. Bureau of Land Management - Carlsbad  
File: NSP-400

Form 3160-3  
(July 1992)

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

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

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

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK

DRILL ☒

DEEPEN ☐

b. TYPE OF WELL

OIL  
WELL ☐

GAS  
WELL ☒

OTHER

SINGLE  
ZONE ☒

MULTIPLE  
ZONE ☐

2. NAME OF OPERATOR

SDX Resources, Inc.

3. ADDRESS AND TELEPHONE NO.

PO Box 5081, Midland, TX 79704 915/885-1761

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)

At surface 660' FSL, 2310' FEL, Unit O

At proposed prod. zone

Same

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE

2 miles NE of Jal

15. DISTANCE FROM PROPOSED  
LOCATION TO NEAREST  
PROPERTY OR LEASE LINE, FT.  
(Also to nearest dry well line, if any)

660' / 330'

16. NO. OF ACRES IN LEASE

838.70

17. NO. OF ACRES ASSIGNED  
TO THIS WELL

200

18. DISTANCE FROM PROPOSED LOCATION  
TO NEAREST WELL, DRILLING, COMPLETED,  
OR APPLIED FOR, ON THIS LEASE, FT.

330'

19. PROPOSED DEPTH

3200'

20. ROTARY OR CABLE TOOLS

Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)

3205' GR

22. APPROX. DATE WORK WILL START

05/01/99

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" J55	24#	450'	350 sx Class C
7-7/8"	4-1/2-5-1/2 J55	9.5-17#	3200'	400 sx Lite, 200 sx Class C

Plan to drill 12-1/4" hole to appx 450'. Set 8-5/8" surface csg. Circ Class C cmt. Drill 7-7/8" hole to 3200'. Set 4-1/2" or 5-1/2" csg & circ cmt. Perforate Yates gas zone & stimulate as necessary for optimum production.

Specific Programs:

- Exhibit #1: BOP Diagram
- Exhibit #2: Survey Plat
- Exhibit #3: Existing & Proposed Roads Map
- Exhibit #4: Producing Well Area Map
- Exhibit #5: Drill Site Layout
- Exhibit #6: Letter of Request from Surface Owner

APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS AND  
SPECIAL STIPULATIONS  
ATTACHED

IN ABOVE SPACE DESCRIBE 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

Bonnie Ottwater

TITLE Regulatory Tech.

DATE 03/03/99

(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

John P. Steptoe

Acting

Assistant Field Office Manager,  
Lands and Minerals

TITLE

DATE

4/22/99

\*See Instructions On Reverse Side

APPROVED FOR 1 YEAR

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

## SPECIAL DRILLING STIPULATIONS

### THE FOLLOWING DATA IS REQUIRED ON THE WELL SIGN

OPERATOR'S NAME SDX RESOURCES INC. WELL NO. & NAME #21 WELLS FEDERAL  
LOCATION 660' F S L & 2310' W E L SEC. 5, T. 25S., R. 37E.  
LEASE NO. LC-Q55546 COUNTY LEA STATE NEW MEXICO

The special stipulations check marked below are applicable to the above described well and approval of this application to drill is conditioned upon compliance with such stipulations in addition to the General Requirements. The permittee should be familiar with the General Requirements, a copy of which is available from a Bureau of Land Management office. EACH PERMITTEE HAS THE RIGHT OF ADMINISTRATIVE APPEAL TO THESE STIPULATIONS PURSUANT TO TITLE 43 CFR 3165.3 and 3165.4.

This permit is valid for a period of one year from the date of approval or until lease expiration or termination whichever is shorter.

#### I. SPECIAL ENVIRONMENT REQUIREMENTS

- ☐ Lesser Prairie Chicken (Stips attached) ☐ Floodplain (Stips attached)  
☐ San Simon Swale (Stips attached) ☐ Other

#### II. ON LEASE - SURFACE REQUIREMENTS PRIOR TO DRILLING

☒ The BLM will monitor construction of this drill site. Notify the ☒ Carlsbad Resource Area Office at (505) 887-6544 ☐ Hobbs Office at (505) 393-3612, at least 3 working days prior to commencing construction.

