

Ocean Munds-Dry omundsdry@hollandhart.com

April 24, 2007

Via Hand Delivery

Mark E. Fesmire, P.E., Director Oil Conservation Division New Mexico Energy, Minerals and Natural Resources Department 1220 South Saint Francis Drive Santa Fe, New Mexico 87505

Case 13923



Re: Application of SDX Resources, Inc. for Approval of a Waterflood Project, Eddy, County, New Mexico.

Dear Mr. Fesmire:

Enclosed is the application of SDX Resources, Inc. in the above-referenced case as well as a copy of a legal advertisement. SDX requests that this matter be placed on the docket for the May 24, 2007 Examiner hearings.

Sincerely,

Ocean Munds- Bry

Ocean Munds-Dry for Holland & Hart LLP

cc: Mr. Chuck Morgan

Holland & Hart LLP

Phone [505] 988-4421 Fax [505] 983-6043 www.hollandhart.com

110 North Guadalupe Suite 1 Santa Fe, NM 87501 Mailing Address P.O. Box 2208 Santa Fe, NM 87504-2208

Aspen Billings Boise Boulder Cheyenne Colorado Springs Denver Denver Tech Center Jackson Hole Salt Lake City Santa Fe Washington, D.C. 🙃

STATE OF NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION OF SDX RESOURCES, INC. FOR APPROVAL OF A WATERFLOOD PROJECT EDDY COUNTY, NEW MEXICO.

CASE NO. <u>/3923</u>

APPLICATION

SDX Resources, Inc. ("SDX") through its attorneys, Holland & Hart, LLP, hereby makes application for an order approving a secondary recovery project for the injection of water into the Queen, Grayburg, San Andres formations, Artesia Queen-Grayburg-San Andres Pool, and in support thereof states:

1. SDX seeks approval of a waterflood project and authorization to implement secondary recovery operations in this area by the injection of water into the Queen, Grayburg, San Andres formation, Artesia Queen-Grayburg-San Andres Pool. A copy of SDX's Application for Authorization to Inject (Division Form C-108) through one injection well in the proposed waterflood project area is attached hereto as <u>Exhibit</u>

<u>A.</u>

2. The boundaries of the proposed waterflood project area coincide with the boundaries of the leases and include the following acreage in Lea County, New Mexico:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM

Section 32: Section 29: Section 31: NE/ 4, SW/4 SE/4 SE/4 E/2 E/2

TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPM

APR 24 PN 3 23

Section 6: NE/4 NE/4

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3. Applicant requests that the Division establish a procedure for the administrative approval of additional injection wells within the project area without the necessity for further hearings.

4. Notice of this application has been provided to the owner of the surface of the land on which each proposed injection well is to be located and to each leasehold operator within one-half mile of each injection well location and these owners are identified on the Notice List attached to this application as **Exhibit B**.

6. Approval of this application will afford SDX the opportunity to produce its just and equitable share of the remaining reserves in the Artesia Queen-Grayburg-San Andres Pool and will otherwise be in the best interest of the conservation, the protection of correlative rights and the prevention of waste.

WHEREFORE, SDX Resources, Inc. requests that this matter be set for hearing before a duly appointed Examiner of the Oil Conservation Division on May 24, 2007 and after notice and hearing as required by law, the Division enter its Order granting this application.

Respectfully submitted,

HOLLAND & HART LLP

By:

OCEAN MUNDS-DRY Post Office Box 2208 Santa Fe, New Mexico 87504 Telephone: (505) 988-4421

ATTORNEYS FOR SDX RESOURCES, INC.

EXHIBIT B

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SDX RESOURCES, INC. WATERFLOOD PROJECT EDDY COUNTY, NEW MEXICO

SURFACE OWNERS

Marbob Energy Corporation P.O. Box 227 Artesia, New Mexico 88211

OFFSET OPERATORS

BP Amoco (Altura/Arco Permian) 200 N. Loraine Suite 1220 Midland, Texas 79701

Marbob Energy Corporation P.O. Box 227 Artesia, New Mexico 88211

Hanson Energy P.O. Box 1348 Artesia, New Mexico 88210

Mewbourne oil Co. P.O. Box 5270 Hobbs, New Mexico 88241 CASE <u>13923</u>:

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Application of SDX Resources, Inc. for Approval of a Waterflood Project, Eddy County, New Mexico. Applicant in the above-styled cause, seeks approval of for injection of water into the Queen, Grayburg, San Andres formation, Artesia Queen-Grayburg-San Andres Pool through one injection well located in the following described area:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM

 Section 32:
 NE/ 4, SW/4

 Section 29:
 SE/4 SE/4

 Section 31:
 E/2 E/2

TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPM

Section 6: NE/4 NE/4

The applicant requests that the Division establish procedures for the administrative approval of additional injection wells within the project area without the necessity of further hearings and the adoption of such other provisions as are necessary for said waterflood operations. Said unit is located approximately 12 miles east of Artesia, New Mexico.



Ocean Munds-Dry Associate omundsdry@hollandhart.com

April 24, 2007

<u>CERTIFIED MAIL</u> RETURN RECEIPT REQUESTED

AFFECTED INTEREST OWNERS

Re: Application of SDX Resources Inc. for Approval of a Waterflood Project, Eddy County, New Mexico.

Ladies and Gentlemen:

This letter is to advise you that SDX Resources, Inc. has filed the enclosed application with the New Mexico Oil Conservation Division seeking authority to implement secondary recovery operations in its proposed project waterflood area. A copy of this application with attached Oil Conservation Division Form C-108 is enclosed for your information.

This application has been set for hearing before a Division Examiner at 8:15 a.m. on May 24, 2007. The hearing will be held in Porter Hall in the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 1208.B to file a Pre-hearing Statement four days in advance of a scheduled hearing. This statement must be filed at the Division's Santa Fe office at the above specified address and should include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

Very truly yours,

Ocean Munds-Dry

Attorney for SDX Resources, inc.

Enclosures

Holland & Hart LLP

110 North Guadalupe Suite 1 Santa Fe, NM 87501 Mailing Address P.O. Box 2208 Santa Fe, NM 87504-2208

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STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL
RESOURCES DEPARTMENT

NTARNAT A .

Oil Conservation Division 1220 South St. Francis Dr. Santa Fe, New Mexico 87505

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	c 23	FORM C-108
Pin	13923_{Revised}	June 10, 2003
line		

	APPLICATION FOR AUTHORIZATION TO INJECT
I.	PURPOSE: X Secondary Recovery Pressure Maintenance Disposal Storage Application qualifies for administrative approval? Yes No
п.	OPERATOR:SDX Resources, Inc
	ADDRESS:PO Box 5061, Midland, TX 79704
	CONTACT PARTY:Chuck MorganPHONE:432-685-1761
III.	WELL DATA: Complete the data required on the reverse side of this form for each well proposed for injection. Additional sheets may be attached if necessary.
IV.	Is this an expansion of an existing project?YesXNo If yes, give the Division order number authorizing the project:
V.	Attach a map that identifies all wells and leases within two miles of any proposed injection well with a one-half mile radius circle drawn around each proposed injection well. This circle identifies the well's area of review.
VI.	Attach a tabulation of data on all wells of public record within the area of review which penetrate the proposed injection zone. Such data shall include a description of each well's type, construction, date drilled, location, depth, record of completion, and a schematic of any plugged well illustrating all plugging detail.
, VII .	Attach data on the proposed operation, including:
	 Proposed average and maximum daily rate and volume of fluids to be injected; Whether the system is open or closed; Proposed average and maximum injection pressure; Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and, If injection is for disposal purposes into a zone not productive of oil or gas at or within one mile of the proposed well, attach a chemical analysis of the disposal zone formation water (may be measured or inferred from existing literature, studies, nearby wells, etc.).
*VIII.	Attach appropriate geologic data on the injection zone including appropriate lithologic detail, geologic name, thickness, and depth. Give the geologic name, and depth to bottom of all underground sources of drinking water (aquifers containing waters with total dissolved solids concentrations of 10,000 mg/l or less) overlying the proposed injection zone as well as any such sources known to be immediately underlying the injection interval.
IX.	Describe the proposed stimulation program, if any.
*X.	Attach appropriate logging and test data on the well. (If well logs have been filed with the Division, they need not be resubmitted).
*XI.	Attach a chemical analysis of fresh water from two or more fresh water wells (if available and producing) within one mile of any injection or disposal well showing location of wells and dates samples were taken.
XII.	Applicants for disposal wells must make an affirmative statement that they have examined available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the disposal zone and any underground sources of drinking water.
XIII.	Applicants must complete the "Proof of Notice" section on the reverse side of this form.
XIV.	Certification: I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.
	NAME:Chuck MorganTITLE:Engineer
	SIGNATURE:
•	E-MAIL ADDRESS:cmorgan@sdxresources.com If the information required under Sections VI, VIII, X, and XI above has been previously submitted, it need not be resubmitted. Please show the date and circumstances of the earlier submittal:

EXHIBIT A

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Side 2

III. WELL DATA

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- A. The following well data must be submitted for each injection well covered by this application. The data must be both in tabular and schematic form and shall include:
 - (1) Lease name; Well No.; Location by Section, Township and Range; and footage location within the section.
 - (2) Each casing string used with its size, setting depth, sacks of cement used, hole size, top of cement, and how such top was determined.
 - (3) A description of the tubing to be used including its size, lining material, and setting depth.
 - (4) The name, model, and setting depth of the packer used or a description of any other seal system or assembly used.

Division District Offices have supplies of Well Data Sheets which may be used or which may be used as models for this purpose. Applicants for several identical wells may submit a "typical data sheet" rather than submitting the data for each well.

- B. The following must be submitted for each injection well covered by this application. All items must be addressed for the initial well. Responses for additional wells need be shown only when different. Information shown on schematics need not be repeated.
 - (1) The name of the injection formation and, if applicable, the field or pool name.
 - (2) The injection interval and whether it is perforated or open-hole.
 - (3) State if the well was drilled for injection or, if not, the original purpose of the well.
 - (4) Give the depths of any other perforated intervals and detail on the sacks of cement or bridge plugs used to seal off such perforations.
 - (5) Give the depth to and the name of the next higher and next lower oil or gas zone in the area of the well, if any.

XIV. PROOF OF NOTICE

All applicants must furnish proof that a copy of the application has been furnished, by certified or registered mail, to the owner of the surface of the land on which the well is to be located and to each leasehold operator within one-half mile of the well location.

Where an application is subject to administrative approval, a proof of publication must be submitted. Such proof shall consist of a copy of the legal advertisement which was published in the county in which the well is located. The contents of such advertisement must include:

- (1) The name, address, phone number, and contact party for the applicant;
- (2) The intended purpose of the injection well; with the exact location of single wells or the Section, Township, and Range location of multiple wells;
- (3) The formation name and depth with expected maximum injection rates and pressures; and,

(4) A notation that interested parties must file objections or requests for hearing with the Oil Conservation Division, 1220 South St. Francis Dr., Santa Fe, New Mexico 87505, within 15 days.

NO ACTION WILL BE TAKEN ON THE APPLICATION UNTIL PROPER PROOF OF NOTICE HAS BEEN SUBMITTED.

NOTICE: Surface owners or offset operators must file any objections or requests for hearing of administrative applications within 15 days from the date this application was mailed to them.

APR

SDX Resources, Inc. New Mexico Oil Conservation Division Form C-108 "Application for Authorization to Inject"

- RE: NW State #8, 1090' FSL, 2126' FWL, Sec 32, T17S, R28E Eddy Co., New Mexico
 - I. SDX plans to convert the above referenced well to an injection well in the Artesia, Queen/Grayburg/San Andres pool.
 - II. Operator: SDX Resources, Inc., PO Box 5061, Midland, TX 79704
 - III. Well Data: Please see "Well Data Sheet" attached.
 - IV. This is not an expansion of an existing project.
 - V. Map attached designating: ¹/₂ mile radius of review and 2 mile radius.
 - VI. There are twenty-one wells within the area of review which penetrate the proposed injection zone, ¹/₂ mile review area "Well Tabulation" attached.
 - VII. Proposed average daily injection volume: 500 bbls per day. This will be a closed system. Proposed average injection pressure is estimated @ 300 psi. The proposed maximum injection pressure is 500 psi (to be increased by step rate at a later date). Formation water analysis is attached.
 - VIII. The Queen/Grayburg/San Andres formation(s) consist of dolomite and sandstones with alternating beds of silty to sandy dolomite and gray arkosic sandstones. Generally the gross thickness of the Grayburg ranges from 300 to 400° thick and the San Andres ranges from 350 – 400° thick. Both of these zones are actively flooded in the area with positive response. There are no known sources of drinking water underlying the proposed injection interval. Limited fresh water zones overlie the proposed injection zone at approximately 150°.
 - IX. The proposed injection interval may be acidized with 15% HCL acid.
 - X. Well logs are on file with the Oil Conservation Division.
 - XI. No fresh water wells are within a ½ mile radius.
 - XII. Geologic and engineering data have been examined and no evidence of open faults or any other hydrological connection between the injection zone and any fresh water aquifer has been found.
 - XIII. Copies of the Oil Conservation Division Form C-108, the Well Data Sheet and map have been sent to the offset operators, surface owner(s) as per the listing attached.

