

Submit 3 Copies To Appropriate District Office  
District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
1301 W. Grand Ave., Artesia, NM 88210  
District III  
1000 Rio Brazos Rd., 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-103  
May 27, 2004

OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

WELL API NO. 30-015-35562
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. B-2071
7. Lease Name or Unit Agreement Name Kersey State
8. Well Number 3
9. OGRID Number 020451
10. Pool name or Wildcat Artesia, GL-YE (96830)

**SUNDRY NOTICES AND REPORTS ON WELLS**  
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

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

2. Name of Operator  
SDX Resources, Inc.

3. Address of Operator  
PO Box 5061, Midland, TX 79704

4. Well Location  
Unit Letter I: 1650 feet from the South line and 990 feet from the East line  
Section 32 Township 17S Range 28E NMPM Eddy County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)  
3673 GR

Pit or Below-grade Tank Application ☐ or Closure ☐

Pit type \_\_\_\_\_ Depth to Groundwater \_\_\_\_\_ Distance from nearest fresh water well \_\_\_\_\_ Distance from nearest surface water \_\_\_\_\_

Pit Liner Thickness: \_\_\_\_\_ mil Below-Grade Tank: Volume \_\_\_\_\_ bbls; Construction Material \_\_\_\_\_

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:	SUBSEQUENT REPORT OF:
PERFORM REMEDIAL WORK <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>
PLUG AND ABANDON <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>
CHANGE PLANS <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>
MULTIPLE COMPL <input type="checkbox"/>	
OTHER: Surface Commingle <input checked="" type="checkbox"/>	OTHER: <input type="checkbox"/>

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

SDX Resources, Inc. proposes to commingle production from 2 separate pools into a common surface battery on their Kersey State lease. The interest is identical for both pools and all facilities are located on lease. The battery is located on location with the Kersey State #2 well which is producing from the Artesia, QN-GB-SA (03230) pool. It will be commingled with production from the Kersey State #3 well which is producing from the Artesia, GL-YE (96830) pool. Production to be allocated by a periodic test.

Attachments:

Lease Maps  
Lease & Pool Information  
Title Statement  
Well & Battery Plat  
Battery & Tester Schematics

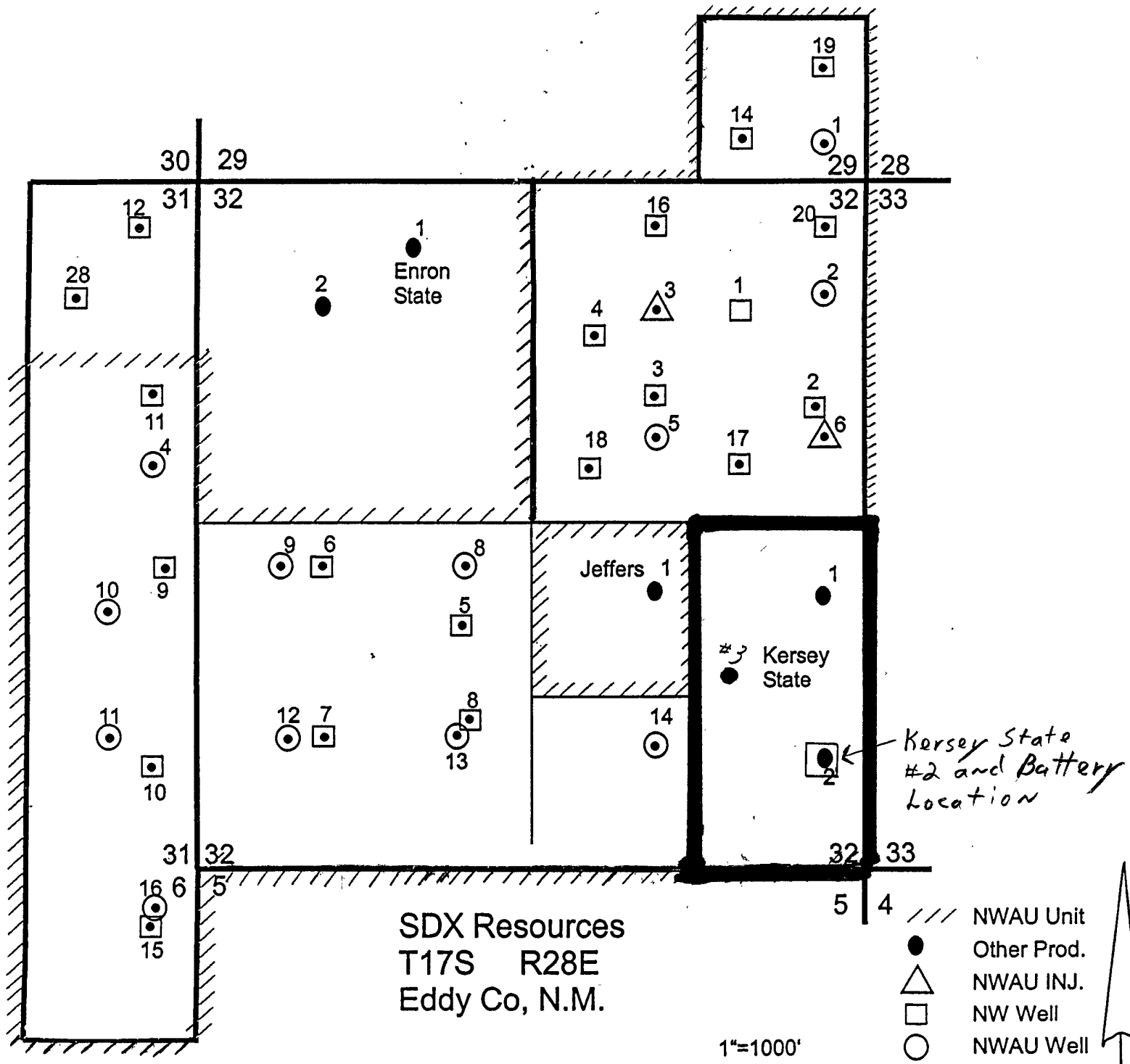
I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines X, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

