Form 3160-5
(June 1990)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Oil Cons.
N.M. DIV-Dist. 2
1301 W. Grand Avenue
Artesia, NM 88210

File

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

5. Lease Designation and Serial No.: NM-105204

6. If Indian, Allottee or Tribe Name:

7. If Unit or CA, Agreement Designation:

1. Type of Well: ☒ Oil Well ☐ Gas Well ☐ Other

8. Well Name and No.: Malibu Federal #1

2. Name of Operator: SDX Resources, Inc.

9. API Well No.: 30-015-31631

3. Address and Telephone No.: PO Box 5061, Midland, TX 79704 915/685-1761

10. Field and Pool, or Exploratory Area: Red Lake, QN-GB-SA

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
1750' FSL 1650' FEL
Unit J, Sec 5, T18S, R27E

11. County or Parish, State: Eddy Co., NM

RECEIVED
FEB 2003
OCD - ARTESIA

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

TYPE OF SUBMISSION	TYPE OF ACTION	
☒ Notice of Intent	☐ Abandonment	☐ Change of Plans
☐ Subsequent Report	☐ Recompletion	☐ New Construction
☐ Final Abandonment Notice	☐ Plugging Back	☐ Non-Routine Fracturing
	☐ Casing Repair	☐ Water Shut-Off
	☐ Altering Casing	☐ Conversion to Injection
	☐ Other _____	☒ 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 pertinet 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 markders and zones pertinent to this work.)*

The Malibu Federal #1 is currently producing appx 30 BWPD from the San Andres formation. Water is to be stored in a 300 bbl fiberglass brine tank in the existing battery on location.

Produced water will be transferred via a 3" poly flowline to SDX's Chalk Bluff Federal #1 disposal well (SWD 677-B) 2055' FSL, 1980' FWL, Sec 5, T18S R27E for disposal.

Water Analysis Attached.

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS ATTACHED

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

Signed Bonnie Atwater Title Regulatory Tech Date 02/17/03

(This space for Federal or State office use)

Approved by (ORIG. SGD.) ALEXIS C. SWOBODA Title PETROLEUM ENGINEER Date

Conditions of approval, if any:

Accepted for record - NMOCD

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.

*See Instruction on Reverse Side

North Permian Basin Region
P.O. Box 740
Sundown, TX 79372-0740
(806) 229-8121
Lab Team Leader - Sheila Hernandez
(915) 495-7240

Water Analysis Report by Baker Petrolite

Company:	S D X RESOURCES INC	Sales RDT:	33512
Region:	PERMIAN BASIN	Account Manager:	WAYNE PETERSON (505) 910-9389
Area:	ARTESIA, NM	Sample #:	29896
Lease/Platform:	MALIBU FEDERAL	Analysis ID #:	31613
Entity (or well #):	1	Analysis Cost:	$7.00
Formation:	UNKNOWN		
Sample Point:	WELLHEAD		

Summary	
Sampling Date:	2/11/03
Analysis Date:	2/11/03
Analyst:	WAYNE PETERSON
TDS (mg/l or g/m3):	206373.6
Density (g/cm3, tonne/m3):	1.13
Anion/Cation Ratio:	1
Carbon Dioxide:	485 PPM
Oxygen:	
Comments:	

Analysis of Sample 29896 @ 75 °F

Anions	mg/l	meq/l	Cations	mg/l	meq/l
Chloride:	**120388.0**	**3395.71**	**Sodium:**	**77266.8**	**3360.92**
Bicarbonate:	**373.3**	**6.12**	**Magnesium:**	**962.0**	**79.14**
Carbonate:			**Calcium:**	**1632.0**	**81.44**
Sulfate:	**5750.0**	**119.71**	**Strontium:**		
Phosphate:			**Barium:**		
Borate:			**Iron:**	**1.5**	**0.05**
Silicate:			Potassium:		
			Aluminum:		
Hydrogen Sulfide:		117 PPM	Chromium:		
pH at time of sampling:		6.8	Copper:		
pH at time of analysis:			Lead:		
pH used in Calculation:		**6.8**	Manganese:		
			Nickel:		

Conditions		Values Calculated at the Given Conditions - Amounts of Scale in lb/1000 bbl										
Temp	Gauge Press.	Calcite $CaCO_3$		Gypsum $CaSO_4 * 2H_2O$		Anhydrite $CaSO_4$		Celestite $SrSO_4$		Barite $BaSO_4$		CO_2 Press
°F	psi	Index	Amount	Index	Amount	Index	Amount	Index	Amount	Index	Amount	psi
80	0	0.41	14.04	-0.07	0.00	-0.04	0.00	0.00	0.00	0.00	0.00	0.46
100	0	0.46	17.19	-0.15	0.00	-0.05	0.00	0.00	0.00	0.00	0.00	0.59
120	0	0.50	20.63	-0.23	0.00	-0.05	0.00	0.00	0.00	0.00	0.00	0.75
140	0	0.54	24.64	-0.29	0.00	-0.02	0.00	0.00	0.00	0.00	0.00	0.94

Note 1: When assessing the severity of the scale problem, both the saturation index (SI) and amount of scale must be considered.

Note 2: Precipitation of each scale is considered separately. Total scale will be less than the sum of the amounts of the five scales.

Note 3: The reported CO2 pressure is actually the calculated CO2 fugacity. It is usually nearly the same as the CO2 partial pressure.