



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joana Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

PC-1096-A

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

Attention: Mr. Chuck Morgan

RE: SURFACE POOL COMMINGLING ADMINISTRATIVE ORDER

SDX Resources, Inc. (OGRD 20451)
Enron State Lease (Lease No. B-5862)
NW/4 NW/4 of Section 31 and N/2 NW/4 of Section 32,
Township 17 South, Range 28 East, NMPM, Eddy County, New Mexico

The above-named operator is hereby authorized to commingle identically owned Artesia Queen-Grayburg-San Andres (03230), Red Lake-Queen Grayburg San Andres (51300), and NE Red Lake-Glorieta Yeso (96836) Pool production from the following wells:

Enron State No. 1 (API No. 30-015-31530) Unit C, Section 32
Artesia Queen-Grayburg-San Andres Pool

Enron State No. 2 (API No. 30-015-31920) Unit D, Section 32
Artesia Queen-Grayburg-San Andres Pool

Enron State No. 4 (API No. 30-015-32162) Unit D, Section 31
Northeast Red Lake Glorieta-Yeso Pool and
Red Lake-Queen Grayburg San Andres Pool (DHC-3831)

The applicant is permitted to determine oil and gas production from each well by quarterly well tests.

This installation shall be installed and operated in accordance with the applicable Division rules. It is the responsibility of the producer to notify the transporter of this commingling authority. The operator shall notify the Artesia District Office of the Division upon implementation of commingling operations.

Done at Santa Fe, New Mexico, on February 9, 2007.

A handwritten signature in dark ink, appearing to read "Mark E. Fesmire", is written over a horizontal line.

MARK E. FESMIRE, P.E.,
Division Director

MEF/wvjj

cc: Oil Conservation Division - Aztec

State Land Office - Oil, Gas, and Minerals Division