

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]
- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD
 - Check One Only for [B] or [C]
 - [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM
 - [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR
 - [D] Other: Specify _____
- [2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply
- [A] Working, Royalty or Overriding Royalty Interest Owners
 - [B] Offset Operators, Leaseholders or Surface Owner
 - [C] Application is One Which Requires Published Legal Notice
 - [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
 - [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
 - [F] Waivers are Attached

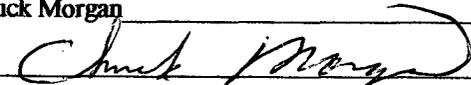
[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Print or Type Name	Signature	Title	Date
		e-mail Address	

APPLICATION FOR AUTHORIZATION TO INJECT

- I. PURPOSE: Secondary Recovery Pressure Maintenance Disposal Storage
Application qualifies for administrative approval? Yes No
- II. OPERATOR: SDX Resources, Inc.
ADDRESS: PO Box 5061, Midland, TX 79703
CONTACT PARTY: Chuck Morgan PHONE: 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? Yes No
If yes, give the Division order number authorizing the project: SWD 804
- 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:
1. Proposed average and maximum daily rate and volume of fluids to be injected;
 2. Whether the system is open or closed;
 3. Proposed average and maximum injection pressure;
 4. Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and,
 5. 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 Morgan TITLE: Engineer
SIGNATURE:  DATE: 6-21-06
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: _____

2006 JUN 21 PM 12:30

III. WELL DATA

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 objections or requests for hearing of administrative applications within 15 days from the date this application was mailed to them.

SDX Resources, Inc.
C-108 Application

Re: AID 24 P State #23 – Sec 24, T17S, R28E, 1860' FSL 1650' FWL,
Unit K, Eddy Co., NM

- I. SDX plans to convert the above referenced well to an injection well in the San Andres/Yeso formation.
- II. SDX Resources, Inc.
PO Box 5061
Midland, TX 79704
- III. Well Data Sheet attached.
- IV. This is an expansion of an existing project. SWD 804
- V. Map attached designating: ½ mile radius of review and 2 mile radius.
- VI. There are eight wells within the area of review which penetrates the proposed injection zone. One well is P&A. Well Tabulation and P&A Schematic are attached.
- VII.
 1. Average Injection Volume = 300 BWPD
Maximum Injection Volume = 1000 BWPD
 2. Closed System
 3. Request maximum injection pressure of 850#. Attached are treatment reports for both zones. The lowest frac gradient is for the Yeso zone (3768' – 3970'). Treatment reports show a frac gradient of .234 psi/ft or a surface frac pressure of 880#.
 4. Water samples attached.
 5. N/A

VIII.

1. The injection interval of 2596' – 3970' is the San Andres and Yeso formation of the Permian System, with Dolomite Lithology.
2. The only information on underground water in this area is from the New Mexico State Engineer file on a water well located at approximately 660' FSL and 330' FEL of Section 22, T22S, R28E (appx 1-1/2 miles). This data shows water overlying the proposed injection zone at a depth of 77.88 feet and identifies the aquifer as "PRC". A copy of this report is attached hereto.

IX.

1. AID 24 State Com #1 SWD
Acidize w/2000 gal 15% NEFE acid.

X. Logs on file.

XI. Chemical analysis attached.

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.

Page 3
SDX Resources, Inc.
C-108 Application
AID 24 P State #23

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 below.

Mack Energy Corp
PO Box 960
Artesia, NM 88211
505-748-1288

Fasken Oil & Ranch, Ltd
303 W Wall #1800
Midland, TX 79701
432-687-1777

Marbob Energy Corp
PO Box 304
Artesia, NM 88210
505-748-3303

Pure Resources, Inc.
500 W Illinois
Midland, TX 79701
432-498-8600

Devon Energy Corp
20 N Broadway Ave
Oklahoma City, OK 73102
405-235-3611

ConocoPhillips
600 N Dairy Ashford Rd
Houston TX 77079
281-293-1000

Surface Owner: State of New Mexico

A copy of the Legal Notice as published in the Artesia Daily News is attached to this filing. Certified copy will be forwarded as soon as it is received in this office.

LEGAL NOTICE

NOTICE OF APPLICATION FOR FLUID INJECTION WELL PERMIT

SDX Resources, Inc., 511 W. Ohio St., Suite 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: AID 24 P State #23, located in Sec 24, T17S, R28E, 1860' FSL 1650' FWL, Eddy Co., NM. Proposed interval is the San Andres/Yeso formation with perforations from 2596' – 3970' with a maximum daily injection volume of produced formation water at 1000 bbls per day with a maximum injection pressure of 850#. Interested parties must file objections or request for hearing with the New Mexico Oil Conservation Division, 1220 S St Francis, Santa Fe, New Mexico, 87505 within 15 days of this notice.

Well Name	API	Legal	Status	Operator	ID	Spud Date	Completed	Surface Pipe	Comment	IOC	Method	Perf	Completion	Comments	
AID 24P #23	3001531552	24 17S 28E 1860S 1650W	S	SDX Resources, Inc.	4280	10/12/2002	11/7/2002	8.625" @ 639 5.5" @ 237	550 ex 485 ex 35/65 lead 280 ex 50/50 POZ C tail	Surf. Surf.	Circ. Circ.	3769-3908 3872-3970 2896-3197	13000 gals Acid 24500 gals Acid frac 80,000 gal. 130,000#	CIBF @ 3940	
AID 24P #34	3001531549	24 17S 28E 480S 980E	P	SDX Resources, Inc.	4285	2/1/2001	3/6/2001	8.625" @ 631 5.5" @ 4255	380 ex 550 ex 35/65 lead 280 ex 50/50 POZ C tail	Surf. Surf.	Circ. Circ.	3785-4015	17600 Gals Acid		
AID 24 State Com #1	30015228780	24 17S 28E 660S 1980W	I	SDX Resources, Inc.	10813	4/16/2001	3/5/2002	13.375" @ 418 8.625" @ 2594	475 ex 735 ex 1/8" lead 200 ex C tail	Surf. Surf.	Circ. Circ.	8514-8942	12000 Gal. acid		
								5.5" @ 8174 DV Tool @ 5980 Stage 1: H lead + 250 ex 50/50 POZ H tail	1310 ex 325 ex 35/65 POZ H lead + 250 ex 50/50 POZ H tail 535 ex 35/65 POZ H lead + 100 ex 50/50 POZ H tail	12007 (25007 Calc)	Reported				
Lucas St. #1	3001501519	24 17S 28E 1660S 2310W	P&A	AID Herbert	965										
Wentz State #1	3001501521	24 17S 28E 330S 2310E	P&A	Dormely Drilling Co.	2840	4/13/1941	7/15/1941	8.25" @ 485 7" @ 810	50 ex 50 ex			OH 2076-2195 OH 659-889	160 Oils 120 Oils.	PBTD 925' (8 ex 225-940 P&A 50 ex @ 845, Perf 7' 640 sqz w/ 150 ex. Perf @ 50' 30 ex. Invert to surface	
Wentz State #2	3001501522	24 17S 28E 1650S 980E	P&A	AID Herbert	800			8.625" @ 310	35 ex						
Featherstone State #1	3001501520	24 17S 28E 330S 2310W	P&A	Tomkins-Sharide	965										
S. Empire State Com #1	3001523418	24 17S 28E 800S 1000W	F	Climerex	10750	8/28/1980	4/8/1981	13.375" @ 504 8.625" @ 2502 5.5" @ 10750	500 ex 750 ex 2180 ex	Surf. Surf. Surf.	Circ. Circ. Circ.	10481-10607	4000 Gal acid		
Marathon 26A St. #22	3001531442	25 17S 28E 800S 1000W	P	SDX Resources, Inc.	3500	6/28/2001	8/1/2001	8.625" @ 423 5.5" @ 3498	325 ex 875 ex	Surf. Surf.	Circ. Circ.	2871-3084	frac 80,000 gals. 130000#		
FVW State #1	3001501528	25 17S 28E 330N 2310E	P&A	AID Herbert	910										
FVW State #6	3001510098	25 17S 28E 330N 2310W	P&A	Kersey & Co.	831										
White Oak State #1	3001529749	23 17S 28E 330S 330E	P	GOG Operating	7824	8/4/1997	11/20/1997	8.625" @ 355 5.5" @ 7476 DV Tool @ 5000 Stage 1: POZ lead + 160 ex 50/50 POZ tail 800 ex 35/65 lead 800 ex 50/50 tail	300 ex 35/65 POZ lead + 160 ex 50/50 POZ tail 800 ex 35/65 lead 800 ex 50/50 tail	Surf. Surf.	Circ. Calc.	6837-7126 3017-3069	32,000 gal acid 32,000 gal acid	PBTD: 3550'	
White Oak State #3	3001531345	23 17S 28E 1650S 330E	P	GOG Operating	4400	10/10/2000	1/7/2001	8.625" @ 300 4.5" @ 3992 DV Tool @ 3514 Stage 1: Stage 2:	675 ex 1270 ex 120 ex 50/50 950 ex 35/65 lead 250 ex 50/50 tail	Surf. Surf.	Circ. Circ.	3714-3955 2601-3428	2000 gal. acid 37,000 gal. acid	CIBF @ 3900'	
White Oak State #4	3001531346	23 17S 28E 2310N 330E	P	GOG Operating	4072	10/23/2000	12/28/2000	8.625" @ 317 4.5" @ 4072 DV Tool @ 3181' Stage 1: Stage 2:	350 ex 1260 ex 210 ex 50/50 POZ 600 ex 35/65 lead 250 ex 50/50 POZ tail	Surf. Surf.	Circ. Circ.	3727-4000 3399-3616 2600-2836 2267-2438	2600 gal. acid 1000 gal. acid 1000 gal. acid 32,000 gal. acid	CIBF @ 3000' w/ 10sk. Cap	

