

Submit to Appropriate District Office
 State Lease - 6 copies
 Fee Lease - 5 copies
DISTRICT I
 P.O. Box 1980, Hobbs, NM 88240

State of New Mexico
 Energy, Minerals and Natural Resources Department

Form C-105
 Revised 1-1-89

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.
 30-025-34555

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 _____

2. Name of Operator
 SDX Resources, Inc.

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

7. Lease Name or Unit Agreement Name
 State A 32

8. Well No.
 5

9. Pool name or Wildcat
 Jalmat, TN-YT-7R

4. Well Location
 Unit Letter D 710 Feet From The North Line and 660 Feet From The West Line

Section 32 Township 24S Range 37E NMPM Lea County

10. Date Spudded 06/04/99 11. Date T.D. Reached 06/08/99 12. Date Compl. (Ready to Prod.) 07/01/99 13. Elevations (DF & RKB, RT, GR, etc.) 3243 14. Elev. Casinghead

15. Total Depth 3200 16. Plug Back T.D. 3185 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 2902-3111 20. Was Directional Survey Made Yes

21. Type Electric and Other Logs Run LDT-CNL-GR & DLL-GR 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# J55 | 553 | 12-1/4" | 400 sx C Circ | None |
| 4-1/2" | 9.5# J55 | 3200 | 7-7/8" | 650 sx Lite + 150 sx C | None |
| | | | | | |
| | | | | | |

| 24. LINER RECORD | | | | | 25. TUBING RECORD | | |
|------------------|-----|--------|--------------|--------|-------------------|-----------|------------|
| SIZE | TOP | BOTTOM | SACKS CEMENT | SCREEN | SIZE | DEPTH SET | PACKER SET |
| | | | | | | | |
| | | | | | | | |

26. Perforation record (interval, size, and number)
2902', 09, 13, 20, 24, 30, 38, 41, 51, 72, 97, 3001, 12, 21, 32, 34, 49, 54, 69, 85, 98, 3106, 11 (1 spf, 36 holes)

27. ACID, SHOT, FRACTURE, CEMENT, SQUEEZE, ETC.
 DEPTH INTERVAL AMOUNT AND KIND MATERIAL USED
2901-3111 A: 4412 gal 15% NEFE
F: 936 bbbls Delta 20 + 1012 sx 16/30 Brady sd

28. PRODUCTION

Date First Production 07/01/99 Production Method (*Flowing, gas lift, pumping - Size and type pump*) Flowing Well Status (*Prod. or Shut-in*) Prod

Date of Test 07/08/99 Hours Tested 24 Choke Size 2" Prod'n For Test Period _____ Oil - Bbl. _____ Gas - MCF 170 Water - Bbl. _____ Gas - Oil Ratio _____

Flow Tubing Press. 40# Casing Pressure 40# Calculated 24-Hour Rate _____ Oil - Bbl. _____ Gas - MCF 170 Water - Bbl. _____ Oil Gravity - API - (*Corr.*) _____

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

30. List Attachments
Deviation Survey, Logs

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 07/26/99

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 _____ 1110.0 | T. Strawn _____ | T. Kirtland-Fruitland _____ | T. Penn. "C" _____ |
| B. Salt _____ 2730.0 | T. Atoka _____ | T. Pictured Cliffs _____ | T. Penn. "D" _____ |
| T. Yates _____ 2890.0 | T. Miss _____ | T. Cliff House _____ | T. Leadville _____ |
| T. 7 Rivers _____ | T. Devonian _____ | T. Menefee _____ | T. Madison _____ |
| T. Queen _____ | T. Silurian _____ | T. Point Lookout _____ | T. Elbert _____ |
| T. Grayburg _____ | T. Montoya _____ | T. Mancos _____ | T. McCracken _____ |
| T. San Andres _____ | 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 | 550.0 | 550.0 | Redbed/Sd/Anhy | | | | |
| 550.0 | 1110.0 | 560.0 | Anhy | | | | |
| 1110.0 | 2730.0 | 1620.0 | Salt | | | | |
| 2730.0 | 2890.0 | 160.0 | Dolo | | | | |
| 2890.0 | 3200.0 | 310.0 | Dolo/Anhy/Sd | | | | |

