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PATRICK H. LYONS
COMMISSIONER

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Commissioner of Public Lands

310 OLD SANTA FE TRAIL
P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

COMMISSIONER'S OFFICE

Phone (505) 827-5760

Fax (505) 827-5766

www.nmstatelands.org

August 5, 2008

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

Attn: Mr. Chuck Morgan

Re: Downhole Commingling Application
Jeffers 36 State Well No. 3 (API # 30-015-31541)
Unit Letter B, Section 36-17S-27E
Red Lake, QN-GB-SA and Red Lake, GL-YE, NE Pools
Eddy County, New Mexico

Dear Mr. Morgan:

Thank you for your application to downhole commingle the Red Lake, QN-GB-SA and Red Lake, GL-YE, NE pools from the referenced well in Eddy County, New Mexico.

It is our understanding that the production will also subsequently be surface commingled at the Jeffers 36 State Well No. 4 battery location.

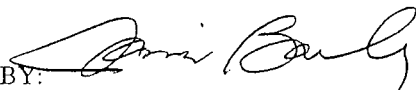
Since it appears that all the New Mexico Oil Conservation's (OCD) rules and regulations have been complied with, and there will be no loss of revenue to the State of New Mexico as a result of your proposed operation, your application is approved. Any deviation from the substance of your application will be cause for rescinding our approval, and approval is subject to like approval by the OCD.

Please submit a filing fee in the amount of \$30.00.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

PATRICK H. LYONS
COMMISSIONER OF PUBLIC LANDS

BY: 

JAMI BAILEY, Director
Oil, Gas and Minerals Division
PL/JB/jm
Enclosure

xc: Reader File

OCD—Ed Martin,

-State Land Office Beneficiaries -

Carrie Tingley Hospital • Charitable Penal & Reform • Common Schools • Eastern NM University • Rio Grande Improvement • Miners' Hospital of NM • NM Boys School • NM Highlands University • NM Institute of Mining & Technology • New Mexico Military Institute • NM School for the Deaf • NM School for the Visually Handicapped • NM State Hospital • New Mexico State University • Northern NM Community College • Penitentiary of New Mexico • Public Buildings at Capital • State Park Commission • University of New Mexico • UNM Saline Lands • Water Reservoirs • Western New Mexico University