Well Name	API	Legal	Status	operator	TD	Spud Date	Completed	Surface Pipe	cement	TOC	Method	Perfs	Completion	Comments	
AID 24P #23	3001531552	24 17S 28E 1860S 1650W	S	SDX Resources, Inc.	4260	10/12/2002	11/7/2002	8.625" @639 5.5" @4237	550 surf. 745 surf.	550 surf. 745 surf.	Circl. Circl.	3768-3808 3872-3970 2596-3197	13000 gals Acid 24500 gals Acid frac 60,000 gal., 130,000#	CIBP @ 3940	
AID 24P #34	30015531549	24 17S 28E 480S 990E	P	SDX Resources, Inc.	4265	2/1/2001	3/9/2001	8.625" @631 5.5" @4255	380 Surf. 810 Surf.	380 Surf. 810 Surf.	Circl. Circl.	3785-4015	17600 Gals Acid	Empire, Yates Prod.	
AID 24 State Com #1	30015228780	24 17S 28E 660S 1980W	I	SDX Resources, Inc.	10813	4/16/2001	3/5/2002	13.375" @418 8.625" @2594 5.5" @91.74	475 Surf. 935 Surf. 1310 2600'	475 Surf. 935 Surf. 1310 2600'	Circ. Circ. Calc	8514-8942 510 TOC @ 1200'	12000 Gal. acid		
Lucas St. #1	3001501519	24 17S 28E 1650S 2310W	P&A	AID Herbert	955										
Wentz State #1	3001501521	24 17S 28E 330S 2310E	P&A	Donnelly Drilling Co.	2840	4/13/1941	7/15/1941	8.25" @486 7" @810'	50 50	219' 240'	CALC. CALC.	OH 2070-2195 OH 839-889	160 Qts. 120 Qts.	PBTD 925' @ sxs 925-940 P&A: 50 sxs @ 845, Perf 7' @ 540 sqz w/ 150 sxs., Perf @ 50' 30 sxs, in/out to surface	
Wentz State #2	3001501522	24 17S 28E 1650S 990E	P&A	AID Herbert	900			6.625" @810'	35						
Featherstone State #1	3001501520	24 17S 28E 330S 2310W	P&A	Tomkins-Shankle	965										
S. Empire State Com #1	3001523418	24 17S 28E 800S 1000W	F	Cimerex	10750	8/28/1980	4/8/1981	13.375" @504 8.625" @2502 5.5" @10750	500 Surf. 1750 Surf. 2190 Surf.	500 Surf. 1750 Surf. 2190 Surf.	Circl. Circ. Circ.	10481-10507 TOC @ 675	4000 Gal acid		
Marathon 25A St. 322	3001531442	25 17S 28E 800S 1000W	P	SDX Resources, Inc.	3500	6/26/2001	8/1/2001	8.625" @423 5.5" @3488	325 Surf. 875 Surf.	325 Surf. 875 Surf.	Circl. Circl.	2671-3084	frac 80,000 gals., 130000#		
FWY State #1	3001501526	25 17S 28E 330N 2310E	P&A	AID Herbert	910										
FWY State #6	3001510098	25 17S 28E 330N 2310W	P&A	Kersey & Co.	831										
White Oak State #1	3001529749	23 17S 28E 330S 330E	P	COG Operating	7924	8/4/1997	11/20/1997	8.625" @355 5.5" @7476	300 Surf. 1860 Surf.	300 Surf. 1860 Surf.	Circl. Calc.	6937-7126 3017-3069	32,000 gal acid 32,000 gal acid	PBTD: 3550'	
White Oak State #3	3001531345	23 17S 28E 1650S 330E	P	COG Operating	4400	10/10/2000	1/7/2001	8.625" @300 4.5" @3992	675 Surf. 1270 Surf.	675 Surf. 1270 Surf.	Circl. Circl.	3714-3955 2601-3426	2000 gal. acid 37,000 gal. acid	CIBP @ 3600'	
White Oak State #4	3001531346	23 17S 28E 2310N 330E	P	COG Operating	4072	10/23/2000	12/28/2000	8.625" @317 4.5" @4072	350 Surf. 1260 Surf.	350 Surf. 1260 Surf.	Circl. Circl.	3727-4000 3399-3616 2600-2836 2367-2438	2500 gal. acid 1000 gal. acid 1000 gal. acid 32,000 gal. acid	CIBP @ 3000' w/ 10sk. Cap	

Section VI
Tabulation of Data

30-015-00161-00-00	O	P			0	0	32.8806331	-104.397509	X
30-015-00246-00-00	O	A	SNG		99999	0	32.7132671	-104.359753	
30-015-00249-00-00	O	A	SNG		99999	0	32.7159805	-104.358093	
30-015-00253-00-00	O	A	SNG		99999	0	32.71328	-104.362415	
30-015-00266-00-00	O	P			0	0	32.7087039	-104.353777	
30-015-00267-00-00	O	P			0	0	32.7105084	-104.351707	
30-015-00268-00-00	O	P			0	0	32.7105231	-104.354869	
30-015-00269-00-00	O	A	SNG		99999	0	32.7105221	-104.354656	
30-015-00270-00-00	O	A	SNG		6400	0	32.7105482	-104.360259	
30-015-00271-00-00	O	P			0	0	32.7086842	-104.349546	
30-015-00272-00-00	O	P	SNG		1915	0	32.7086741	-104.347391	
30-015-00315-00-00	O	P			0	0	32.7132296	-104.351716	
30-015-02476-00-00	O	A	SNG		99999	0	32.7105589	-104.362415	
30-015-06102-00-00	O	A	SNG		99999	0	32.7116646	-104.360935	
30-015-10205-00-00	O	P	SNG		2228	0	32.8191653	-104.141581	
30-015-21076-00-00	O	A	SNG		99999	0	32.7141266	-104.349563	
30-015-22017-00-00	G	A	SNG		99999	0	32.8743143	-104.397507	
30-015-23953-00-00	O	A	SNG		99999	0	32.7141564	-104.355943	
30-015-24089-00-00	O	A	SNG		3655	0	32.71595	-104.351561	
30-015-24426-00-00	O	T	SNG	2D	4064	0	32.7068998	-104.355919	
30-015-24619-00-00	O	A	SNG		99999	0	32.7126079	-104.353956	
30-015-24626-00-00	O	A	SNG		99999	0	32.7104809	-104.351707	
30-015-24627-00-00	O	A	SNG		99999	0	32.7068801	-104.351698	
30-015-24628-00-00	O	A	SNG		3905	0	32.7104883	-104.347395	
30-015-24629-00-00	O	A	SNG		99999	0	32.70686	-104.347386	
30-015-24754-00-00	O	A	SNG		99999	0	32.7123524	-104.358106	
30-015-24936-00-00	O	A	SNG		99999	0	32.7159604	-104.35378	
30-015-25071-00-00	O	P	SNG		99999	0	32.7060078	-104.359146	b
30-015-25251-00-00	O	A	SNG		99999	0	32.7096411	-104.360252	
30-015-30084-00-00	O	A	SNG		8150	0	32.8761062	-104.391813	
30-015-30294-00-00	G	C	SNG		0	0	32.8806453	-104.389851	
30-015-31681-00-00	O		SNG		0	0	32.8187939	-104.12735	- NOT Dated
30-015-31682-00-00	O		SNG		0	0	32.8161344	-104.13626	- NOT Dated
30-015-31683-00-00	O		SNG		0	0	32.8157603	-104.131765	-

