

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] OPERATOR/Applicant Name: _____ OGRD: _____
 (If one well) Lease/Well Name: _____
 Well API No. 30- _____ - _____

[2] 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

[3] 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
U.S. Bureau of Land Management
 [E] Notification and/or Concurrent Approval by SLO
Commissioner of Public Lands, State Land Office
 [F] For all of the above, Proof of Notification or Publication is Attached, and/or,
 [G] Waivers are Attached

[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 | |

Jones, William V., EMNRD

From: Chuck Morgan [cmorgan@sdxresources.com]
Sent: Monday, November 26, 2007 9:12 AM
To: Jones, William V., EMNRD
Subject: PC-1096-B

Will,

I just received DHC-3962 covering SDX's Enron State #2 (API 30-015-31920). All appears OK with it. I also received Surface Commingling Order PC-1096-B which includes the new pool completed in the Enron #2 well. Included in the DHC application was a copy of a C-103 (that we submitted about the same time) that asked to add a new infill well on this lease (Enron State #12 30-015- 35050) to the existing surface commingle permit. I noticed that it was not included in the new surface commingle order. It probably had not been processed yet.

Should we amend PC-1096-B to include it, or would it be better to issue a new PC order. Sorry for the inconvenience, but these two applications were sent in at about the same time. Thanks for your help on this.

Chuck

This inbound email has been scanned by the MessageLabs Email Security System.

District I 1625 N. French Dr., Hobbs, NM 88240
District II 1301 W. Grand Ave., Artesia, NM 88210
District III 1000 Rio Brazos Rd., Aztec, NM 87410
District IV 1220 S. St. Francis Dr., Santa Fe, NM 87505

OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, NM 87505



RECEIVED 2007 OCT 22 11:21 AM

WELL API NO. 30-015-25000
5. Indicate Type of Lease STATE X FEE
6. State Oil and Gas Lease No. B-5862
7. Lease Name or Unit Agreement Name Enron State
8. Well Number 12
9. OGRID Number 020451
10. Pool name or Wildcat Artesia, GL-YE (96830)

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.)
1. Type of Well: Oil Well X Gas Well Other NOV 05 2007
2. Name of Operator SDX Resources, Inc. OCD-ARTESIA
3. Address of Operator PO Box 5061, Midland, TX 79704

4. Well Location
Unit Letter D : 330 feet from the North line and 500 feet from the West line
Section 32 Township 17S Range 28E NMPM Eddy County

11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3667' GR

Pit or Below-grade Tank Application or Closure
Pit type Depth to Groundwater Distance from nearest fresh water well Distance from nearest surface water
Pit Liner Thickness: mil Below-Grade Tank: Volume bbls: Construction Material

12. 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 MULTIPLE COMPL
OTHER: Surface Commingle X

SUBSEQUENT REPORT OF:
REMEDIAL WORK ALTERING CASING
COMMENCE DRILLING OPNS. P AND A
CASING/CEMENT JOB
OTHER:

13. 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. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

SDX Resources, Inc. proposes to add production from their Enron St #12 well to a common surface battery on their Enron State lease (B5862). The lease is currently covered under PC-1096A. The interest is identical for both pools and all facilities are located on lease. The battery is located on location with the Enron State #1. Production from the Enron St #12 well from the Artesia, GL-YE pool (96830) will be commingled with production from the Enron State #1, #2 & #4 wells which are producing from the NE Red Lake GL-YE (96836) pool, the Artesia, QN-GB-SA (03230) pool and the Red Lake, QN-GB-SA (51300) pool under PC-1096A. Production to be allocated by periodic test.

- Attachments:
Lease Map
Lease & Pool Information
Title Statement
Well & Battery Plat
Battery & Tester Schematics

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines X, a general permit or an (attached) alternative OCD-approved plan.

SIGNATURE Bonnie Atwater TITLE Regulatory Tech DATE 10-19-07

Type or print name Bonnie Atwater E-mail address: batwater@sdresources.com Telephone No. 432-685-1761

For State Use Only

NOV 06 2007

APPROVED BY: FOR RECORDS ONLY TITLE DATE

SDX Resources, Inc.