☒ Roads and the drill pad for this well must be surfaced with 6 inches of compacted caliche.

☐ All topsoil and vegetation encountered during the construction of the drill site area will be stockpiled and made available for resurfacing of the disturbed area after completion of the drilling operation. Topsoil on the subject location is approximately \_\_\_\_\_ inches in depth. Approximately \_\_\_\_\_ cubic yards of topsoil material will be stockpiled for reclamation.

☐ Other

#### III. WELL COMPLETION REQUIREMENTS

☐ A Communitization Agreement covering the acreage dedicated to the well must be filed for approval with the BLM. The effective date of the agreement must be prior to any sales.

☒ Surface Restoration: If the well is a producer, the reserve pit(s) will be backfilled when dry, and cut-and-fill slopes will be reduced to a slope of 3:1 or less. All areas of the pad not necessary for production must be re-contoured to resemble the original contours of the surrounding terrain, and topsoil must be re-distributed and re-seeded with a drill equipped with a depth indicator (set at a depth of 1/2 inch) with the following seed mixture, in pounds of Pure Live Seed (PLS), per acre.

- |  |  |
|--|--|
| <input type="checkbox"/> A. Seed Mixture 1 (Loamy Site)<br><del>Side Oats Grass (Bouteloua curtipendula) 1.0</del><br>Side Oats Grass (Bouteloua curtipendula) 5.0<br>Sand Dropseed (Sporobolus cryptandrus) 1.0 | <input type="checkbox"/> B. Seed Mixture 2 (Sandy Site)<br>Sand Dropseed (Sporobolus cryptandrus) 1.0<br>Sand Lovegrass (Eragrostis trichodes) 1.0<br>Plains Bristlegrass (Setaria macrostachya) 2.0 |
| <input type="checkbox"/> C. Seed Mixture 3 (Shallow Sites)<br>Side Oats Grass (Bouteloua curtipendula) 1.0<br><del>Common 1.0</del> (Eragrostis lehmanniana) 1.0<br>or Boar Lovegrass (S. chloromelas)           | <input checked="" type="checkbox"/> D. Seed Mixture 4 ("Cyp" Sites)<br>Alkali Sacaton (Sporobolus airoides) 1.0<br>Four-Wing Saltbush (Atriplex canescens) 5.0                                       |

Seeding should be done either late in the fall (September 15 - November 15, before freeze up) or early as possible the following spring to take advantage of available ground moisture.

☐ Other

### RESERVE PIT CONSTRUCTION STANDARDS

The reserve pit shall be constructed entirely in cut material and lined with 6 mil plastic.

Mineral material extracted during construction of the reserve pit may be used for development of the pad and access road as needed. Removal of any additional material on location must be purchased from BLM.

Reclamation: Reclamation of this type of deep pit will consist of pushing the pit walls into the pit when sufficiently dry to support track equipment. The pit liner is NOT TO BE RUPTURED to facilitate drying; a ten month period after completion of the well is allowed for drying of the pit contents.

The pit area must be contoured to the natural terrain with all contaminated drilling mud buried with at least 3 feet of clean soil. The reclaimed area will then be seeded as specified in this permit.

### OPTIONAL PIT CONSTRUCTION STANDARDS

The reserve pit may be constructed in predominantly fill material if:

- 1) Lined as specified above and,
- 2) A borrow/caliche/gravel pit can be constructed immediately adjacent to the reserve pit and is capable of containing all reserve pit contents. The mineral material removed in the process can be used for pad and access road construction. However, a material sales contract must be purchased from BLM prior to removal of the material.

Reclamation of the reserve pit consists of bulldozing all reserve pit contents and contaminants into the borrow pit and covering with a minimum of 3 feet of clean soil material. The entire area must be recontoured, all trash removed, and reseeded as specified in this permit.