A copy of the Legal Notice as published in the Artesia Daily News is attached to this filing.

"Well Data Sheet" SDX Resources, Inc. Form C-108 "Application for Authorization to Inject"

NW State #8

- A. (1) Unit Letter N, Section 32, T17S, R28E, 1090' FSL, 2126' FWL Eddy County, New Mexico
 - (2) Casing: 8-5/8" @ 461' w/350 sx Cl C circulated to surface 5-1/2" @ 3302' w/600 sx Lite & Cl C - circulated to surface 2-3/8" tubing & packer to be set within 100' of top perforation Status of well is producing
- B. (1) Injection Formation: San Andres
 - (2) Injection interval will be through perforations @ 2523' 2859'
 - (3) Well was drilled and completed as a producer in the Artesia (Queen/Grayburg/San Andres) pool
 - (4) Initial perforations same as above
 - (5) Next shallow oil or gas zone: Queen Next deeper oil or gas zone: Abo

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MV State C-108 Data Sheet

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NW State C-108 Data Steet

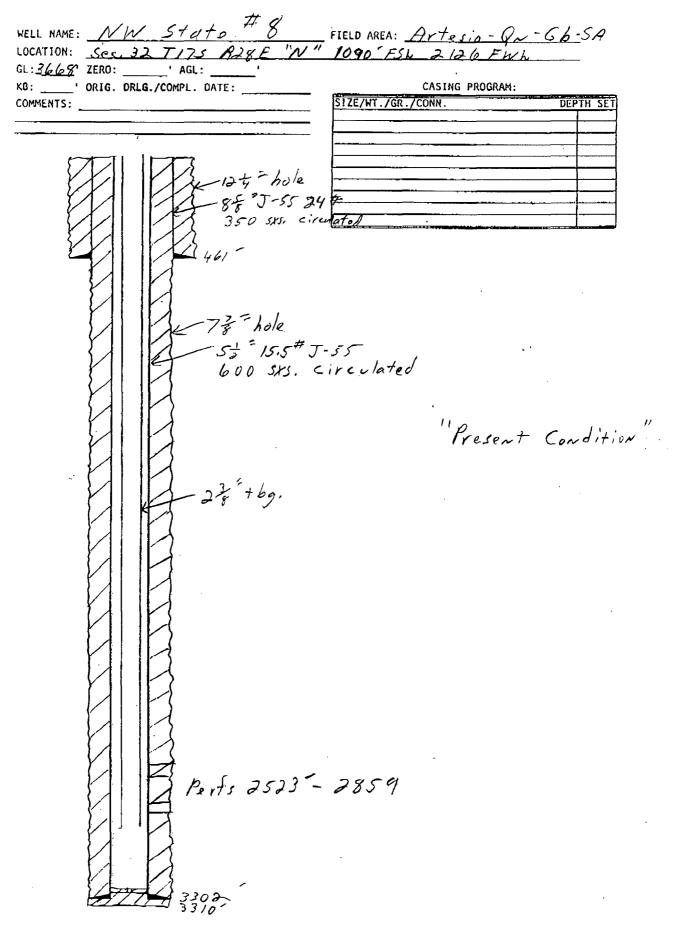
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04/23/2007 MON 14:56 [TX/RX NO 7065] 2010