Enron State

Section 32, T17S, R28E

Lease & Pool Information

| <u>Well #</u> | <u>API 30-015-</u> | <u>Legals</u> | <u>Perfs</u> | <u>Pool</u> | <u>Pool Code</u> | <u>Est Daily Production</u> | | |
|---------------|------------------------|--------------------|----------------------------|-------------------------------------|----------------------|-----------------------------|------------|------------|
| | | | | | | <u>Oil</u> | <u>Gas</u> | <u>Wtr</u> |
| 1 | 31530 | 530' FNL 1650' FWL | 2420 - 2549 | Artesia, Q-G-S | 03230 | 1 | 17 | 0 |
| 2 | 31920 | 990' FNL 990' FWL | 2268 - 2647 3500 - 3586 | Artesia, Q-G-S Artesia, G-Y | 03230 96830 | 2 14 | 8 14 | 0 108 |
| 4 | 32162 | 460' FNL 990' FWL | 2080 - 2298 3281 - 3399 | Red Lake, Q-G-S NE Red Lake, G-Y | 51300 96836 | 8 2 | 27 6 | 34 12 |
| 12 | 35050 | 330' FNL 550' FWL | 3429 - 3520 | Artesia, G-Y | 96830 | 13 | 42 | 64 |

40 114 218

Lease Description: Section 32, T17S, R28E N/2 NW/4 ±80 acres
 Section 31, T17S, R28E NW/4 NW/4 ±40 acres

Battery Description: Section 32, T17S, R28E, Unit C NE/4 NW/4

Steve Sell

P. O. Box 5061
Midland, TX 79704
432-685-1761, 1-800-344-1761
Fax 432-685-0110

October 18, 2007

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

Re: Ownership Certification
Enron State #1, #2, #4 & #12
Sec. 31-32; T17S-R28E
Eddy County, New Mexico

Dear Gentlemen:

After reviewing the associated land files for the captioned wells, this is to inform you that the ownership is identical in all of the producing horizons to be commingled.

If you should have any questions or comments, please contact me at the letterhead address. Thank you for your consideration and prompt attention to this matter.