Proposed

SDX Resources, Inc.
C-108 Application

Section VII

1. Average Injection Volume = 300 BWPD
Maximum Injection Volume = 1000 BWPD
2. Closed System
3. Request at maximum injection pressure of 850#. Attached are treatment reports for both zones. The lowest frac gradient is for the Yeso zone (3768' – 3970'). Treatment reports show a frac gradient of .234 psi/ft or a surface frac pressure of 880#.
4. Water samples attached.
5. N/A

Section VIII

1. The injection interval of 2596' – 3970' is the San Andres and Yeso formation of the Permian System, with Dolomite Lithology.
2. The only information on underground water in this area is from the New Mexico State Engineer file on a water well located at approximately 660' FSL and 330' FEL of Section 22, T22S, R28E (appx 1-1/2 miles). This data shows water overlying the proposed injection zone at a depth of 77.88 feet and identifies the aquifer as "PRC". A copy of this report is attached hereto.

Section IX

1. AID 24 State Com #1 SWD
Acidize w/2000 gal 15% NEFE acid.

**GRUY PETROLEUM MANAGEMENT COMPANY
DAILY WORKOVER/COMPLETION REPORT**

DATE: 4/5/01
DAY # 3

Lease/Well No: Aid 24P State #23

AFE No.:

PURPOSE OF WORK: Complete new well.

PULLING UNIT:	Key			TD:	4274'
KB ABOVE GL:		TS:		PBTD:	4155'
PROD CSG:	5-1/2", 15.5#, J-55	SN:		PERFS:	3768'-3970'
TBG:		PKR:			

DAILY ACTIVITY

TIME			OPERATION
FROM	TO	HRS	
6:30 AM	8:00 PM	13.5	RIH w/ pkr & RBP. Set RBP @ 4020'. Pull up & set pkr @ 3834'. RU Schlemberger. First stage hot acid job treatment. Perfs broke @ 5000psi.
			rate BPM start psi perfs psi
			pad 15.3 2308 2541
			acid 15.5 2541 2083
			diverter 15.5 2083 2212
			acid 15.5 2212 1946
			diverter 15.5 1946 2404
			acid 15.5 2404 2083
			diverter 15.5 2083 2477
			acid 15.5 2477 1625
			diverter 11.8 1625 2312
			acid 12.5 2312 1543
			diverter 12.8 1543 2166
			acid 12.8 2166 1644
			diverter 12.8 1644 1813
			acid 12.5 1813 1511
			diverter 12.8 1511 1777
			acid 12.8 1777 1749
			diverter 12.8 1749 1630
			15% acid 1 1630 989
			flush 1 989 960
			ISIP 883, 5 min 805, 10 min 787, 15 min 769, flos 1st stage back. Release pkr. 12' of fill on RBP.
			tried to circ w/ pkr - couldn't. POOH w/ tbg & pkr.

COST SUMMARY

DAMAGES		EQUIPMENT RENTAL	\$1,500	TBG HEAD/TREE	
LOCATION WORK		FISHING TOOLS		TUBING	
RIG COST	\$2,087	COILED TUBING		SUPERVISION	
SUPPLIES		ACIDIZING	\$68,720	TEMP SURVEY	
WATER & HAULING	\$450	FRACTURING		WIRELINE WORK	
TRANSPORTATION		CONTRACT LABOR		MISC.	
CHEMICALS		DOWNHOLE PUMP			
CEMENT WORK		SUCKER RODS			
TOTAL DAILY COSTS:	\$72,757	CUMULATIVE COSTS:	\$90,		

STIMULATION TREATMENT REPORT



Date 17-OCT-02 District Artesia F.Receipt 271611196 Customer S D X Resources Inc
 Lease AID '24P' STATE 23 Well Name AID '24P' STATE 23
 Field EMPIRE Location Sec.24-T17S-R28E
 County Eddy State New Mexico Stage No 1 Well API - API 30015315520000

WELL DATA		Well Type: <u>NEW</u>	Well Class: <u>OIL</u>	Depth TD/PB: <u>4155</u>	Formation: <u>SAN ANDRES</u>						
Geometry Type	Tubular Type	OD	Weight	ID	Grade	Top	Bottom	Perf Intervals			
TUBULAR	CSG	5.5	15.5	4.95	J-55	0	4155	Top	Bottom	SPF	Diameter
								2596	3097	1	.41

Packer Type NONE Packer Depth _____ FT

TREATMENT DATA						LIQUID PUMPED AND CAPACITIES IN BBLs.			
Fluid Type	Fluid Desc	Pumped Volume(Gals)	Prop. Description	Volume Pumped(Lbs)		Tubing Cap.	Casing Cap.	Annular Cap.	Open Hole Cap.
PAD	VIKING-2500	52,200	Sand, Brown, 16/30	134,980		0	61.78	0	0
TREATMENT FLUID	25# LINEAR / FLUSH	2,596				0	0	0	0
				Total Prop Qty:	134,980	Pad Volume	476	Treating Fluid	927
Previous Treatment <u>ACID</u> Previous Production <u>N/A</u>						Flush	59.8	Overflush	0
Hole Loaded With <u>OIL</u> Treat Via: Tubing <input type="checkbox"/> Casing <input checked="" type="checkbox"/> Anul. <input type="checkbox"/> Tubing & Anul. <input type="checkbox"/>						Fluid to Recover	1314		
Ball Sealers: <u>0</u> In <u>0</u> Stages Type _____									
Auxiliary Materials <u>BIO-CLEAR 1000, NE-940, CLAYTREAT-3C, XLFC-1, BF-7L, XLW-4, ENZYME G, GBW-5.</u>									

PROCEDURE SUMMARY

Time AM/PM	Treating Pressure-Psi		Surface Slurry BBLs. Pumped		Slurry Rate BPM	Comments
	STP	Annulus	Stage	Total		
10:30	0	0	0	0	0	SAFETY MEETING
10:53	0	0	0	0	0	TEST LINES & SET POP-OFF
11:01	0	0	0	0	0	START VIKING- 2500 PAD
11:04	1760	0	105	105	45.7	RATE ESTABLISHED
11:12	1880	0	476	476	45.5	START 1.0 PPG 16/30 MESH
11:14	1831	0	76	552	45.1	START 2.0 PPG
11:16	1750	0	78	630	45.1	START 3.0 PPG
11:18	1705	0	81	711	45	START 4.0 PPG
11:20	1681	0	113	824	45	START 5.0 PPG
11:33	1781	0	579	1403	45.8	START 25# LINEAR FLUSH
11:35	1514	0	59.8	1463	0	SHUTDOWN, ISIP = 1514 PSI.

Treating Pressure		Injection Rates		Shut In Pressures		Customer Rep. <u>JERRY SMITH</u>	
Minimum	1681	Treating Fluid	45.3	ISDP	1514	BJ Rep.	Gary Sydow
Maximum	1880	Flush	45.8	5 Min.	1376	Job Number	271611196
Average	1770	Average	45.3	10 Min.	1310	Rec. ID No.	180653452 A
Operators Max. Pressure				15 Min.	1272	Distribution	
3500				Final	1272 In 15 Min.		
				Flush Dens. lb./gal.	8.34		

Pro-Kem, Inc.