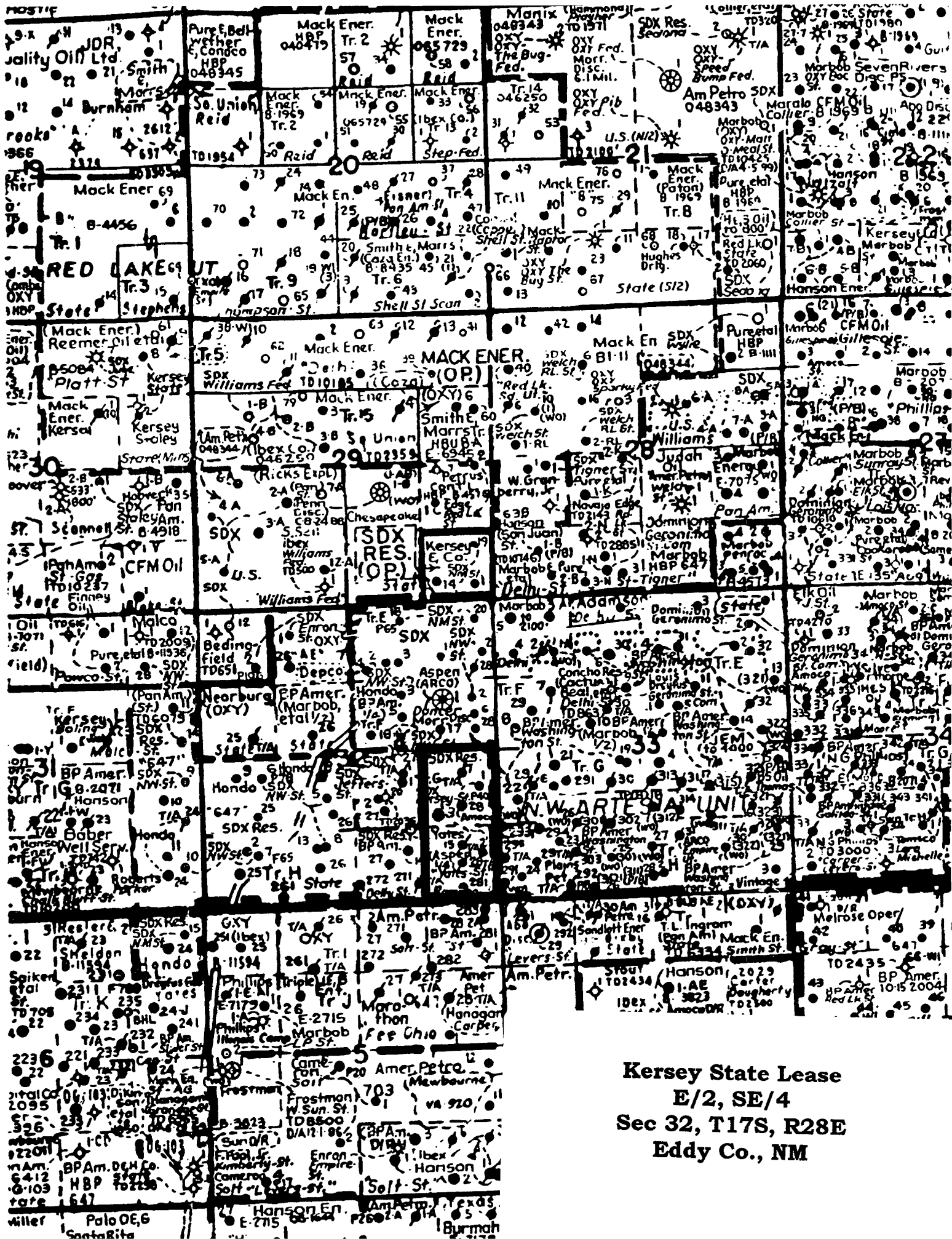
SIGNATURE Bonnie Atwater TITLE Regulatory Tech DATE 9/12/07