### CULTURAL

Whether or not an archaeological survey has been completed and notwithstanding that operations are being conducted as approved, the lessee/operator/grantee shall notify the BLM immediately if previously unidentified cultural resources are observed during surface disturbing operations. From the time of the observation, the lessee/operator/grantee shall avoid operations that will result in disturbance to these cultural resources until directed to proceed by BLM.

### TRASH PIT STIPS

All trash, junk and other waste material shall be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary landfill. Burial on site is not permitted.

**CONDITIONS OF APPROVAL - DRILLING**

**Operator's Name:** SDX Resources, Inc.  
**Well Name & No.** Wells Federal #21  
**Location:** 660' FSL, 2310' FEL, Section 5, T. 25 S., R. 37 E., Lea County, New Mexico  
**Lease:** LC-055546

**I. DRILLING OPERATIONS REQUIREMENTS:**

The Bureau of Land Management (BLM) is to be notified at the Hobbs satellite office, 414 West Taylor, Hobbs NM 88240, (505) 393-3612 for wells in Lea County in sufficient time for a representative to witness:

1. Spudding
2. Cementing casing: 8-5/8 inch 5-1/2 inch
3. BOP tests
4. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.
5. The API No. assigned to the well by NMOCD shall be included on the subsequent report of setting the first casing string.
6. A Hydrogen Sulfide (H<sub>2</sub>S) Drilling Operation Contingency Plan shall be activated prior to drilling into the Yates formation. A copy of the plan shall be posted at the drilling site.

**II. CASING:**

1. The 8-5/8 inch surface casing shall be set at 600 feet and cement circulated to the surface. If cement does not circulate to the surface the appropriate BLM office shall be notified and a temperature survey or cement bond log shall be run to verify the top of the cement. Remedial cementing shall be completed prior to drilling out that string.
2. The minimum required fill of cement behind the 5-1/2 inch or 4-1/2 inch production casing is to be at least 200 feet above the top of the uppermost productive interval.

**III. PRESSURE CONTROL:**

1. The BOP and related equipment as described in Onshore Order No. 2 shall be installed and operational before drilling below the 8-5/8 inch casing shoe and shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced. The blowout preventer assembly shall consist of a minimum of: one annular preventer, or double ram, or two ram preventers with one being blind and one being a pipe ram. Additional equipment should include an upper kelly cock valve with handle available. Safety valves and subs to fit all drill strings in use must be available on the rig floor.
2. Minimum working pressure of the blowout preventer and related equipment (BOPE) shall be 2000 psi.
3. The appropriate BLM office shall be notified in sufficient time for a representative to witness the tests.

3/19/99  
acs

## EXHIBIT A

BLM Serial Number LC-055546  
Company Reference SDX RESOURCES INC.  
#21 WELLS FEDERAL

## STANDARD STIPULATIONS FOR OVERHEAD ELECTRIC DISTRIBUTION LINES

Holder agrees to comply with the following stipulations to the satisfaction of the Authorized Officer:

1. The holder shall indemnify the United States against any liability for damage to life or property arising from the occupancy or use of public lands under this grant.
2. The holder shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated. In any event, the holder shall comply with the Toxic Substances Control Act of 1976 as amended, 15 USC 2601 et seq. (1982) with regards to any toxic substances that are used, generated by or stored on the right-of-way or on facilities authorized under this right-of-way grant. (See 40 CFR, Part 702-799 and especially, provisions on polychlorinated biphenyls, 40 CFR 761.1-761.193.) Additionally, any release of toxic substances (leaks, spills, etc.) in excess of the reportable quantity established by 40 CFR, Part 117 shall be reported as required by the Comprehensive Environmental Response, Compensation, and Liability Act, section 102b. A copy of any report required or requested by any Federal agency or State government as a result of a reportable release or spill of any toxic substances shall be furnished to the authorized officer concurrent with the filing of the reports to the involved Federal agency or State government.
3. The holder agrees to indemnify the United States against any liability arising from the release of any hazardous substance or hazardous waste (as these terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601, et seq. or the Resource Conservation and Recovery Act, 42 U.S.C. 6901, et seq.) on the Right-of-Way (unless the release or threatened release is wholly unrelated to the Right-of-Way holder's activity on the Right-of-Way), or resulting from the activity of the Right-of-Way holder on the Right-of-Way. This agreement applies without regard to whether a release is caused by the holder, its agent, or unrelated third parties.
4. There will be no clearing or blading of the right-of-way unless otherwise agreed to in writing by the Authorized Officer.
5. Powerlines shall be constructed in accordance to standards outlined in "Suggested Practices for Raptor Protection on Powerlines," Raptor Research Foundation, Inc., 1981. The holder shall assume the burden and expense of proving that pole designs not shown in the above publication are "raptor safe." Such proof shall be provided by a raptor expert approved by the Authorized Officer. The BLM reserves the right to require modification or additions to all powerline structures placed on this right-of-way, should they be necessary to ensure the safety of large perching birds. Such modifications and/or additions shall be made by the holder without liability or expense to the United States.