WATER ANALYSIS REPORT

RECEIVED

MAY 14 2002

BY: _____

SAMPLE

Oil Co. : **SDX Resources**
 Lease : **AID 24P St.**
 Well No.: **# 23**
 Location:
 Attention:

Date Sampled : **26-April-2002**
 Date Analyzed: **10-May-2002**
 Lab ID Number: **May1002.002- 5**
 Salesperson :

File Name : F:\ANALYSES\May1002.002

ANALYSIS

- | | | | |
|----|---------------------------|--------|-------|
| 1. | Ph | | 6.460 |
| 2. | Specific Gravity 60/60 F. | | 1.143 |
| 3. | CACO3 Saturation Index | @ 80F | 0.206 |
| | | @ 140F | 1.146 |

Lower Perfor Interval?
375-390?

Dissolved Gasses

- | | | | MG/L. | | EQ. WT. | | *MEQ/L |
|----|------------------|--|-------|--|---------|--|----------------|
| 4. | Hydrogen Sulfide | | | | | | 100 |
| 5. | Carbon Dioxide | | | | | | Not Determined |
| 6. | Dissolved Oxygen | | | | | | Not Determined |

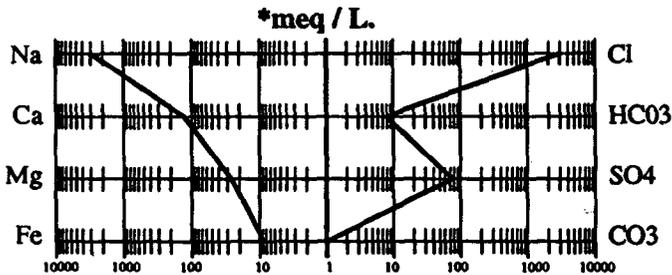
Cations

- | | | | | | | |
|-----|-----------|--------|--------------|--------|----------|----------------|
| 7. | Calcium | (Ca++) | | 2,505 | / 20.1 = | 124.63 |
| 8. | Magnesium | (Mg++) | | 304 | / 12.2 = | 24.92 |
| 9. | Sodium | (Na+) | (Calculated) | 66,522 | / 23.0 = | 2,892.26 |
| 10. | Barium | (Ba++) | | | | Not Determined |

Anions

- | | | | | | | |
|-----|----------------------------------|---------|--|---------|----------|----------|
| 11. | Hydroxyl | (OH+) | | 0 | / 17.0 = | 0.00 |
| 12. | Carbonate | (CO3=) | | 0 | / 30.0 = | 0.00 |
| 13. | Bicarbonate | (HCO3-) | | 464 | / 61.1 = | 7.59 |
| 14. | Sulfate | (SO4=) | | 3,600 | / 48.8 = | 73.77 |
| 15. | Chloride | (Cl-) | | 104,976 | / 35.5 = | 2,957.07 |
| 16. | Total Dissolved Solids | | | 178,371 | | |
| 17. | Total Iron | (Fe) | | 150 | / 18.2 = | 8.24 |
| 18. | Total Hardness as CaCO3 | | | 7,507 | | |
| 19. | Resistivity @ 75 F. (Calculated) | | | 0.016 | /cm. | |

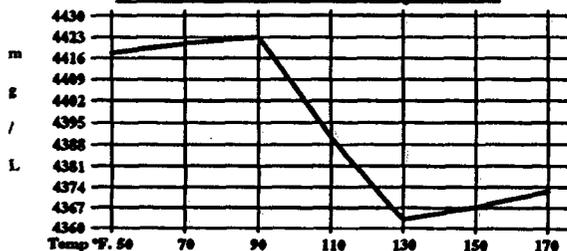
LOGARITHMIC WATER PATTERN



PROBABLE MINERAL COMPOSITION

COMPOUND	EQ. WT.	X	*meq/L	= mg/L.
Ca(HCO3)2	81.04		7.59	615
CaSO4	68.07		73.77	5,022
CaCl2	55.50		43.26	2,401
Mg(HCO3)2	73.17		0.00	0
MgSO4	60.19		0.00	0
MgCl2	47.62		24.92	1,187
NaHCO3	84.00		0.00	0
NaSO4	71.03		0.00	0
NaCl	58.46		2,888.89	168,885

Calcium Sulfate Solubility Profile



$SO_4 \ 3600 \times .2 = 720$
 $Ca \ 2505 \times .5 = 1252$
 $NaCl \ 171,498 \times 1 = 171,498$

 $178,000$

 $173,470$

.045

Pro-Kem, Inc.

WATER ANALYSIS REPORT

RECEIVED

MAY 14 2002

BY: _____

SAMPLE

Oil Co. : **SDX Resources**
 Lease : **AID 24P St.**
 Well No.: **# 34**
 Location:
 Attention:

Date Sampled : **26-April-2002**
 Date Analyzed: **10-May-2002**
 Lab ID Number: **May1002.002- 6**
 Salesperson :

File Name : F:\ANALYSES\May1002.002

ANALYSIS

- | | | |
|----|---------------------------|-------|
| 1. | Ph | 6.320 |
| 2. | Specific Gravity 60/60 F. | 1.146 |
| 3. | CACO3 Saturation Index | 0.192 |
| | @ 80F | 1.132 |
| | @ 140F | |

Dissolved Gasses

- | | | MG/L. | EQ. WT. | *MEQ/L |
|----|------------------|-------|---------|----------------|
| 4. | Hydrogen Sulfide | | | 100 |
| 5. | Carbon Dioxide | | | Not Determined |
| 6. | Dissolved Oxygen | | | Not Determined |

Cations

- | | | | | | |
|-----|-----------|--------------------|--------|----------|----------------|
| 7. | Calcium | (Ca++) | 2,505 | / 20.1 = | 124.63 |
| 8. | Magnesium | (Mg++) | 729 | / 12.2 = | 59.75 |
| 9. | Sodium | (Na+) (Calculated) | 65,633 | / 23.0 = | 2,853.61 |
| 10. | Barium | (Ba++) | | | Not Determined |

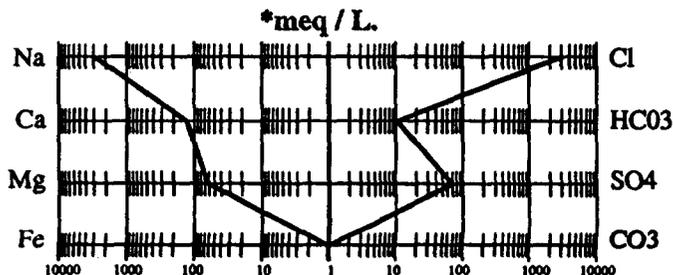
Anions

- | | | | | | |
|-----|----------------------------------|---------|------------|----------|----------|
| 11. | Hydroxyl | (OH+) | 0 | / 17.0 = | 0.00 |
| 12. | Carbonate | (CO3=) | 0 | / 30.0 = | 0.00 |
| 13. | Bicarbonate | (HCO3-) | 620 | / 61.1 = | 10.15 |
| 14. | Sulfate | (SO4=) | 3,300 | / 48.8 = | 67.62 |
| 15. | Chloride | (Cl-) | 104,976 | / 35.5 = | 2,957.07 |
| 16. | Total Dissolved Solids | | 177,763 | | |
| 17. | Total Iron | (Fe) | 3 | / 18.2 = | 0.14 |
| 18. | Total Hardness as CaCO3 | | 9,258 | | |
| 19. | Resistivity @ 75 F. (Calculated) | | 0.016 /cm. | | |

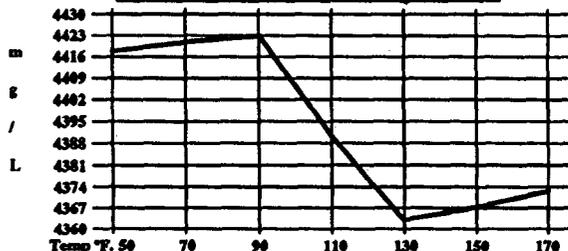
PROBABLE MINERAL COMPOSITION

COMPOUND	EQ. WT.	X	*meq/L =	mg/L.
Ca(HCO3)2	81.04		10.15	822
CaSO4	68.07		67.62	4,603
CaCl2	55.50		46.86	2,601
Mg(HCO3)2	73.17		0.00	0
MgSO4	60.19		0.00	0
MgCl2	47.62		59.75	2,845
NaHCO3	84.00		0.00	0
NaSO4	71.03		0.00	0
NaCl	58.46		2,850.46	166,638

LOGARITHMIC WATER PATTERN



Calcium Sulfate Solubility Profile



FE-1

State of New Mexico
State Engineer

WELL SCHEDULE

Source of data: Obser Owner Other _____
Date April 13 19 83 Record by Cochran & Groseclose

LOCATION: County Eddy Map 106.2.3

OWNER Turkey Track Ranch

DRILLER _____ Completed _____ 19 _____

TOPO SITUATION Flat spot Elev 3579

DEPTH _____ ft Rept Meas Use stock

CASING 3 in to _____ ft Log _____

PUMP: Type Piston Make _____

Ser.no./model _____ Size of dischg _____ in.

