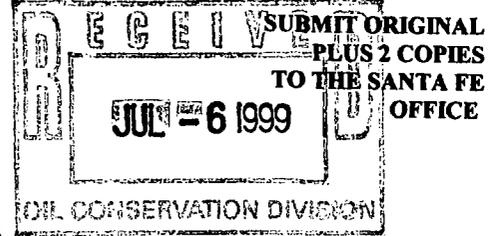


District I - (505) 393-6161
 1625 N. French Dr
 Hobbs, NM 88241-1980
 District II - (505) 748-1283
 811 S. First
 Artesia, NM 88210
 District III - (505) 334-6178
 1000 Rio Brazos Road
 Aztec, NM 87410
 District IV - (505) 827-7131

New Mexico
 Energy Minerals and Natural Resources Department

Oil Conservation Division
 2040 South Pacheco Street
 Santa Fe, New Mexico 87505
 (505) 827-7131



APPLICATION FOR NEW WELL STATUS

I. Operator and Well

Operator name & address SDX Resources, Inc. P. O. Box 5061, Midland, Texas 79704							OGRID Number 020451		
Contact Party Charles M. Morgan							Phone 915-685-1761		
Property Name NW State					Well Number 1		API Number 30-015-30609		
UL A	Section 32	Township 17S	Range 28E	Feet From The 990	North/South Line North	Feet From The 990	East/West Line East	County Eddy	

II. Date/Time Information

Spud Date May 22, 1999	Spud Time 12:00 PM	Date Completed June 26, 1999	Pool Artesia (ON-GB-SA)
---------------------------	-----------------------	---------------------------------	----------------------------

III. Attach copies of Form C-103 or Federal Form 3160-5 showing date/time of drilling commenced and Form C-105 or Federal Form 3160-4 showing well was completed as a producer.

IV. Attach a list of all working interest owners with their percentage interests.

V. AFFIDAVIT:

State of TEXAS)
)
 County of Midland)
)

Steve Sell, being first duly sworn, upon oath states:

- I am the Operator, or authorized representative of the Operator, of the above-referenced well.
- To the best of my knowledge, this application is complete and correct.

Signature [Signature] Title President Date 7-2-99

SUBSCRIBED AND SWORN TO before me this 2nd day of July, 1999.

[Signature]
 Notary Public

My Commission expires: 7-26-01

FOR OIL CONSERVATION DIVISION USE ONLY:

VI. CERTIFICATION OF APPROVAL:

This Application is hereby approved and the above-referenced well is designated a New Well. By copy hereof, the Division notifies the Secretary of the Taxation and Revenue Department of this Approval.

Signature <u>[Signature]</u>	Title <u>P.E. Spec.</u>	Date <u>7-7-99</u>
---------------------------------	----------------------------	-----------------------

VII. DATE OF NOTIFICATION TO THE SECRETARY OF THE TAXATION AND REVENUE DEPARTMENT: 7/9/99

NOTICE: The operator must notify all working interest owners of this New Well certification.

PV2V2005849732

dy

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

OIL CONSERVATION DIVISION

2040 Pacheco St.
Santa Fe, NM 87505

JUN 07 1999

WELL API NO.
30-015-30609

Indicate Type of Lease
STATE FEE

State Oil & Gas Lease No.

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.)

Lease Name or Unit Agreement Name
NW State

Type of Well:
OIL WELL GAS WELL OTHER

Well No.
1

Name of Operator
SDX Resources, Inc.

Pool name or Wildcat
Artesia (QN-GB-SA) (03230)

Address of Operator
PO 5061, Midland, TX 79704

Well Location
Unit Letter A 990 Feet From The North Line and 990 Feet From The East Line
Section 32 Township 17S Range 28E NMPM Eddy County

Elevation (Show whether DF, RKB, RT, GR, etc.)
3692' GR

11 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"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input checked="" type="checkbox"/>	PLUG AND ANBANDONMENT <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>		CASING TEST AND CEMENT JOB <input type="checkbox"/>	
OTHER: <input type="checkbox"/>		OTHER: <input type="checkbox"/>	

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.