(over)

## EXHIBIT A

Page 2 of 2

6. The holder shall minimize disturbance to existing fences and other improvements on public lands. The holder is required to promptly repair improvements to at least their former state. Functional use of these improvements will be maintained at all times. The holder will contact the owner of any improvements prior to disturbing them. When necessary to pass through a fence line, the fence shall be braced on both sides of the passageway prior to cutting of the fence. No permanent gates will be allowed unless approved by the Authorized Officer.

7. The BLM serial number assigned to this authorization shall be posted in a permanent, conspicuous manner where the power line crosses roads and at all serviced facilities. Numbers will be at least two inches high and will be affixed to the pole nearest the road crossing and at the facilities served.

8. Upon cancellation, relinquishment, or expiration of this grant, the holder shall comply with those abandonment procedures as prescribed by the Authorized Officer.

9. All surface structures (poles, lines, transformers, etc.) shall be removed within 180 days of abandonment, relinquishment, or termination of use of the serviced facility or facilities or within 180 days of abandonment, relinquishment, cancellation, or expiration of this grant, whichever comes first. This will not apply where the power line extends service to an active, adjoining facility or facilities.

10. Any cultural and/or paleontological resource (historic or prehistoric site or object) discovered by the holder, or any person working on his behalf, on public or Federal land shall be immediately reported to the Authorized Officer. Holder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery will be made by the Authorized Officer to determine appropriate actions to prevent the loss of significant cultural or scientific values. The holder will be responsible for the cost of evaluation and any decision as to proper mitigation measures will be made by the Authorized Officer after consulting with the holder.

11. Special Stipulations: None.



BLM Serial Number LC-055546  
Company Reference SDX RESOURCES INC.  
#21 WELLS FEDERAL

STANDARD STIPULATIONS FOR SURFACE INSTALLED PIPELINES

Holder agrees to comply with the following stipulations to the satisfaction of the Authorized Officer:

1. The holder shall indemnify the United States against any liability for damage to life or property arising from the occupancy or use of public lands under this grant.
2. The holder shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated. In any event, the holder shall comply with the Toxic Substances Control Act of 1976 as amended, 15 USC 2601 et seq. (1982) with regards to any toxic substances that are used, generated by or stored on the right-of-way or on facilities authorized under this right-of-way grant. (See 40 CFR, Part 702-799 and especially, provisions on polychlorinated biphenyls, 40 CFR 761.1-761.193.) Additionally, any release of toxic substances (leaks, spills, etc.) in excess of the reportable quantity established by 40 CFR, Part 117 shall be reported as required by the Comprehensive Environmental Response, Compensation, and Liability Act, section 102b. A copy of any report required or requested by any Federal agency or State government as a result of a reportable release or spill of any toxic substances shall be furnished to the authorized officer concurrent with the filing of the reports to the involved Federal agency or State government.
3. The holder agrees to indemnify the United States against any liability arising from the release of any hazardous substance or hazardous waste (as these terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601, et seq. or the Resource Conservation and Recovery Act, 42 U.S.C. 6901, et seq.) on the Right-of-Way (unless the release or threatened release is wholly unrelated to the Right-of-Way holder's activity on the Right-of-Way), or resulting from the activity of the Right-of-Way holder on the Right-of-Way. This agreement applies without regard to whether a release is caused by the holder, its agent, or unrelated third parties.
4. The holder shall be liable for damage or injury to the United States to the extent provided by 43 CFR Sec. 2883.1-4. The holder shall be held to a standard of strict liability for damage or injury to the United States resulting from pipe rupture, fire, or spills caused or substantially aggravated by any of the following within the right-of-way or permit area:
  - a. Activities of the holder including, but not limited to construction, operation, maintenance, and termination of the facility.