PRIME MOVER: Make Aermotor HP _____

Ser.no. Factory steel tower Power/Fuel wind

PUMP DRIVE: Gear Head Belt Head Pump Jack

Make _____ Ser.no. _____ VHS

WATER LEVEL: 77.88 ft ^{rept} _{meas} April 13 9 83 ^{above} _{below} _____

Top of 1/2" hanger plate

_____ which is 1.40 ft ^{above} _{below} LS

PERMANENT RP is _____

which is _____ ft ^{above} _{below} described MP and _____ ft ^{above} _{below} LS

REMARKS well shown on Topo well discharges underground

AQUIFER(S): PRC

Well No. _____ on Photo _____ DPN 15-06084

File No _____ Loc. No. 17.28.22.44244
Temp. SE corner & S. Line

Section XI
Chemical Analysis

Remarks cont. at well.

SKETCH:



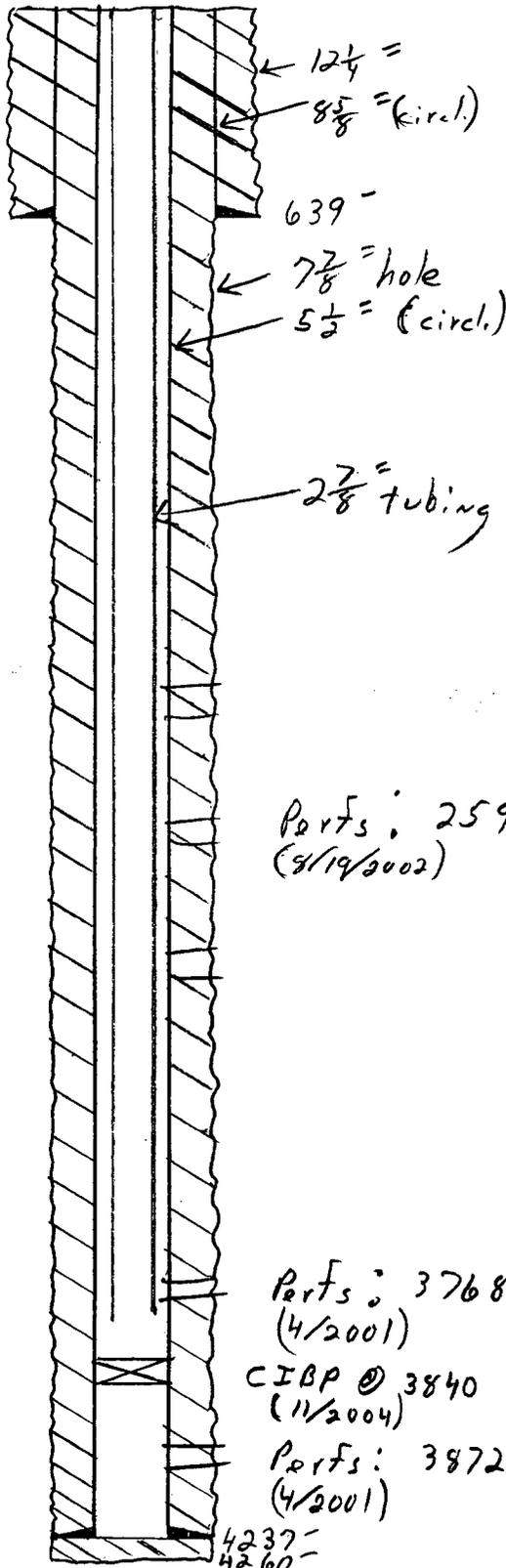
INITIAL WATER- LEVEL MEASUREMENT	DEPTH TO WATER			
	Below MP			Below LS
	1st.	2nd	3rd	
Date <u>April 13</u> , 19 <u>83</u>	79.00	80.00		77.88
Hour <u>3:05^{XX}</u> PM Obs <u>JC, JCG</u>	1.12	2.12		1.40
Not POA () POA (X)	77.88	77.88		76.48

W L meas after pump shut off 20 min. Pumping W L ()
 Remarks 5 minutes between measurements

WELL NAME: A10 24 "P" state #23 FIELD AREA: Empire
 LOCATION: sec. 24 T17S R28E 1860 FSL 1650 FWH "K"
 GL: 3697' ZERO: _____ ' AGL: _____ '
 KB: 7 ' ORIG. DRLG./COMPL. DATE: _____
 COMMENTS: _____

CASING PROGRAM:

SIZE/WT./GR./CONN.	DEPTH SET
8 5/8" J-55 24#	639
cmt. w/ 380 sks "C"	
1" Ø w/ 170 sks "C" + v surf	
5 1/2" 15.5# K-55	4237
cmt. w/ 485 sks. 35/65 lead	
260 sks. 50/50 tail	



"Existing Condition"

Perfs: 2596-3197 acidized & Frac'd w/ 60,000 gal
 (8/19/2002) w/ 130,000# sand

Perfs: 3768-3808 acidized w/ 13,000 gals
 (4/2001)

CIBP @ 3840
 (11/2004)

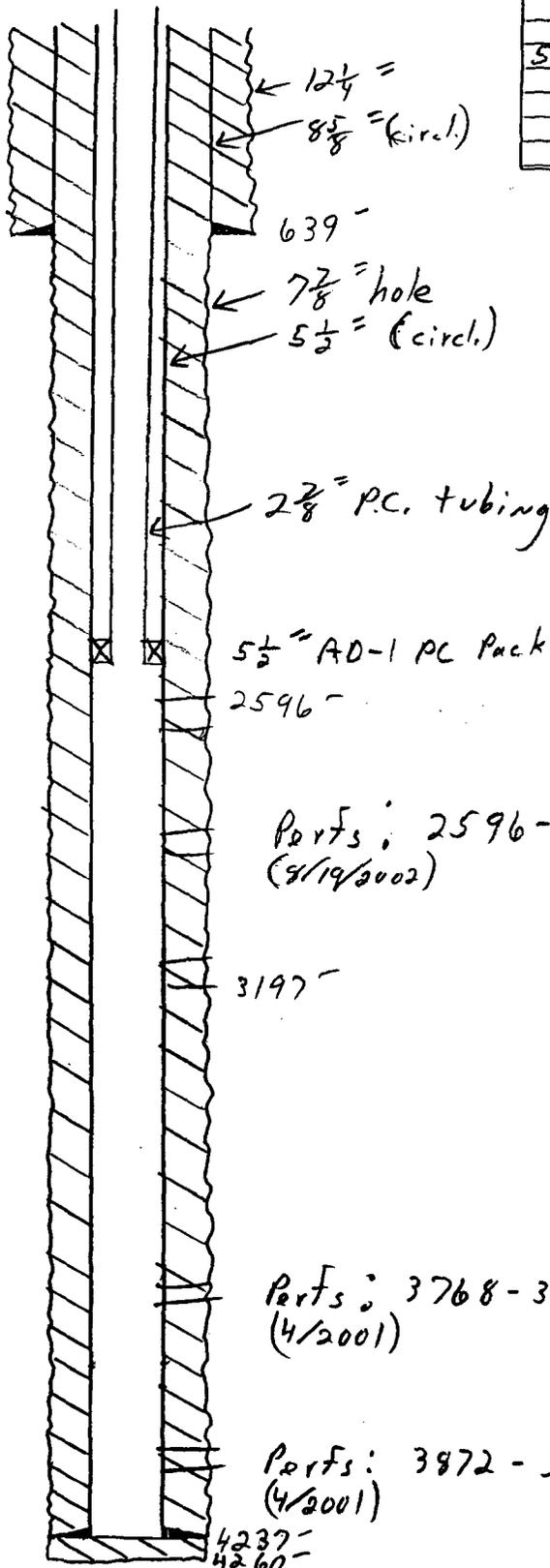
Perfs: 3872-3970 acidized w/ 24,500 gals
 (4/2001)