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- SKETCH NOT TO SCALE -

REVISED: 4507

-1-1 HELL NAME: NW Stato # 8 FIELD AREA: Artesia - Qr. - Gb-SA LOCATION: Sec. 32 TITS R28E "N" 1090 FSL 2126 FWL GL: 3668 ZERO: ____' AGL: ____ KB: ____' ORIG. DRLG./COMPL. DATE: CASING PROGRAM: SIZE/WT./GR./CONN. DEPTH SET COMMENTS: -12 = hole 85 3-55 24 =-350 sxs, circulated 461 -73= hole 53 = 15.5# J-55 600 Sts. circulated -27 = P.C. + by. 55 - AD-1 P.C. Packor @ 2450-Parts 2523 - 2859 3302

- SKETCH NOT TO SCALE -

REVISED: 4/5/07

04/23/2007 MON 14:56 [TX/RX NO 7065] 2013

P.14 . APR 23 '07 16:10 AT&T FAX 9020FX WELL NAME: <u>Aspen 32 State Com # /</u> FIELD AREA: <u>Empire Marrow</u> LOCATION: <u>Sec. 32 T125 R28E 'J" 1320 "F5L + 1609" FEL Eddy Co., N.M.</u> #14 GL: 3669 ' ZERO: ____' AGL: ____' KB: ____' ORIG. DRLG./COMPL. DATE: CASING PROGRAM: . SIZE/WT./GR./CONN. COMMENTS: DEPTH SET æ., 19 st. surface plug 0-60 175 hole ţ 428-19 5k. plug 450- 340 PoA 10/18/2005 -12-5 = hole - 2660 = 95 = 407 cmt. w/1140 sks, & circulated 2660 41 sk. plug 27/3 - 26/3 -- 8-3 = hole 4 5+5. 3412 - 3314 -42 5+5. 5568-5468-42 SXS. 7049-6949-51 545. 8338- 8238-42 545, 10041-9941-T.D. 10,400 - SKETCH NOT TO SCALE -REVISED:

. APR 23 '07 16:10 AT&T FAX 9020FX P.15 ILL NAME: North West Arteria Unit FIELD AREA: Arteria - Q--Gb-SA OCATION: Unit "K" 2310 FSL + 2105 FWL SEC. 32 TITS A28 E Eddy Co #15 L: ____' ZERO: ___ _' AGL; ___ B: 3678' ORIG. DRLG. /COMPL. DATE: CASING PROGRAM: SIZE/WT./GR./CONN. DEPTH SET ONMENTS: Autobo 15sks 10 to suitace Tag plug Q200ji hole 85"24" ent. WI25 SAN, 50-50 POZ TOC CAR. Surface @ 75% i report states comment did not cinl. By F @ 512, SQZ 70 sk. plug ESt. TOC @ 60; 73 hole -45= 11.6# J-55 cmt. w/ 175 sks. 50/50 POZ P.A 11/2006 Tag plug 1080-ParF@1200- 592 35 5k plug TOC CALC. @ 75% 1241 Tups: Kates - 346-7-R' - 612-9~ - 1190-66 - 1625-SA - 1938 25 5% plug From 1800 CZBP 21800 1898 - 1908 Perfs acidized & Frac'd 1930 - 1934 Perfs acidized & Frac'd 2002 - SKETCH NOT TO SCALE -REVISED: 4 2007

04/23/2007 MON 14:56 [TX/RX NO 7065] 2015

P.16 23 '07 16:10 AT&T FAX 9020FX-P.5 14 '06 10:46 AT&T FAX 9020FX #23 SEP WELL NAME: Northmast Artasia Unit 713 FIELD AREA: Artasia LOCATION: <u>Sec. 32 7/25</u> R28E 990" FSL + 2030" FW ____' ZĘRO: ____ AGL: GL: KB:3687 ' ORIG. ORLG./COMPL. DATE: CASING PROGRAM: COMMENTS: APZ # 30-015-10 K34 ZE/WT./GR./CONN. DEPTH SE and - H-40 34-25* Ţ₹ 5-55 4.6 17966 Tag Phy @160 54-24-25# contra 125 Sts. 54/50 POZ Part@543 592 40 st. plug PaA 10/2006 -73 hole Tag plug @ 998' sport 25 sk plug From 1300' 45 11.6# 5.55 ent. w/175 sts, 50/50 POZ Part 1243 held 1500# TUC 1242 (cole. ,75% ,FL) Tops " Vates 7-As 346 607 QN 1193 66 1640 5 A 1958 25 sk. plug From 1856-CIBP @ 1856 1921-26 acidianda Fraid 1952-54 2003 -