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

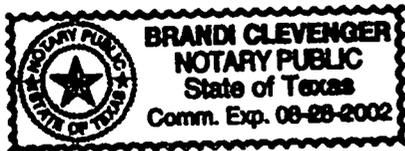
JUN 4 1999

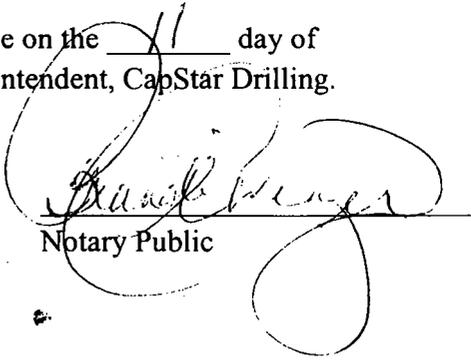
State A 32 #5
Lea county, New Mexico

| | | | | | |
|------|------|-------|------|-------|-------|
| 560 | 5.60 | 3/4 | 1.31 | 7.35 | 7.35 |
| 1036 | 4.76 | 3/4 | 1.31 | 6.25 | 13.60 |
| 1536 | 5.00 | 3/4 | 1.31 | 6.56 | 20.16 |
| 2035 | 4.99 | 1 | 1.75 | 8.73 | 28.89 |
| 2536 | 5.01 | 3 | 5.25 | 26.30 | 55.20 |
| 2691 | 1.55 | 3 | 5.25 | 8.14 | 63.33 |
| 2816 | 1.25 | 3 | 5.25 | 6.56 | 69.90 |
| 3200 | 3.84 | 1 3/4 | 3.06 | 11.76 | 81.66 |


Michael Roghair - Drilling Superintendent

The attached instrument was acknowledged before me on the 11 day of June, 1999 by Michael Roghair - Drilling Superintendent, CapStar Drilling.




Notary Public

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

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

OIL CONSERVATION DIVISION

2040 Pacheco St. Santa Fe, NM 87505

WELL API NO. 30-025-34555
Indicate Type of Lease STATE [X] 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.)
Type of Well: OIL WELL [] GAS WELL [X] OTHER
Name of Operator: SDX Resources, Inc.
Address of Operator: PO Box 5061, Midland, TX 79704
Well Location: Unit Letter D 710 Feet From The North Line and 660 Feet From The West Line
Section 32 Township 24S Range 37E NMPM Lea County
Elevation (Show whether DF, RKB, RT, GR, etc.) 3243

11 Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data
NOTICE OF INTENTION TO:
PERFORM REMEDIAL WORK [] PLUG AND ABANDON []
TEMPORARILY ABANDON [] CHANGE PLANS []
PULL OR ALTER CASING []
OTHER: []
SUBSEQUENT REPORT OF:
REMEDIAL WORK [] ALTERING CASING []
COMMENCE DRILLING OPNS. [X] PLUG AND ANBANDONMENT []
CASING TEST AND CEMENT JOB []
OTHER: []

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.

6:20 PM Spud 12-1/4" hole 6/4/99. Drill to 560'. Run 13 jts 8-5/8", J-55, 24# csg to 553. Cmt w/400 sx Class C cmt. Circ 53 sx. WOC total of 18-1/4hrs.

Spud 7-7/8" hole. Drill to TD 3200'. Reach TD 6-8-99. Run LDT-CNL-GR & DLL-GR logs. Run 4-1/2", J-55, 9.5# csg to 3200'. Cmt w/650. sx Lite + 150 sx Class C. Circ 57 sx.

Release rig 2:00 am 6/9/99.

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 07-26-99
TYPE OR PRINT NAME Bonnie Atwater TELEPHONE NO. 915/685-1761

(This space for State Use)

APPROVED BY ORIGINAL SIGNED BY CHRIS WILLIAMS DISTRICT-I-SUPERVISOR TITLE DATE AUG 03 1999

CONDITIONS OF APPROVAL, IF ANY

| PROPERTY | PROPERTY NAME | EFFECTIVE | | | | PREPAYMENT | | COST | AFIL |
|-----------------------------|----------------|-----------|----------|-------------------------|------------------------------|------------|------------|------|------|
| | | DECK | DATE | OWNER | OWNER NAME | D.D.I. | LEASE WELL | | |
| 022300-05 | STATE A 32 #05 | A | **BASE** | 5790910 | WILLIAM S. MONTGOMERY, JR. | 0.05000000 | 021750- | 0 | N |
| Deck Header for 022300-05-A | | | | 8096680 | ST.ANSELM 99-A PARTNERS, LLP | 0.75000000 | 022300-05 | 0 | N |
| | | | | 9999816 | SDX Natural Gas Partners LLC | 0.20000000 | 022300-05 | 0 | Y |
| | | | | *** DECK TOTAL 3 OWNERS | | 1.00000000 | | | |