Type or print name Bonnie Atwater E-mail address: batwater@sdxresources.com Telephone No. 432-685-1761

**For State Use Only**

APPROVED BY: Accepted for record - NMOCD TITLE \_\_\_\_\_ DATE 9/18/07  
Conditions of Approval (if any):





Kersey State Lease  
E/2, SE/4  
Sec 32, T17S, R28E  
Eddy Co., NM

SDX Resources, Inc.  
KERSEY STATE  
Sec 32, T17S, R28E  
Lease & Pool Information

<b>WELL #</b>	<b>API#</b>	<b>LEGALS</b>	<b>PERFS</b>	<b>POOL</b>	<b>POOL CODE</b>	<b>EST. DAILY PROD</b>
1	30888	2018 FSL 330 FEL Unit I	2330-2608	Artesia, QN-GB-SA	03230	1.5 BO 4 BW 17 MCF
2	30889	844 FSL 330 FEL Unit P	2514-2718	Artesia, QN-GB-SA	03230	2 BO 3 BW 4 MCF
3	35562	1650 FSL 990 FEL Unit I	3632-3730	Artesia, GL-YE	96830	20 BO 275 BW 27 MCF

Lease Description: Sec 32, T17S, R28E, E/2 SE/4, 80 acres±

Battery Description: Sec 32, T17S, R28E, Unit P, 844 FSL 330 FEL

**ROD J. MACDONALD**

*Attorney at Law*

Licensed in Texas,  
New Mexico and Colorado

511 W. Ohio  
Suite 530  
Midland, Texas 79701

(915) 688-3939  
Fax (915) 685-3700

August 7, 2000

**ORIGINAL DIVISION ORDER**  
**TITLE OPINION**

SDX Resources, Inc.  
P.O. Box 5061  
Midland, Texas 79704

Attention: Mr. Steve Sell

Re: SDX Resources, Inc. Kersey State Nos. 1 and 2 Wells - The interest owned in State of New Mexico Lease No. B-2071, insofar as it covers the following-described land situated in Eddy County, New Mexico:

Township 17 South, Range 28 East, N.M.P.M.  
Section 32: E/2 SE/4

from the base of the Unitized Formation of the Northwest Artesia Unit down to 5,000 feet below the surface, containing 80 acres, more or less.

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Gentlemen:

**BASIS OF EXAMINATION**

At your request, we have examined the following:

**Prior Title Opinion**

Our Original Drilling Title Opinion dated January 18, 2000, addressed to SDX Resources, Inc., covering the mineral estate only in captioned land, based upon an examination of the records covering: (a) the records of the Offices of the Commissioner of Public Lands of the State of New Mexico affecting the oil and gas mineral rights to said lands under Lease No. B-2071, from inception of the records to November 27, 1999 at 8:00 a.m.; and (b) the records in the Offices of the County Clerk of Eddy County, New Mexico, pertaining to the mineral estate only in said lands, from inception of the records to November 4, 1999 at 8:00 a.m.