5/22 & 23/99 MI & RU Capstar Rig #9. Spud 12-1/4" hole to 425'. Circ. Run 13 jts 8-5/8" J55 24# csg to 418'. RU Dowell & cmt w/325 sx Class C w/2% CaCl & 1/4#/sx cellophane. Circ 64 sx. WOC 18 hrs.

Start drlg 7-7/8" hole.



I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Bonnie Atwater TITLE Regulatory Tech. DATE 05-24-99

TYPE OR PRINT NAME Bonnie Atwater TELEPHONE NO. 915/685-1761

(This space for State Use)
APPROVED BY Jim W. Green TITLE District Supervisor DATE 5-27-99

CONDITIONS OF APPROVAL, IF ANY:

Submit 3 Copies
to Appropriate
District Office

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-103
Revised 1-1-89

Op

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

OIL CONSERVATION DIVISION

2040 Pacheco St.
Santa Fe, NM 87505

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL API NO. 30-015-30609
Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
eState Oil & Gas Lease No.

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.)	
Type of Well: OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/>	Lease Name or Unit Agreement Name NW State
Name of Operator SDX Resources, Inc.	
Address of Operator PO Box 5061, Midland, TX 79704	Well No. 1
Well Location Unit Letter <u>A</u> <u>990</u> Feet From The <u>North</u> Line and <u>990</u> Feet From The <u>East</u> Line Section <u>32</u> Township <u>17S</u> Range <u>28E</u> NMPM <u>Eddy</u> County	Pool name or Wildcat Artesia (QN-GB-SA) 03230
Elevation (Show whether DF, RKB, RT, GR, etc.) 3692' GR	

11

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

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	
OTHER: _____ <input type="checkbox"/>	

SUBSEQUENT REPORT OF:

REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
COMMENCE DRILLING OPNS. <input type="checkbox"/>	PLUG AND ANBANDONMENT <input type="checkbox"/>
CASING TEST AND CEMENT JOB <input type="checkbox"/>	
OTHER: <u>Reach TD & set prod csg.</u> <input checked="" type="checkbox"/>	

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.

Drill 7-7/8" hole to 2305' TD. Reached TD 5/26/99. Run LDT-CNL-GR & DLL logs. Run 96 jts 5-1/2" J55 14#-15.5# csg. Land off @ 3197'. Ran 25' shoe jt & 5 centralizers. Cmt w/425 sx Lite & 375 sx Class C. PD 8:00 pm. Circ 68 sx to pit.

Release Rig: 10:00 pm 5/27/99.

Presently WO completion.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Bonnie Atwater TITLE Regulatory Tech. DATE 06-04-99

TYPE OR PRINT NAME Bonnie Atwater TELEPHONE NO. 915/685-1761

(This space for State Use)

APPROVED BY *Jim W. Gunn* TITLE *District Supervisor* DATE *6-9-99*

CONDITIONS OF APPROVAL, IF ANY:

Submit to Appropriate District Office
State Lease - 6 copies
Fee Lease - 5 copies

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd, Aztec, NM 87410

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

2040 Pacheco St.
Santa Fe, NM 87505

Form C-105
Revised 1-1-89

WELL API NO.
30-015-30609

5. Indicate Type of Lease
STATE FEE

6. State Oil & Gas Lease No.

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

1a. Type of Well:
OIL WELL GAS WELL DRY OTHER _____
b. Type of Completion:
NEW WELL WORK OVER DEEPEN PLUG BACK DIFF RESVR OTHER _____

7. Lease Name or Unit Agreement Name
NW State

2. Name of Operator
SDX Resources, Inc.

8. Well No.
1

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

9. Pool name or Wildcat
Artesia (QN-GB-SA)

4. Well Location
Unit Letter A 990 Feet From The North Line and 990 Feet From The East Line
Section 32 Township 17S Range 28E NMPM Eddy County

10. Date Spudded 05/22/99 11. Date T.D. Reached 05/26/99 12. Date Compl. (Ready to Prod.) 06/26/99 13. Elevations (DF & RKB, RT, GR, etc.) 3692' 14. Elev. Casinghead

15. Total Depth 3205 16. Plug Back T.D. 3140 17. If Multiple Compl. How Many Zones? _____ 18. Intervals Drilled By Rotary Tools Cable Tools _____