4237-
 4260-

WELL NAME: AID 24 "P" state #23 FIELD AREA: Empire
 LOCATION: Sec. 24 T17S R28E 1860 FSH 1650 FWH "K"
 GL: 3697' ZERO: _____ AGL: _____
 KB: 7 ORIG. DRLG./COMPL. DATE: _____
 COMMENTS: _____

CASING PROGRAM:

SIZE/WT./GR./CONN.	DEPTH SET
8 5/8" J-55 24#	639
cmt. w/ 380 sts "C"	
1" id w/ 170 sts "C" + v surf	
5 1/2" 15.5# K-55	4237
cmt. w/ 485 sts. 35/45 lead	
260 sts. 50/50 tail	



"Proposed Condition"

5 1/2" AD-1 PC Packer @ 2500'
2596'

Perfs: 2596-3197 acidized & Frac'd w/ 60,000 gal
(8/19/2002) w/ 130,000# sand

3197'

Perfs: 3768-3808 acidized w/ 13,000 gals
(4/2001)

Perfs: 3872-3970 acidized w/ 24,500 gals
(4/2001)

4237'
4260'

Submit 3 Copies
to Appropriate
District Office

State of New Mexico
Energy, Minerals and Natural Resources Department

CISF
OP

Form C-103
Revised 1-1-89

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., Artesia, NM 87410

RECEIVED
OCD, ARTESIA

WELL API NO. 30-015-31552
Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
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 <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/>	Lease Name or Unit Agreement Name AID 24P State
Name of Operator SDX Resources, Inc.	Well No. 23
Address of Operator PO Box 5061, Midland, TX 79704	Pool name or Wildcat Empire, Yeso
Well Location Unit Letter <u>K</u> <u>1860</u> Feet From The <u>South</u> Line and <u>1650</u> Feet From The <u>West</u> Line Section <u>24</u> Township <u>17S</u> Range <u>28E</u> NMPM <u>Eddy</u> County	Elevation (Show whether DF, RKB, RT, GR, etc.)

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 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: <u>Re-complete</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.

10/12/02 -

MIRU. TIH w/4-3/4" bit. Hydrotesting tbg 5000# - good. Set CIBP @ 3730'. Run GR & CCL. Perf: 2596', 2606, 25, 36, 51, 69, 87, 2708, 10, 28, 30, 32, 60, 71, 86, 2810, 40, 53, 58, 76, 2904, 06, 30, 35, 78, 93, 3025, 61, 63, 3117, 34, 42, 63, 86, 97 (35 holes).
Acidize w/4500 gal 15% NEFE HCL acid.
Frac w/60,000 gal Viking 25 & 130,000# 16/30 Brady sd.
Ran 2-7/8" tbg to 3249'.
Started pumping back load 10/20/02.
Back on production 10/22/02.

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 11-21-02

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

(This space for State Use)

APPROVED BY For record only BK TITLE _____ DATE JAN 06 2003

CONDITIONS OF APPROVAL, IF ANY.

Gruy Petroleum Management Co.

Aid 24P State #23

1860' FSL & 1650' FWL

Sec. 24 17S-28E, Eddy County, New Mexico

API No. 30-015-31552

- 2/16/01 TD: 650'; FTG: 650'; MW: 8.3; MV: 28; PO: Circ hole.
Spudded 11:30 02/15/01. MIRU. Spud & drl w/12 1/4" bit, 243'. Tight hole cond hole 243'-650'. C&C hole.
- 2/17/01 TD: 650'; FTG: 0'; MW: 8.3; MV: 28; PO: Circ hole.
Run 14 jts 8 5/8" J-55 set @ 639'. RD csg crew. RU cmt'r. 380 sx no circ. Wait on 1" pipe to tag cmt. Tagged @ 230'. Pmp 170 sx cmt, circ cmt to surf. WOC 14 hrs. ND, NU BOP & chk line. TIH w/DC's. Brk circ. Drl out plug, tag cmt 586'. TD: 1332'; FTG: 662'; MW: 9.8; MV: 29; PO: drlg. TD: 1783'; FTG: 451'; MW: 9.8; MV: 28; PO: drlg. TOH for hole in pipe #31. TIH to start drlg. TD: 2181'; FTG: 396'; MW: 9.8; MV: 29; PO: drlg. TD: 2486'; FTG: 305'; MW: 9.8; MV: 28; PO: drlg. TD: 2865'; FTG: 379'; MW: 9.7; MV: 28; PO: drlg. TD: 3219'; FTG: 354'; MW: 9.9; MV: 30; PO: drlg. TD: 3600'; FTG: 381'; MW: 9.8; MV: 29; PO: drlg. TD: 3810'; FTG: 35'; MW: 9.8; MV: 29; PO: drlg. TIH w/DST tool. Tst 15-60-60-180. TOH. SW 24 DP-19 DC. RD tst tool TIH circ to drl Curve brk in 30 min @ 1442'. 1189' wtr cut brine wtr. 1st open flow fr/btm of bucket open flow 7 oz close 10 oz. 2nd open fr/btm of bucket open flow 7oz closed 6 oz hyd 1954' 1st flow 77-308 SI 1442'. 2nd flow 310-657 SI 1440' final hyd 1959'. TD: 4154'; FTG: 344'; MW: 10; MV: 29; PO: drlg.
- 2/28/01 TD: 4280'; FTG: 107'; MW: 9.9; MV: 29; PO: drlg.
Circ btm up. LD DP & DC. RU logger & tag btm 4272'. ND & RU csg crew. Run 5 1/2" J-55 csg @ 4237'-27'. Brk circ & circ pipe. TD: 4280'; FTG: 0'; MW: 9.9; MV: 29; PO: Completed. Cmt well & RD cmt'r. Lead: 485 sx 36/65 P/C + 6% D-20 + 5% D-44 + 0.1 PPs D-130. Circ btm up. LD DP & DC. Tail: 260 sx 50/50 P/C + 2% D-20 + 5% D-44 + 0.1 PPS D-130. Rig released 8:00 A.M. 2-28-01

SDX Resources, Inc.
P.O. Box 5061
MIDLAND, TX 79704
TEL: (432) 685-1761 FAX: (432) 685-0533
TOLL FREE: (800) 344-1761

2006 JUL 17 PM 2 28

July 14, 2006

OCD
1220 S St Francis Dr
Santa Fe, NM 87505

Re: C-108
Affidavit of Publication
AID 24 P State #23
Sec 24, T17S, R28E

Enclosed is the Affidavit of Publication that should be attached to the C-108 referenced above. Also enclosed are copies of the proof of notification sent to offset operators.

Sincerely,



Bonnie Atwater
Regulatory Tech

SDX Resources, Inc.
P.O. Box 5061
MIDLAND, TX 79704
TEL: (432) 685-1761 FAX: (432) 685-0533
TOLL FREE: (800) 344-1761

2006 JUL 31 PM 2 01

NMOCD
1220 S. St. Francis Drive
Santa Fe, NM 87504

July 25, 2006

Attention: Mr. Jones

RE: C-108 application
AID 24 P St. #23
API # 30-015-1531552
Sec. 24 T17S R28E
Eddy County, New Mexico

Dear Mr. Jones,

SDX Resources has submitted a C-108 application for the above referenced well. This application was submitted stating the wells purpose as being for disposal, which will be the wells initial function. The wells primary purpose, however, will be for pressure maintenance and secondary recovery relating to the development of SDX's surrounding leases. Approval of this C-108 will result in the recovery of additional reserves and no waste or adverse effects are anticipated.