**Examination of the Records**

We have examined the records in the Office of the Commissioner of Public Lands of the State of New Mexico for State of New Mexico Lease No. B-2071, insofar as it covers the mineral estate only in captioned land, from November 27, 1999 at 8:00 a.m. to August 4, 2000 at 8:00 a.m. We have examined the records in the Office of the County Clerk of Eddy County, New Mexico, pertaining to the mineral estate only in captioned land, from November 4, 1999 at 8:00 a.m. to July 20, 2000 at 8:00 a.m., based upon the indices of Caprock Title Company.

**Instruments**

Copy of Assignment Nos. 29 through 31.

Based upon examination of the foregoing and subject to the title requirements hereinafter made, we find the oil and casinghead gas produced and saved from captioned land to be vested as follows:

### OWNERSHIP OF PRODUCTION - GAS PRODUCTION

Rock Energy Corporation . . . . .	.0023437
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Working Interests:

St. Cyr Exploration Company . . . . .	.1953125
Steve Sell, whose wife is Lisa Sell . . . . .	.1406250
John D. Pool, whose wife is Stacy Pool . . . . .	.1406250
Alpine Resources, LLC . . . . .	.0976563
SOG Investors, LLC . . . . .	.0488281
Etkind Oil LLC . . . . .	.0488281
William S. Montgomery, Jr., as his separate property . . . . .	.0390625
Fred C. Corey, whose wife is Deborah Corey . . . . .	.0195313
Charles M. Morgan, whose wife is Monica Morgan . . . . .	.0195312
William Scott Ramsey, whose wife is Ellen K. Ramsey . . . . .	.0156250
Eram Ali, whose wife is Vicky Ali . . . . .	.0156250

EXISTING OIL, GAS AND MINERAL LEASE

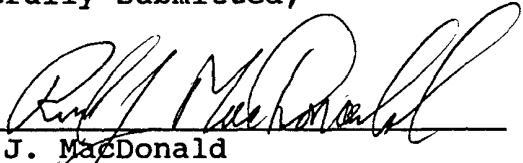
Serial No.:	B-2071.
Date:	August 10, 1933.
Recorded:	Book 102, page 13, Oil and Gas Records.
Lessor:	The State of New Mexico.
Lessee:	Forest E. Levers.
Land Covered:	Captioned land, together with numerous other tracts totalling 3,380.21 acres, more or less.
Primary Term:	Five (5) years, with the right to extend the lease for an additional five years upon payment of double the annual rental provided in the lease.
Royalties:	1/8 on oil and gas.
Shut-in Gas Well Royalties:	None.
Rentals:	Rentals in the sum of \$.50 per acre are payable on or before August 10 <u>annually, regardless of drilling operations or production on the leased premises.</u> Annual

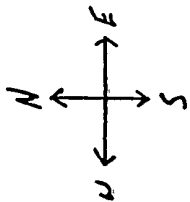
August 7, 2000

The opinions expressed herein are for your sole use and benefit, and may be relied upon only by you or your counsel. They are not to be circulated, quoted or otherwise relied upon by any other party except with my prior written consent.