19. Producing Interval(s), of this completion - Top, Bottom, Name 2456-2736 20. Was Directional Survey Made Yes

21. Type Electric and Other Logs Run LDT-CNL-GR, DLL 22. Was Well Cored No

23. CASING RECORD (Report all strings set in well)

CASING SIZE	WEIGHT LB/FT.	DEPTH SET	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
8-5/8"	24# J-55	418'	12-1/4"	325 sx C circ	none
5-1/2"	14-15.5# J-55	3197'	7-7/8"	425 sx Lite + 375 sx C circ	none

24. LINER RECORD				25. TUBING RECORD			
SIZE	TOP	BOTTOM	SACKS CEMENT	SCREEN	SIZE	DEPTH SET	PACKER SET
					2-3/8"	2757	

26. Perforation record (interval, size, and number)
2456', 58, 70, 72, 74, 83, 86, 92, 2524, 50, 61, 76, 83, 94, 2611, 18, 66, 90, 98, 2706, 12, 20, 23, 29, 36 (1 spf, 4" select fire)

27. ACID, SHOT, FRACTURE, CEMENT, SQUEEZE, ETC.
DEPTH INTERVAL | AMOUNT AND KIND MATERIAL USED
2456 - 2736 | A: 55 bbls 2%
F: 51,618 gal Delta 20 + 95,000# 16/30 + 85,000# 12/20 Brady sd

28. PRODUCTION

Date First Production 06/28/99 Production Method (*Flowing, gas lift, pumping - Size and type pump*) Pump 2"x1-1/2"x12' RWAC Well Status (*Prod. or Shut-in*) Prod

Date of Test 06/29/99 Hours Tested 24 Choke Size _____ Prod'n For Test Period _____ Oil - BbL. 77 Gas - MCF 100 Water - BbL. 400 Gas - Oil Ratio 1299

Flow Tubing Press. _____ Casing Pressure _____ Calculated 24-Hour Rate _____ Oil - BbL. 77 Gas - MCF 100 Water - BbL. 400 Oil Gravity - API - (Corr.) _____

29. Disposition of Gas (*Sold, used for fuel, vented, etc.*) Presently being connected. Test Witnessed By Chuck Morgan

30. List Attachments
Logs, Deviation Survey

31. I hereby certify that the information shown on both sides of this form is true and complete to the best of my knowledge and belief

Signature Bonnie Atwater Printed Name Bonnie Atwater Title Regulatory Tech Date 06/29/99

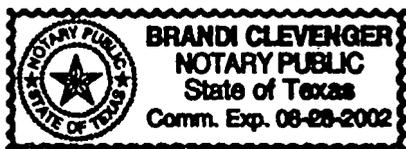
SDX Resources, Inc.
P.O. Box 5061
Midland, Texas 79704

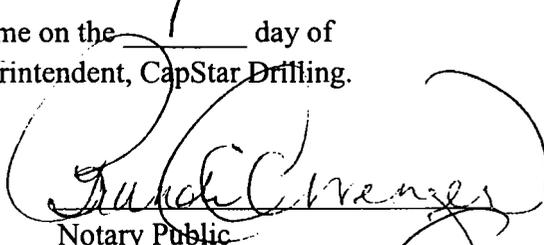
N.W. State # 1
Eddy County, NM

425	4.25	3/4	1.31	5.58	5.58
944	5.19	1/2	0.88	4.54	10.12
1441	4.97	1	1.75	8.70	18.82
1941	5.00	3/4	1.31	6.56	25.38
2439	4.98	1	1.75	8.72	34.09
2935	4.96	1 1/4	2.19	10.85	44.94
3205	2.70	2	3.50	9.45	54.39


Michael Roghair - Drilling Superintendent

The attached instrument was acknowledged before me on the 1 day of June, 1999 by Michael Roghair - Drilling Superintendent, CapStar Drilling.




Notary Public

INSTRUCTIONS

This form is to be filed with the appropriate District Office of the Division not later than 20 days after the completion of any newly-drilled or deepened well. It shall be accompanied by one copy of all electrical and radio-activity logs run on the well and a summary of all specific tests conducted, including drill stem tests. All depths reported shall be measured depths. In the case of directionally drilled wells, true vertical depths shall also be reported. For multiple completions, Items 25 through 29 shall be reported for each zone. The form is to be filed in quintuplicate except on state land, where six copies are required. See Rule 1105.