(over)

b. Activities of other parties including, but not limited to:

- (1) Land clearing.
- (2) Earth-disturbing and earth-moving work.
- (3) Blasting.
- (4) Vandalism and sabotage.

c. Acts of God.

The maximum limitation for such strict liability damages shall not exceed one million dollars (\$1,000,000) for any one event, and any liability in excess of such amount shall be determined by the ordinary rules of negligence of the jurisdiction in which the damage or injury occurred.

This section shall not impose strict liability for damage or injury resulting primarily from an act of war or from the negligent acts or omissions of the United States.

5. If, during any phase of the construction, operation, maintenance, or termination of the pipeline, any oil, salt water, or other pollutant should be discharged from the pipeline system, impacting Federal lands, the control and total removal, disposal, and cleaning up of such oil, salt water, or other pollutant, wherever found, shall be the responsibility of the holder, regardless of fault. Upon failure of the holder to control, dispose of, or clean up such discharge on or affecting Federal lands, or to repair all damages resulting therefrom, on the Federal lands, the Authorized Officer may take such measures as he deems necessary to control and clean up the discharge and restore the area, including, where appropriate, the aquatic environment and fish and wildlife habitats, at the full expense of the holder. Such action by the Authorized Officer shall not relieve the holder of any responsibility as provided herein.

6. All construction and maintenance activity will be confined to the authorized right-of-way width of            feet. *to follow road ROW lines*

7. No blading or clearing of any vegetation will be allowed unless approved in writing by the Authorized Officer.

8. The holder shall install the pipeline on the surface in such a manner that will minimize suspension of the pipeline across low areas in the terrain. In hummocky or dune areas, the pipeline will be "snaked" around hummocks and dunes rather than suspended across these features.

9. The pipeline shall be buried with a minimum of 24 inches under all roads, "two-tracks," and trails. Burial of the pipe will continue for 20 feet on each side of each crossing. The condition of the road, upon completion of construction, shall be returned to at least its former state with no bumps or dips remaining in the road surface.

10. The holder shall minimize disturbance to existing fences and other improvements on public lands. The holder is required to promptly repair improvements to at least their former state. Functional use of these improvements will be maintained at all times. The holder will contact the owner of any improvements prior to disturbing them. When necessary to pass through a fence line, the fence shall be braced on both sides of the passageway prior to cutting of the fence. No permanent gates will be allowed unless approved by the Authorized Officer.

11. In those areas where erosion control structures are required to stabilize soil conditions, the holder will install such structures as are suitable for the specific soil conditions being encountered and which are in accordance with sound resource management practices.

12. Excluding the pipe, all above-ground structures not subject to safety requirements shall be painted by the holder to blend with the natural color of the landscape. The paint used shall be a color which simulates "Standard Environmental Colors" - Carlsbad Canyon, Munsell Soil Color No. 2.5Y 6/2 (formerly Sandstone Brown); designated by the Rocky Mountain Five State Interagency Committee.

13. The pipeline will be identified by signs at the point of origin and completion of the right-of-way and at all road crossings. At a minimum, signs will state the holder's name, BLM serial number, and the product being transported. Signs will be maintained in a legible condition for the life of the pipeline.

14. The holder shall not use the pipeline route as a road for purposes other than routine maintenance as determined necessary by the Authorized Officer in consultation with the holder. The holder will take whatever steps are necessary to ensure that the pipeline route is not used as a roadway.