The following data is submitted for your information:

Attachment 1	SDX Lease & PUD Map
Attachment 2	Geological Information Memo
Attachment 3	Engineering Economic Summary
Attachment 3	C-108 application
Attachment 4	Additional Proof of Notification

Sincerely,



Chuck Morgan

CC: State Land Office

Injection Permit Checklist

SWD Order Number 1041 Dates: Division Approved _____ District Approved _____

Information Request Letter or Email sent _____

Well Name/Num: AID 24P STATE # 23 Date Spudded: 10/12/02

API Num: (30-) 015-31552 County: _____

Footages 1860 FSL/1650 FWL Sec 24 Tsp 17S Rge 28E

Operator Name: SDX RESOURCES, INC Contact CRUCK MORGAN

Operator Address: P.O. Box 5061, MIDLAND TX 79704

SWD-804?

	Hole/Pipe Sizes	Depths	Cement	Top/Method
Surface	8 5/8	639	550	CIRC (after 1" used FRAM 230)
Intermediate				
Production	5 1/2	4237	485+260=745	CIRC ✓
Last DV Tool				
Open Hole/Liner				
Plug Back Depth		4280 TD		

Diagrams Included (Y/N): Before Conversion After Conversion

Checks (Y/N): Well File Reviewed ELogs in Imaging

Intervals:	Depths	Formation	Producing (Yes/No)
Salt/Potash			
Capitan			
Cliff House, etc.			
Formation Above	2242-2197	SA	
Top Inj Interval	2596-3197	5 in sand @ 3740	
Bottom Inj Interval	3970	Perfs	
Formation Below			

There are new perfs in TOP of interval of 19' 135/32

3768

PSI Max. WHIP 3768-388 3872-3970
 NO Open Hole (Y/N)
 NO Deviated Hole (Y/N)

Fresh Water Site Exists (Y/N) Yes Analysis included (Y/N): NO *(1.5 miles AWAY)*

Salt Water Analysis: Injection Zone (Y/N/NA) Yes Disposal Waters (Y/N/NA) _____ Types: _____

Affirmative Statement Included (Y/N): Newspaper Notice Adequate (Y/N) Well Table Adequate (Y/N) Yes

Surface Owner: SLO Noticed (Y/N) Mineral Owner(s) _____

AOR Owners: INEXCO, MACE Energy, Fidelity, Puritas, Mobile, Dairy, Conroy Noticed (Y/N) _____

CID/Potash/Etc Owners: NORTH of Reef Noticed (Y/N) _____

AOR Num Active Wells 7 Repairs? _____ Producing in Injection Interval in AOR _____

AOR Num of P&A Wells 1 Repairs? _____ Diagrams Included? _____

Prof of NO T.C.P.

*2596
5192*

*CIRC @ 3780
perf 2596-3197
Test 8/30/40*

Data to Generate New AOR Table

New Table Generated? (Y/N) _____

	STR	E-W Footages	N-S Footages
Wellsite	24/9/28E		
Northeast	—		
North	—		
Northwest	—		
West	23		
Southwest	—		
South	25		
Southeast	—		
East	—		

- Conditions of Approval:**
1. *Drill out CIBP*
 2. *infl. TBS, Test, inj.*
 3. _____
 4. _____

RBDMS Updated (Y/N)
 UIC Form Completed (Y/N)
 This Form completed 8/15/06

Jones, William V., EMNRD

From: Jones, William V., EMNRD
Sent: Monday, July 24, 2006 9:29 AM
To: 'cmorgan@sdxresources.com'
Cc: Arrant, Bryan, EMNRD; Ezeanyim, Richard, EMNRD
Subject: SWD Application: AID 24P State Well No. 23 API No. 30-015-31552

Hello Bonnie Atwater or Chuck Morgan at SDX Resources:

We have reviewed your application at Santa Fe, in the Oil Conservation Division, and have the following questions and requests:

- 1) Please send proof of you having noticed the State Land Office! ✓
- 2) Is Pure Resources still in business with properties under their name - or is it now Chevron Inc. in Houston? ✓
- 3) Your AOR table is fine except the Stage DV tools' depths and cement were missing.
For your information: Please send this info with your NEXT SWD application. Also, the last directive from Mark Fesmire is that no SWD will be approved to inject prior to all area of review wells being cemented totally across the injection interval (even below DV tools or if an intermediate casing is set directly above the injection interval). Exceptions may be sought at hearing.
- 4) In this case, the AOR wells appear to be fine, except: This well will be injecting into formations that are or may soon be producing in offset wells. Please send a petroleum engineering explanation of the effect this injection may have on offset producers. Will this injection cause waste of oil and gas resources and if not, then why will it not?
- 5) Are the lower perms in the Yeso or are they really in the Glorieta? - please contact Bryan Arrant in Artesia prior to replying.
- 6) After reviewing the ISIP data that you sent to request a higher pressure limit initially than the 0.2 psi/ft, we have decided to wait and let you submit data to David Catanach after injection has begun to request a higher injection pressure. He may require a Step Rate Test.

Please reply as soon as is practical and we will then continue to review this application,

Regards,

William V. Jones Engineering Bureau Oil Conservation Division Santa Fe

Handwritten notes:
 Hard TO PICK
 3560' @ 3600
 Clean DOB MITE
 3412'
 (150-200' below)

Handwritten notes:
 Talked to Chuck 7/24/06 3PM.
 He will send NOTICE TO Chevron + SLD. E ENGR Statement.

Handwritten notes:
 (Received all DATA 7/31/06 WVS)

SDX Resources, Inc.
"East Artesia Area"
Lease and PUD Map

(T09050) 24

T-175 R-28E

TD211

1-CV

TD10690

Moncrief
Stope

TD.2107

TD 4050

TD920

TD.900

TD902

"SDX"
AID

SWD

TD 965

24# 34

TD 945

SDX
≈50%

18 26 19

"SDX"
MARATHON

'26'

TD3700

TD2110

22

TD 910

8

6

25

TD 900

23 24

TD 910

10

TD 900

MARATHON

9

'25'

12

14

15

TD 999

5,194
12,094

Attachment #1

Richard J. Jordan Ph.D.
511 West Ohio Avenue, Suite 601
Midland, Texas 79701
(432) 685 - 1761

MEMO

July 25, 2006

To: Chuck Morgan
From: R. Jordan

Re: AID 24P State No. 23

The Aid 24P State No. 23 application to convert the well to SWD status has raised questions regarding the engineering implications of disposal into potential producing strata in Section 24, T - 17 - S, R - 28 - E. That well produced 100% formation water from the Yeso and San Andres Formations. Our mapping at the Top San Andres Datum places the No. 23 well (southwest K spot) 10 - 40 feet down dip to SDX acreage in locations M, N, and O of Section 24. Similar relationships can be demonstrated in the deeper horizons.

Proved Undeveloped Reserves (PUD) have been assigned to three locations south/southeast of the proposed injection well. Please refer to the 2006 SDX Reserve Report prepared by Joe C. Neal & Associates. Positioning of an injector in an off set down dip location is expected to assist in pressure maintenance and increase lease oil recovery.