INDICATE FORMATION TOPS IN CONFORMANCE WITH GEOGRAPHICAL SECTION OF STATE

Southeastern New Mexico

Northwestern New Mexico

T. Anhy _____	T. Canyon _____	T. Ojo Alamo _____	T. Penn. "B" _____
T. Salt _____	T. Strawn _____	T. Kirtland-Fruitland _____	T. Penn. "C" _____
B. Salt _____	T. Atoka _____	T. Pictured Cliffs _____	T. Penn. "D" _____
T. Yates _____ 610.0	T. Miss _____	T. Cliff House _____	T. Leadville _____
T. 7 Rivers _____ 930.0	T. Devonian _____	T. Menefee _____	T. Madison _____
T. Queen _____ 1378.0	T. Silurian _____	T. Point Lookout _____	T. Elbert _____
T. Grayburg _____ 1650.0	T. Montoya _____	T. Mancos _____	T. McCracken _____
T. San Andres _____ 1940.0	T. Simpson _____	T. Gallup _____	T. Ignacio Otzte _____
T. Glorieta _____	T. McKee _____	Base Greenhorn _____	T. Granite _____
T. Paddock _____	T. Ellenburger _____	T. Dakota _____	T. _____
T. Blinebry _____	T. Gr. Wash _____	T. Morrison _____	T. _____
T. Tubb _____	T. Delaware Sand _____	T. Todilto _____	T. _____
T. Drinkard _____	T. Bone Springs _____	T. Entrada _____	T. _____
T. Abo _____	T. _____	T. Wingate _____	T. _____
T. Wolfcamp _____	T. _____	T. Chinle _____	T. _____
T. Penn _____	T. _____	T. Permian _____	T. _____
T. Cisco (Bough C) _____	T. _____	T. Penn. "A" _____	T. _____

OIL OR GAS SANDS OR ZONES

No. 1, from _____ to _____ No. 3, from _____ to _____
 No. 2, from _____ to _____ No. 4, from _____ to _____

IMPORTANT WATER SANDS

Include data on rate of water inflow and elevation to which water rose in hole.

No. 1, from _____ to _____ feet _____
 No. 2, from _____ to _____ feet _____
 No. 3, from _____ to _____ feet _____

LITHOLOGY RECORD (Attach additional sheet if necessary)

From	To	Thickness in Feet	Lithology	From	To	Thickness in Feet	Lithology
0.0	120.0	120.0	Redbed/Anhy/Caliche				
120.0	220.0	100.0	Redbed/Sd				
220.0	610.0	390.0	Anhy				
610.0	1378.0	768.0	Anhy/Dolo				
1378.0	1940.0	562.0	Sd/Anhy/Dolo				
1940.0	3205.0	1265.0	Dolo				

PROPERTY	PROPERTY NAME	EFFECTIVE		OWNER	OWNER NAME	D.D.I.	PREPAYMENT		COST	AFIL
		DECK	DATE				LEASE	WELL		
022800-01	NW STATE #1	A	**BASE**	0321200	ERAM ALI	0.02000000	022800-01	0	N	
Deck Header for 022800-01-A				0352380	ALPINE RESOURCES, LLC	0.12500000	022800-01	0	N	
				2535380	ETKIND OIL, LLP	0.06250000	022800-01	0	N	
				5790910	WILLIAM S. MONTGOMERY, JR.	0.05000000	022800-01	0	N	
				7332200	WM. SCOTT RAMSEY	0.02000000	022800-01	0	N	
				8031380	SOG INVESTORS, LLC	0.06250000	022800-01	0	N	
				8096200	ST.ANSELM EXPLORATION COMPANY	0.25000000	022800-01	0	N	
				9999802	STEPHEN G. SELL	0.18000000	022800-01	0	Y	
				9999803	JOHN D. POOL	0.18000000	022800-01	0	Y	
				9999812	FRED C. COREY	0.02500000	022800-01	0	Y	
				9999814	CHARLES M. MORGAN	0.02500000	022800-01	0	Y	
				*** DECK TOTAL	11 OWNERS	1.00000000				