15. Any cultural and/or paleontological resource (historic or prehistoric site or object) discovered by the holder, or any person working on his behalf, on public or Federal land shall be immediately reported to the authorized officer. Holder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the authorized officer. An evaluation of the discovery will be made by the authorized officer to determine appropriate cultural or scientific values. The holder will be responsible for the cost of evaluation and any decision as to proper mitigation measures will be made by the authorized officer after consulting with the holder.

16. Special Stipulations: *None*.

(March 1989)

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENTSUBMIT IN TRIPlicate\*  
(Other instructions on  
reverse side)FORM APPROVED  
OMB NO. 1004-0138  
Expires: February 28, 19955. LEASE DESIGNATION AND SERIAL NO.  
LC-055548

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME, WELL NO.  
Wells Federal #21

9. API WELL NO.

10. FIELD AND POOL, OR WILDCAT

Jalmat Gas

11. SEC., T., R., M., OR BLK.  
AND SURVEY OR AREA  
Sec 5, T25S, R37E

12. COUNTY OR PARISH

Lea

13. STATE

NM

18. TYPE OF WORK

DRILL ☒DEEPEN ☐

b. TYPE OF WELL

OIL  
WELL ☐GAS  
WELL ☒

OTHER

SINGLE  
ZONE ☒MULTIPLE  
ZONE ☐

2. NAME OF OPERATOR

SDX Resources, Inc.

3. ADDRESS AND TELEPHONE NO.

PO Box 5061, Midland, TX 79704 815/685-1761

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)

At surface 660' FSL, 2310' FEL, Unit O

At proposed prod. zone

Same

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE\*

2 miles NE of Jal

15. DISTANCE FROM PROPOSED  
LOCATION TO NEAREST  
PROPERTY OR LEASE LINE, FT.  
(Also to nearest drg. unit line, if any)

660' / 330'

16. NO. OF ACRES IN LEASE

838.70

17. NO. OF ACRES ASSIGNED  
TO THIS WELL

200

18. DISTANCE FROM PROPOSED LOCATION\*  
TO NEAREST WELL, DRILLING, COMPLETED,  
OR APPLIED FOR, ON THIS LEASE, FT.

330'

19. PROPOSED DEPTH

3200'

20. ROTARY OR CABLE TOOLS

Rotary

21. ELEVATIONS (Show whether DP, RT, GR, etc.)

3205' GR

22. APPROX. DATE WORK WILL START\*

05/01/99

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## 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" J55	24#	450'	350 sx Class C
7-7/8"	4-1/2-5-1/2 J55	9.5-17#	3200'	400 sx Lite, 200 sx Class C

CARTON CONTAINS 12 WELLS DESIGN

Plan to drill 12-1/4" hole to appx 450'. Set 8-5/8" surface csg. Circ Class C cmt. Drill 7-7/8" hole to 3200'. Set 4-1/2" or 5-1/2" csg & circ cmt. Perforate Yates gas zone & stimulate as necessary for optimum production.

## Specific Programs:

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24

SIGNED

*Bonnie Atwater*

TITLE Regulatory Tech.

DATE 03/03/99

(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

*Ken A. Stepten*

Acting

Assistant Field Office Manager,  
Lands and Minerals

TITLE

DATE

4/22/99

\*See Instructions On Reverse Side

APPROVED FOR 1 YEAR

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

NEW MEXICO OIL CONSERVATION COMMISSION  
WELL LOCATION AND ACREAGE DEDICATION PL

P. 14

Form C-102  
Supersedes C-128  
Effective 1-1-83

All distances must be from the outer boundaries of the Section

Operator <b>DOYLE HARTMAN</b>			Lease <b>WELLS FEDERAL</b>			Well No. <b>17</b>
Unit Letter <b>1</b>	Section <b>5</b>	Township <b>25S</b>	Range <b>37E</b>	County <b>LRA</b>		
Actual Footage Location of Well: <b>1450</b> feet from the <b>EAST</b> line and <b>1980</b> feet from the <b>SOUTH</b> line						
Ground Level Elev. <b>3229.9</b>	Producing Formation <b>YATES-SEVEN RIVERS</b>		Pool <b>JALMAT (GAS)</b>		Dedicated Acreage: <b>200</b> Acres	

- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation \_\_\_\_\_

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) \_\_\_\_\_

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.

CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

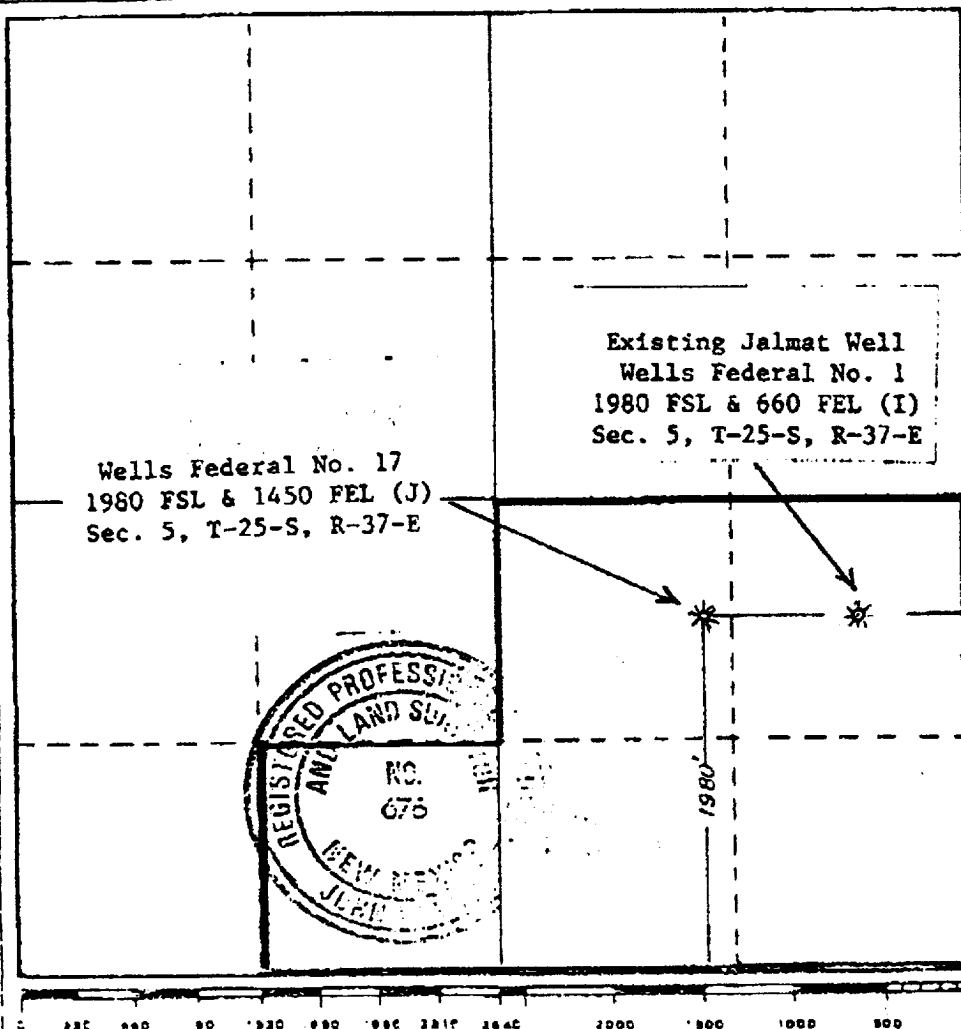
Name  
**Larry A. Manning**  
Position  
**Engineer**  
Company  
**Doyle Hartman**  
Date  
**July 24, 1984**

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 knowledge and belief.

Date Surveyed  
**4/12/84**

Registered Professional Engineer and/or Land Surveyor

Certificate No. **JOHN W. WEST, 576**  
**RONALD J. EIDSON, 3259**



ABOVE DATE DOES NOT  
INDICATE WHEN  
CONFIDENTIAL LOGS  
WILL BE RELEASED

ELF  
9/21/99