Attachment #2

SDX RESOURCES, INC.
 TOTAL PROVED UNDEVELOPED
 EAST ARTESIA AREA

DATE : 11/01/05
 TIME : 10:22:49
 DBS FILE : S25080
 SETUP FILE : S25080
 SEQ NUMBER : *****

R E S E R V E S A N D E C O N O M I C S

JOE C. NEAL & ASSOCIATES
 PETRO. CONSULTANTS JCN/AN

AS OF DATE: 1/06

MO-YR	---GROSS PRODUCTION---	---NET PRODUCTION---	---GROSS PRICES---	NET OPER REVENUES	SEV+ADV+ WP TAXES	NET OPER EXPENSES	CAPITAL COSTS,	CASH FLOW	CUM DISC NET INCOME
	OIL, MBL, GAS, MMCF	OIL, MBL, GAS, MMCF	\$/B, \$/M, \$/M	-\$	-\$	-\$	-\$	-\$	-\$
12-06	56.406	29.796	56.48	11.243	2512.078	179.928	140.618	-1258.668	-1252.610
12-07	57.116	34.215	55.30	9.365	2666.365	190.714	248.856	2226.794	685.810
12-08	40.504	24.020	53.61	8.043	1738.949	124.245	248.856	1365.847	1765.414
12-09	31.857	18.799	50.63	7.151	1455.239	89.634	248.856	916.808	2423.858
12-10	26.465	15.570	50.63	6.549	1010.966	72.133	248.856	689.977	2874.204
12-11	22.749	13.358	50.63	6.549	861.014	61.422	248.856	550.736	3200.924
12-12	20.019	11.738	50.63	6.549	751.267	53.582	248.856	448.829	3442.951
12-13	17.920	10.496	50.63	6.549	667.185	47.576	248.856	370.753	3624.686
12-14	16.252	9.512	50.63	6.549	600.551	42.816	248.856	308.878	3762.321
12-15	14.892	8.710	50.63	6.549	546.351	38.945	248.856	258.549	3867.053
12-16	13.760	8.043	50.63	6.549	501.345	35.731	248.856	216.758	3946.874
12-17	12.802	7.479	50.63	6.549	463.340	33.016	248.856	181.467	4007.626
12-18	11.979	6.996	50.63	6.549	430.796	30.692	248.856	151.247	4053.660
12-19	11.264	6.576	50.63	6.549	402.539	28.678	248.856	125.064	4088.267
12-20	10.637	6.208	50.63	6.549	377.922	26.916	248.856	102.150	4113.966
12-21	10.082	5.883	50.63	6.549	356.138	25.360	248.856	81.921	4132.706
12-22	9.587	5.593	50.63	6.549	336.761	23.977	248.856	63.928	4146.004
12-23	9.142	5.332	50.63	6.549	319.410	22.738	248.856	47.816	4155.050
12-24	8.741	5.097	50.63	6.549	303.780	21.622	248.856	33.302	4160.782
12-25	6.695	3.622	50.63	6.549	215.176	15.314	178.856	21.005	4164.069
S TOT	408.867	237.043	52.34	7.948	16317.230	1165.039	4798.852	3450.198	6903.162
AFTER	22.504	7.177	50.63	6.549	423.001	30.098	323.804	.000	69.099
TOTAL	431.371	244.220	52.29	7.923	16740.230	1195.137	5122.656	3450.198	6972.261

	OIL	GAS	P.W. %	P.W., M\$
GROSS WELLS	10.0		5.00	5293.480
GROSS ULT., MB & MMF	431.371	881.144	10.00	4172.145
GROSS CUM., MB & MMF	.000	.000	15.00	3373.218
GROSS RES., MB & MMF	431.371	881.144	20.00	2775.812
NET RES., MB & MMF	244.220	501.037	25.00	2312.352
NET REVENUE, M\$	12770.600	3963.691	30.00	1942.381
INITIAL PRICE, \$	56.476	11.243	60.00	1389.036
INITIAL N.I., PCT.	58.131	58.128	80.00	702.377
			100.00	236.910
				32.744

LIFE, YRS.
 DISCOUNT %
 UNDISCOUNTED PAYOUT, YRS.
 DISCOUNTED PAYOUT, YRS.
 UNDISCOUNTED NET/INVEST.
 DISCOUNTED NET/INVEST.
 RATE-OF-RETURN, PCT.
 INITIAL W.I., PCT.

28.42
 10.00
 1.57
 1.65
 3.02
 2.26
 100.00
 77.763

Attachment #3

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Commissioner of Public Lands
State Land Office
PO Box 1148
Santa Fe, NM 87504-1148

COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent
 Addressee
X

B. Received by (Printed Name) C. Date of Delivery

D. Is delivery address different from item 1? Yes
 If YES, enter delivery address below: No

Service Type

- Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

2. Article Number

(Transfer from service label)

7002 3150 0005 0540 4084

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

ChevronTexaco
PO Box 36366
Houston, TX 77236-6366

MD23

2. Article Number

(Transfer from service label)

COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent
 Addressee
X

B. Received by (Printed Name) C. Date of Delivery

D. Is delivery address different from item 1? Yes
 If YES, enter delivery address below: No

3. Service Type

- Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

7002 3150 0005 0540 4077

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

Affidavit of Publication

NO. 19315

STATE OF NEW MEXICO

County of Eddy:

Gary D. Scott being duly

sworn, says: That he is the Publisher of The

Artesia Daily Press, a daily newspaper of general

circulation, published in English at Artesia, said county

and county and state, and that the here to attached

Legal Notice

was published in a regular and entire issue of the said

Artesia Daily Press, a daily newspaper duly qualified

for that purpose within the meaning of Chapter 167 of

the 1937 Session Laws of the state of New Mexico for

1 Consecutiv week/days on the same

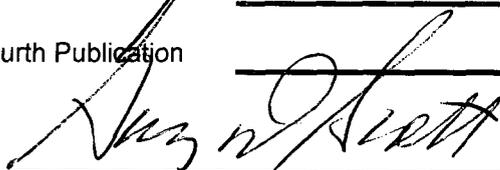
day as follows:

First Publication June 23 2006

Second Publication _____

Third Publication _____

Fourth Publication _____



Subscribed and sworn to before me this

23rd Day June 2006



Notary Public, Eddy County, New Mexico

My Commission expires September :23, 2007

Copy of Publication:

NOTICE OF APPLICATION FOR FLUID INJECTION WELL PERMIT

SDX Resources, Inc.,
511 W. Ohio St., Ste
601, PO Box 5061, Mid-
land, 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:
AID 24 P State #23
locat-
ed in Sec 24, T17S,
R28E, 1860' FSL 1650'
FWL, Eddy Co., NM.
Proposed interval is the
San Andres/Yeso forma-
tion with perforations
from 2596' - 3970' with a
maximum daily injection
volume of produced for-
mation water at 1000
bbls per day with a maxi-
mum injection pressure
of 850#. Interested par-
ties must file objections
or request for hearing
with the New Mexico Oil
Conservation Division,
1220 S St Francis, Santa
Fe, NM 87505 within 15
days of this notice.
Published in the Artesia
Daily Press, Artesia,
N.M. June 23, 2006.
Legal 19315

Page 3
SDX Resources, Inc.
C-108 Application
AID 24 P State #23

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 below.

Mack Energy Corp
PO Box 960
Artesia, NM 88211
505-748-1288

Fasken Oil & Ranch, Ltd
303 W Wall #1800
Midland, TX 79701
432-687-1777

Marbob Energy Corp
PO Box 304
Artesia, NM 88210
505-748-3303

Pure Resources, Inc.
500 W Illinois
Midland, TX 79701
432-498-8600

Devon Energy Corp
20 N Broadway Ave
Oklahoma City, OK 73102
405-235-3611

ConocoPhillips
600 N Dairy Ashford Rd
Houston TX 77079
281-293-1000

Inexco Oil Co
PO Box 51810
Midland, TX 79710
432-688-6800

Surface Owner: State of New Mexico

A copy of the Legal Notice as published in the Artesia Daily News is attached to this filing. Certified copy will be forwarded as soon as it is received in this office.

Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.

- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

ConocoPhillips
600 N Dairy Ashford Rd
Houston, TX 77079

2. Article Number
 (Transfer from service label) 7002 3150 0005 0540 4008

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature
 X Linda Hicks Agent Addressee

B. Received by (Printed Name)
LINDA HICKS

C. Date of Delivery
7/7/06

D. Is delivery address different from item 1? Yes
 If YES, enter delivery address below: No

3. Service Type

Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

Information is not available or...
 Restricted to the addressee or...
 For two years (Reverse) June 2002 (Rev.)

COMPLETE THIS SECTION

Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.

- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Inexco Oil Co
PO Box 51810
Midland, TX 79710

2. Article Number
 (Transfer from service label) 7002 3150 0005 0540 4060

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature
 X Cindy Andrade Agent Addressee

B. Received by (Printed Name)
A. ANDRADE

C. Date of Delivery
6-29-06

D. Is delivery address different from item 1? Yes
 If YES, enter delivery address below: No

3. Service Type

Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

For an additional fee, delivery may be restricted to the addressee or...
 IMPORTANT: Save this receipt and...
 Restricted to the addressee or...
 For two years (Reverse) June 2002 (Rev.)

COMPLETE THIS SECTION

Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.

- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Devon Energy Corp
20 N Broadway Ave
Oklahoma City, OK 73102

2. Article Number
 (Transfer from service label) 7002 3150 0005 0540 4039

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature
 X M. Vayl Agent Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? Yes
 If YES, enter delivery address below: No

3. Service Type

Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