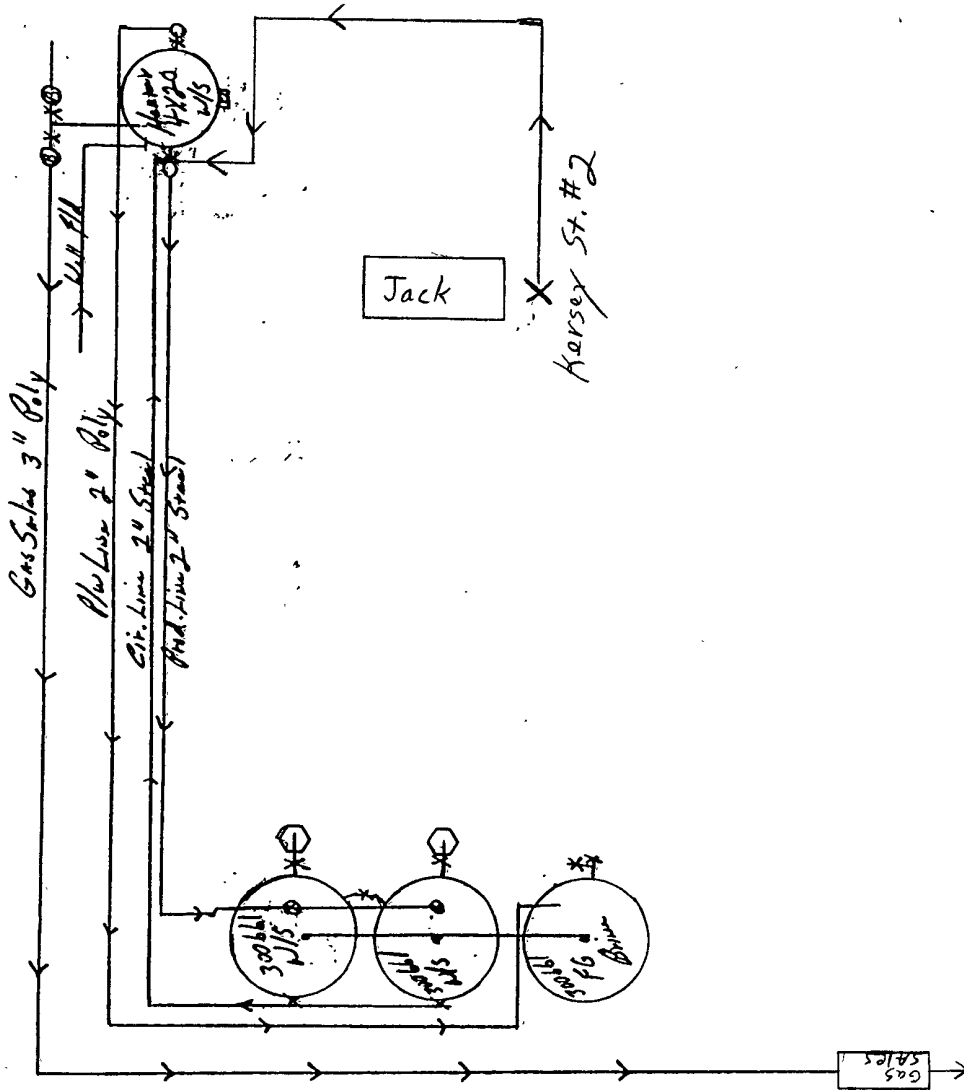
Respectfully submitted,

By: \_\_\_\_\_

  
Rod J. MacDonald  
Attorney at Law

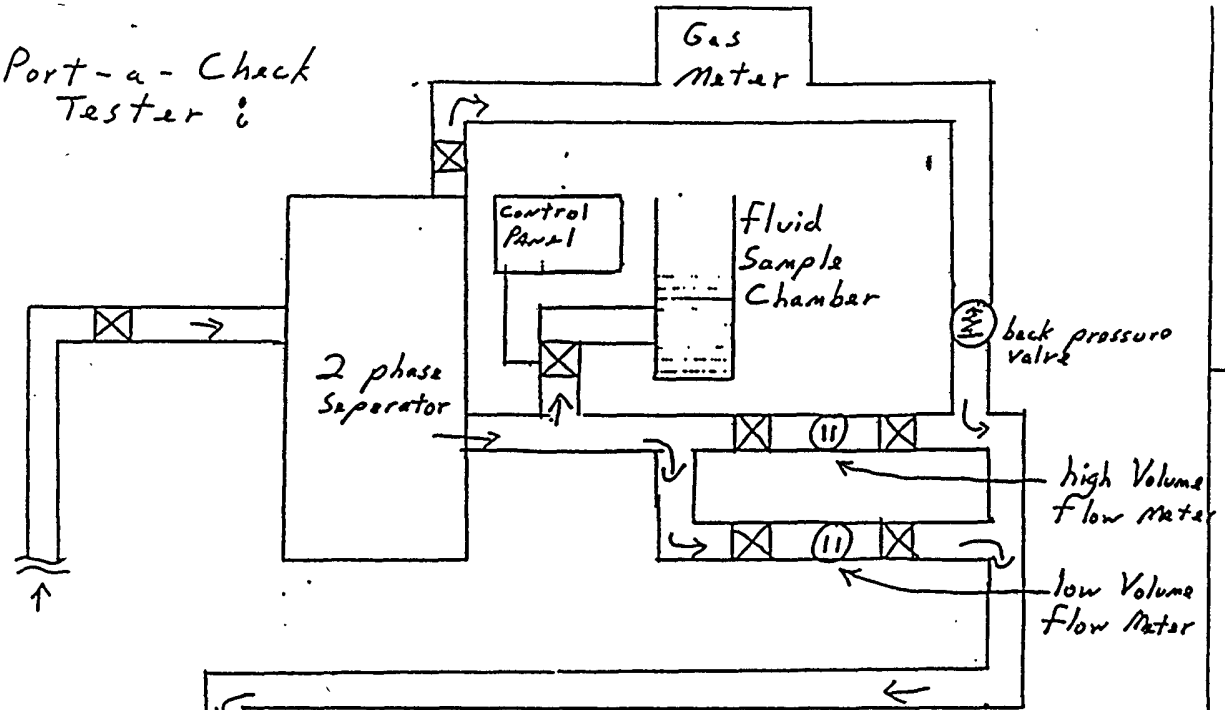