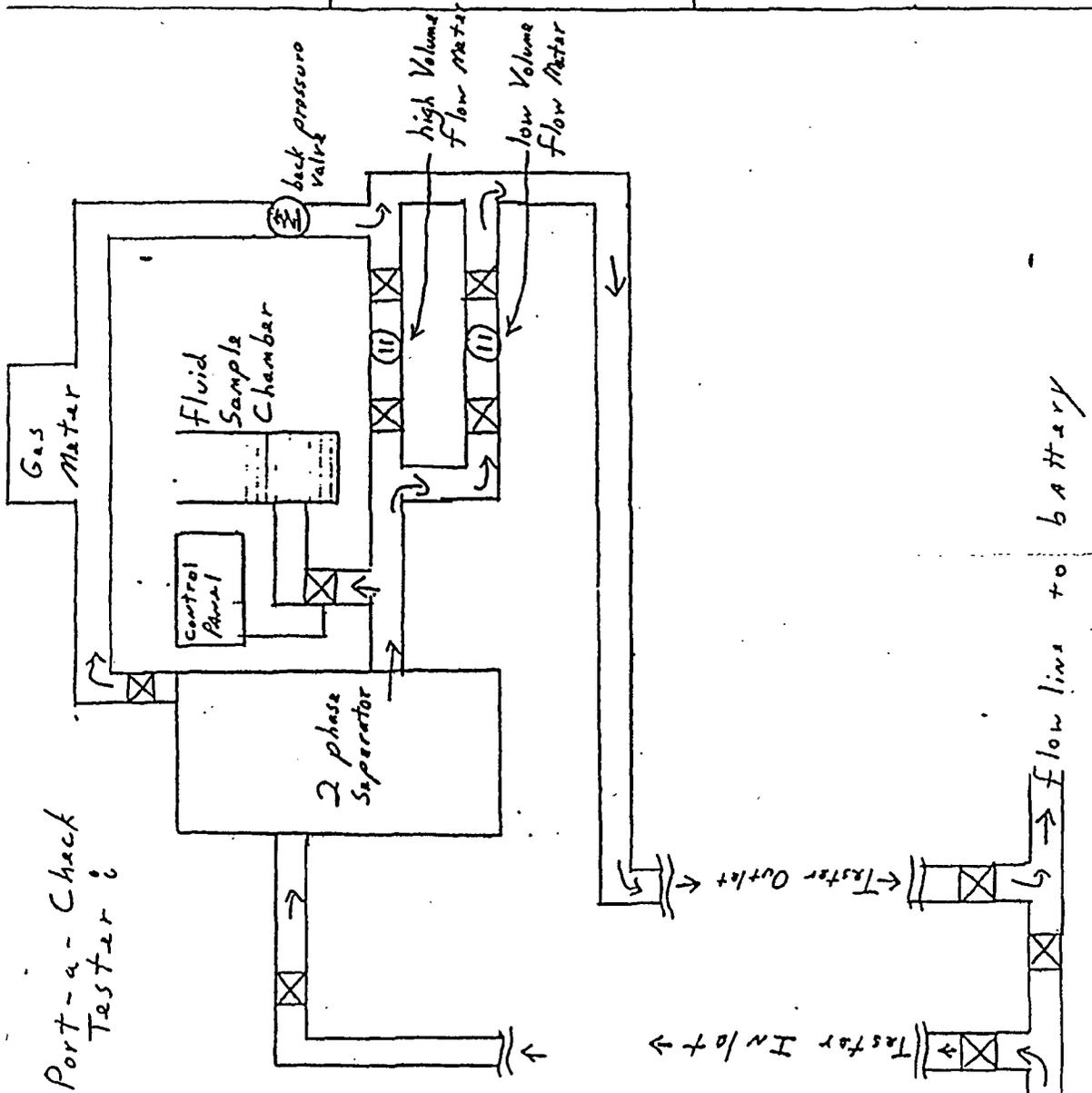
Sincerely,



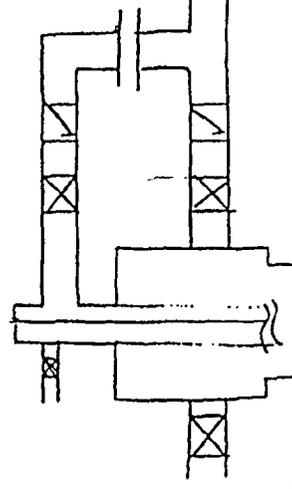
Steve Sell
Landman

\bw

cc: New Mexico State Land Office
310 Old Santa Fe Trail
Santa Fe, NM 87501



Standard Well Head:



Attachment

Well Selection Criteria Quick Print

(Field_No = 27087)

| API Well # | Well Name and No. | Operator Name | Typ | Stat | County | Surf | UL | Sec | Twp | Rng | Ft N/S | Ft E/W | UICPrmt | Lst Insp Dt |
|--------------------|-------------------|-------------------|-----|------|--------|------|----|-----|------|------|--------|--------|---------|-------------|
| 30-015-32162-00-00 | ENRON STATE | SDX RESOURCES INC | O | A | Eddy | S | D | 31 | 17 S | 28 E | 460 N | 990 W | PC-1096 | 11/2/2007 |
| 30-015-32162-00-00 | ENRON STATE | SDX RESOURCES INC | O | A | Eddy | S | D | 31 | 17 S | 28 E | 460 N | 990 W | PC-1096 | 11/2/2007 |
| 30-015-32162-00-00 | ENRON STATE | SDX RESOURCES INC | O | A | Eddy | S | D | 31 | 17 S | 28 E | 460 N | 990 W | PC-1096 | 11/2/2007 |
| 30-015-32162-00-00 | ENRON STATE | SDX RESOURCES INC | O | A | Eddy | S | D | 31 | 17 S | 28 E | 460 N | 990 W | PC-1096 | 11/2/2007 |
| 30-015-31530-00-00 | ENRON STATE | SDX RESOURCES INC | O | A | Eddy | S | C | 32 | 17 S | 28 E | 530 N | 1650 W | PC-1096 | 11/15/2007 |
| 30-015-31530-00-00 | ENRON STATE | SDX RESOURCES INC | O | A | Eddy | S | C | 32 | 17 S | 28 E | 530 N | 1650 W | PC-1096 | 11/15/2007 |
| 30-015-35050-00-00 | ENRON STATE | SDX RESOURCES INC | O | A | Eddy | S | D | 32 | 17 S | 28 E | 330 N | 500 W | | 11/15/2007 |
| 30-015-35050-00-00 | ENRON STATE | SDX RESOURCES INC | O | A | Eddy | S | D | 32 | 17 S | 28 E | 330 N | 500 W | | 11/15/2007 |
| 30-015-31920-00-00 | ENRON STATE | SDX RESOURCES INC | O | A | Eddy | S | D | 32 | 17 S | 28 E | 990 N | 990 W | PC-1096 | 11/15/2007 |
| 30-015-31920-00-00 | ENRON STATE | SDX RESOURCES INC | O | A | Eddy | S | D | 32 | 17 S | 28 E | 990 N | 990 W | PC-1096 | 11/15/2007 |