#35

HELL NAME: <u>Empiro Abo Unit E-2</u>FIELD AREA: <u>Empire Abo</u> LOCATION: <u>Sec. 32 TITS R28E "B" 990 FIL 1900 FEL Eddy Cu. Nom</u> GL: ____' ZERO: ____' AGL: ____ KB: _____ ORIG. DRLG./COMPL. DATE: CASING PROGRAM: SIZE/WT./GR./CONN. DEPTH SET COMMENTS: Art 60's circle to surtees Tay play @ 300-Bit 435 0 SQ2 w 3.5 SAS. - 85 24# cmt. w/125 sti a Circulate Tag Pl- @ 900 994 Pait 1054" & SQ2 - 35 Str. - 73 = hola - 41 = 11.6 # cm7. ~/ 820 ses. Tuc Est. 1428' (75% = Ft) - POA 3/2003 25 5x5 From 3360-Part 3360 a hald ak. 25 SXS. From 5820-CIBPO 5820-: : . Parts 5903-6074-6146 - SKETCH NOT TO SCALE -

04/23/2007 MON 14:56 [TX/RX NO 7065] 2017

REVISED:

SAMPLE

JUL 1 4 1999

Oil Co. : SDX Resources Lease : N.W. St. Well No.: # 1 Lab No. : F;\ANALYSES\Jul0999.001	Sample Loc. : Date Analyzed: 09-July-1999 Date Sampled : 01-July-1999
ANALYSIS	
1. pH 5. 2. Specific Gravity 60/60 F. 1. 3. CaCO ₃ Saturation Index @ 80 F. @ 140 F.	950 118 -0.029 +0.871
Dissolved Gasses	MG/L EQ. WT. *MEQ/L
4. Hydrogen Sulfide 5. Carbon Dioxide 6. Dissolved Oxygen Not	10 160 Determined
<u>Cations</u> 7. Calcium (Ca++) 8. Magnesium (Mg++) 9. Sodium (Na+) (Calculated	2,341 / 20.1 = 116.47 741 / 12.2 = 60.74
Anions	
11. Hydroxyl (OH ⁻) 12. Carbonate (CO ₃ ⁼) 13. Bicarbonate (HCO ₃ ⁻) 14. Sulfate (SO ₄ ⁻) 15. Chloride (Cl ⁻)	$\begin{array}{cccccccccccccccccccccccccccccccccccc$
16. Total Dissolved Solids 17. Total Iron (Fe) 18. Total Hardness As CaCO ₃ 19. Resistivity @ 75 F. (Calculated	163,730 7 / 18 2 - 0.38
LOGARITHMIC WATER PATTERN *meq/L.	PROBABLE MINERAL COMPOSITION COMPOUND EQ. WT. X $meq/L = mg/L$.
	CaSO4 68.07 92.21 6,277
	CaCl ₂ 55.50 6.28 349
Fe	Mg(HCO ₃) ₂ 73.17 0.00 0
10000 1000 100 10 1 10 100 1000 10000 Calcium Sulfate Solubility Profile	MgSO4 60.19 0.00 0
4539	MgCL ₂ 47.62 60.74 2,892
4526 4517 4506 4495	NaHCO3 84.00 0.00 0
	NaSO ₄ 71.03 0.00 0
4451 4149 Tony +F, 50 70 90 110 130 130 170	NaCl 58.46 2,608.44 152,490 *Milli Equivalents per Liter
This water is somewhat corresive due to	the pH observed on analysis.

This water is somewhat corrosive due to the pH observed on analysis. The corrosivity is increased by the content of mineral salts, and the presence of H2S, CO2 in solution.