# SDX Resources Inc. Kersey St. Batt. Facility Diagram

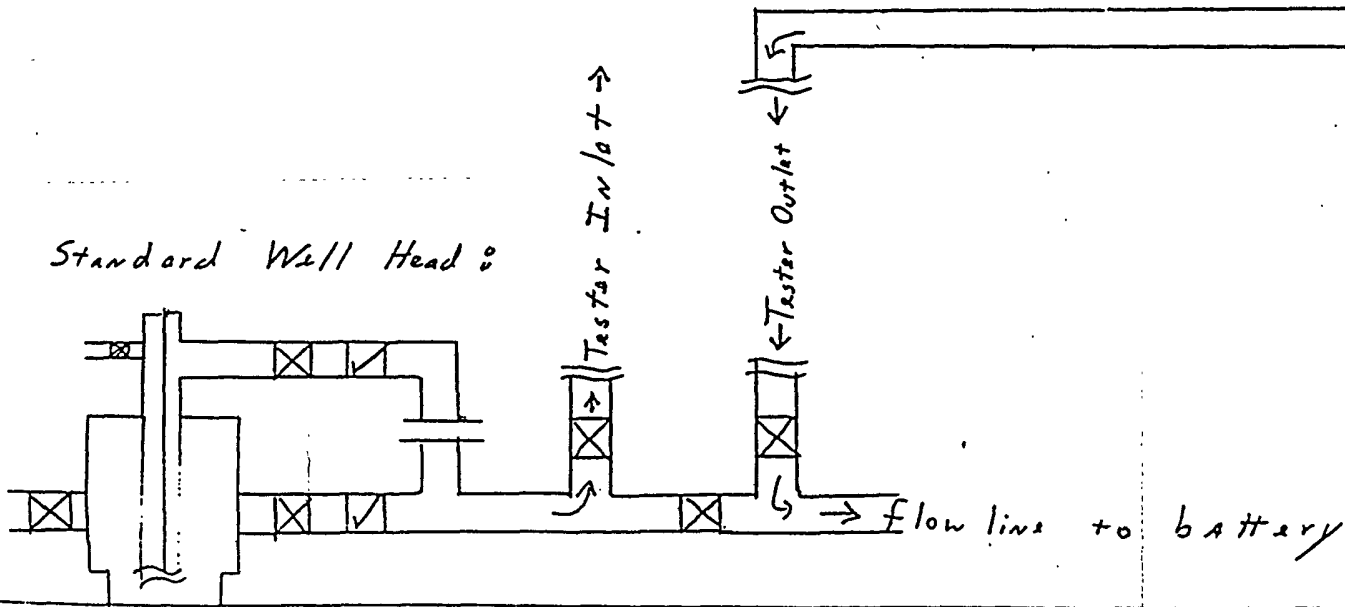


Drilling to Southwest

Port-a-Check  
Tester i



Standard Well Head :



Attachment