

New Mexico Oil Conservation Division, District I

Form 3160-3
(July 1992)UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT1625 N. F. 1004-0136
SUBMIT IN 1004-0136
Holds New Mexico
(reverse side)FORM APPROVED
OMB NO. 1004-0136
Expires: February 28, 1995

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/>			5. LEASE DESIGNATION AND SERIAL NO. LC-055546
b. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>			6. IF INDIAN, ALLOTTEE OR TRIBE NAME
2. NAME OF OPERATOR SDX Resources, Inc.			7. UNIT AGREEMENT NAME
3. ADDRESS AND TELEPHONE NO. PO Box 5061, Midland, TX 79704			8. FARM OR LEASE NAME, WELL NO. Wells Federal #22
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements. *) At surface 660' FNL 1780' FWL, Unit C At proposed prod. zone Same			9. API WELL NO. 30-025-34743
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 2 miles NE of Jal, NM			10. FIELD AND POOL, OR WILDCAT Jalmat Gas Tan-HS-7RVR 5
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT (Also to nearest drilg. unit line, if any) 660'	16. NO. OF ACRES IN LEASE 918	17. NO. OF ACRES ASSIGNED TO THIS WELL 160	
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 1335	19. PROPOSED DEPTH 3200	20. ROTARY OR CABLE TOOLS Rotary	
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 3245' GR			22. APPROX. DATE WORK WILL START* 10/15/99

CAPITAN CONTROLLED WATER BASIN

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"	24#	600'	350 sx
7-7/8"	4-1/2 - 5-1/2"	9.5 - 17#	3200'	400 sx Lite + 200 sx C

Plan to drill 12-1/4" hole to appx 600'. 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. Perf Yates gas zone & stimulate as necessary for optimum production.

Specific Program:

- Exhibit #1: BOP Diagram
Exhibit #2: Survey Plat
Exhibit #3: Existing & Proposed Road Map
Exhibit #4: Producing Well Area Map
Exhibit #5: Drill Site Layout

APPROVAL SUBJECT TO
SPECIAL REQUIREMENTS AND
SPECIAL STIPULATIONS
APPROVED

OPER. OGRID NO. 20451
PROPERTY NO. 23990
POOL CODE 79240
DATE 10-27-99
API NO. 30-025-34743

IN ABOVE SPACE DESCRIBE PROGRAM: If proposal is to deepen, give data on present productive zone and propose to deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout.

24. SIGNED Bonnie Ottewill TITLE Regulatory Tech. DATE 09/22/99

(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 /S/LARRY D. BRAY TITLE Assistant Field Office Manager DATE OCT 25 1999
Lands and Minerals

*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.