P.18

SAMPLE

Oil Co. : SDX Resources Sample Loc. : Lease : N.W. St. Date Analyzed: 16-October-2001 Well No.: Injection Plant Date Sampled : 26-September-2001 Lab No. : F:\ANALYSES\Oct1601.001 ANALYSIS pH Specific Gravity 60/60 F. CaCO₃ Saturation Index @ @ : 1. 7.600 ż. 1.128 80 F. +1.737 140 F. +2.697 з. Dissolved Gasses MG/L EQ. WT. *MEQ/L Hydrogen Sulfide Carbon Dioxide 4. 10 ۰, 5. Not Determined Dissolved Oxygen 6. Not Determined · · Cations 7. (Ca++) (Mg++) 3,339 1,331 63,599 20.1 12.2 23.0 Calcium $166.12 \\ 109.10$ = 8. Magnesium == <u>9</u>. ุ่งส+) Sodium (Calculated) 2.765.17 (Ba++) 10. Barium Not Determined Anions (OH⁻)(CO₃⁼)(HCO₃⁻) $<math>SO_4$ 11. Hydroxyl 17.030.0 61.1 Q 0.00 = $12 \\ 13 \\ 13 \\ .$ 0.00 12.78 67.62 2,957.07 Carbonate 0 ** Bicarbonate Sulfate 78Ĭ ī4. $\left\langle \begin{array}{c} \tilde{s} \tilde{o}_{4} \\ \tilde{c} 1 \end{array} \right\rangle$ 3,300 48.8 -15. Chloride 104,976 16. 17: Total Dissolved Solids 177,326 Total Iron (Fe) Total Hardness As CaCO3 Resistivity @ 75 F. (Calculated) / 18.2 = 0.49 13,816 0.016 /cm. 18. 19. LOGARITHMIC WATER PATTERN PROBABLE MINERAL COMPOSITION OUND EQ. WT. X *meq/L = mg/L. *meq/L. COMPOUND Na AHHA AHHI AHHI AHHI CI $Ca(HCO_3)_2$ 81.04 12.78 1,036 Ca IIIII IIIIA ╋╫╫┼╁╌┞╴╴┣╢╢╢╿╿╴┠╴ 1111 -||||||| HCO3 CaSO₄ 68.07 67.62 4,603 **₩₩₩11~₩₩₩**₩ Mg **₩**₩₩ +++;;; ------S04 CaCl₂ 55.50 85.71 4,757 HIIII CO3 $Mg(HCO_3)_2$ 73.17 0.00 10000 1000 100 10 1 10 100 1000 10000 MgSO₄ 60.19 0.00 Calcium Sulfate Solubility Profile \$789 109.10 MgCL₂ 47.62 5,195 #783 3770 9769 NaHCOa 84.00 0.00 3762 1755 9748 1. NaSQ4 71.03 0.00 3741 \$724 \$727 NaCl 58.46 2,762.26 161,482 3710 Ten# "F. 38 90 119 139 150 170 *Milli Equivalents per Liter

This water is mildly corrosive due to the pH observed on analysis. The corrosivity is increased by the content of mineral salts, and the presence of H2S in solution.

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SDX Resources, Inc. NW State #8 1090' FSL 2126' FWL Sec 32, T17S, R28E Eddy Co., NM

1/2 Mile Radius of Review - Offsetting Operators:

BP Amoco (Altura/Arco Permian) 200 N Loraine, Ste 1220 Midland, TX 79701

Marbob Energy PO Box 227 Artesia, NM 88211

Hanson Energy PO Box 1348 Artesia, NM 88210

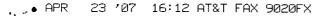
Mewbourne Oil Co PO Box 5270 Hobbs, NM 88241

Surface Owner:

Marbob Energy PO Box 227 Artesia, NM 88211

Copies of the Oil Conservation Division Form C-108 "Application for Authorization to Inject", Well Data Sheet and map have been sent by certified mail to the above stated parties on this the $16^{\frac{t}{10}}$ day of April, 2007.

Surface owners or offset operators must file any objections or requests for hearing of administrative application within 15 days from the date this application was mailed.



Legal Notice Publication Artesia Daily Press

SDX Resources, Inc., 511 W. Ohio, Ste 601, PO Box 5061, Midland, TX 79704, contact: Chuck Morgan (432)685-1761 is seeking administrative approval from the New Mexico Oil Conservation Division to complete the following well for fluid injection: NW State #8 located in Sec 32, T17S, R28E, 1090' FSL 2126' FWL, Eddy County. Proposed injection interval is the San Andres formation with perforations from 2523' – 2859' with a maximum daily injection volume of produced formation water at 500 bbls per day with a maximum injection pressure of 500#. Interested parties must file objections or request for hearing with the New Mexico Oil Conservation Division, 2040 S Pacheco, Santa Fe, New Mexico 87505 within 15 days of this notice.