WFX 1/24/97
704

SDX RESOURCES, INC.
P.O. BOX 5061
MIDLAND, TEXAS 79704
(915) 685-1761

January 7, 1997

NMOCD
2040 S. Pacheco
Santa Fe, New Mexico 87505

Re: Application for Authority to Inject
Expansion of Order #R-10589
Section 7, T19S, R29E
Eddy County, New Mexico

Gentlemen:

SDX Resources, Inc. would like to add the following well to the existing Authority to Inject, Order #R-10589, approved May 7, 1996.

Conoco 7 State #12
1880' FSL 1980' FWL
API #30-015-25160

Attached is the application form C-108.

If you have any questions regarding this application please call us at 915/685-1761.

Sincerely,

Chuck Morgan

Chuck Morgan
Engineer

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION
POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501

FORM C-108
Revised 7-1-81

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 79704

Contact party: Chuck Morgan Phone: 915/685-1761

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 R-10589.

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 geological data on the injection zone including appropriate lithologic detail, geological 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 source 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 source 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: Chuck Morgan Date: 1-7-97

* If the information required under Sections VI, VIII, X, and XI above has been previously submitted, it need not be duplicated and resubmitted. Please show the date and circumstance of the earlier submittal.

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 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, P. O. Box 2088, Santa Fe, New Mexico 87501 within 15 days.

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

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

Application for Authorization to Inject

SDX Resources, Inc. - Conoco 7 State #12
Unit Letter K, Sec. 7, T19S, R29E
1880' FSL 1980' FWL. API #30-015-25160
Eddy Co., New Mexico

I. SDX plans to convert the above mentioned well into an injection well in the Queen/Grayburg formation.

II. Operator: SDX Resources, Inc.
PO Box 5061
Midland, Texas 79704

Attention: Chuck Morgan 915/685-1761

III. Well Data: See Exhibit "A".

IV. This is an expansion of an existing project.
Order No. R-10589

V. See Exhibit "B".

VI. See Exhibit "C".

VII. 1) Proposed average daily injection volume: 200 BWPD/well.
Maximum daily injection volume: 1000 BWPD.

2) System will be a closed system.

3) Proposed average injection pressure: Unknown
Proposed maximum injection pressure: To be determined by a step rate test.

4) Injection water would be produced water from the producing wells on the Conoco 7 State lease in the San Andres, Grayburg and Queen formations. Offset Queen, Grayburg produced water and Double Eagle's fresh water could possibly be added to the system. Injection fluid analysis (Exhibit D).

5) Formation water analysis (Exhibit E).

VIII. 1) The proposed injection interval is the portion of the Queen and Grayburg consisting of porous sand and dolomite.

2) Limited fresh water zones overlie the proposed injection zone at estimated 150'.

IX. The porposed injection interval may be acidized with 15% HCl acid.

X. Well logs and test data are on file at the OCD and copies of pertinent log sections are included with the application.

XI. Fresh Water Analysis from fresh water wells (Exhibit "F").

XII. Geologic and engineering data have been examined and no evidence of open faults or any other hydrological connection between the injection zone and any fresh water aquifer has been found.

XIII. A) Certified letters sent to offset operators (See Exhibit "G"). Surface is owned by State of New Mexico.

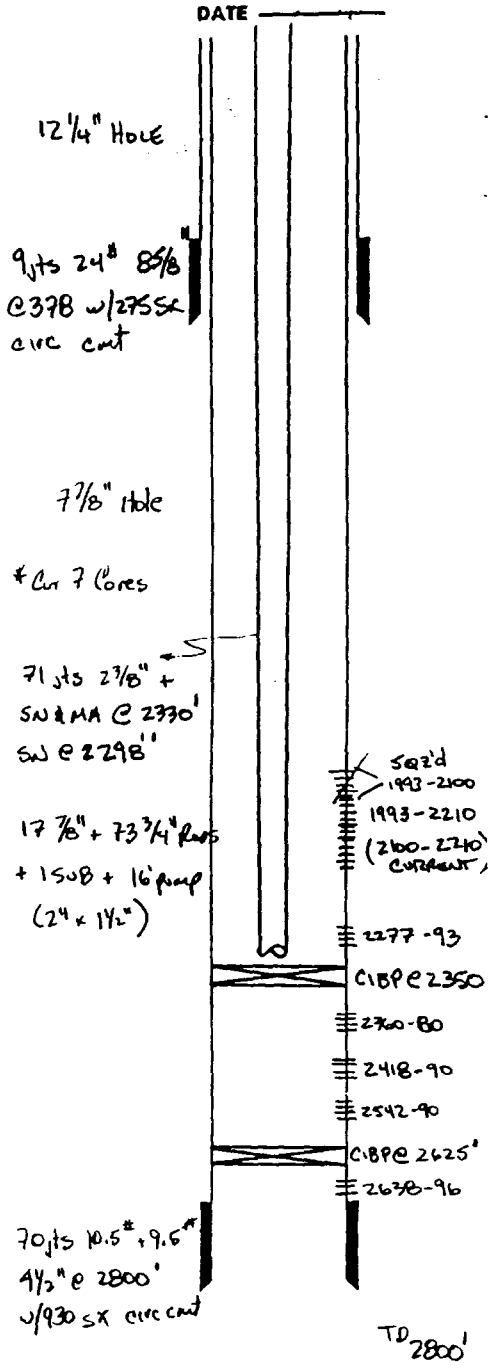
B) Affidavit of Publication (Exhibit "H").

THRESHOLD Development Company — Drilling - Completion - Workover Lo

Unit or lease: Conoco "7" State		Well number: 12	Date: 6/16/92
Field: E. Millman		District:	
County or parish: Eddy		Province or state: New Mexico	
Contractor: Elev GL= 3375 KB = 3382			
Auth. or W.O. No.	Title: Spud 4/27/85		

DATE

CURRENT



BRIDGE PLUG

PERFORATION

EXHIBIT "A"

THRESHOLD Development Company — Drilling - Completion - Workover Lo

Unit or lease	Well number	Date
Conoco "7" State	12	6/16/92
Field	**District**	
E. Millman		
County or parish	**Province or state**	
Eddy	New Mexico	
Contractor		
Elev GL = 3375 KB = 3382		
Auth. or W.O. No.	**Title**	
	Spud 4/27/85	

DATE

PROPOSED

12 1/4" Hole

9 jts 24# 8 5/8" @ 378 w/275 sx circ cmt

7 7/8" Hole

* Cut 7 Cores

71 jts 2 3/8" + SN & MA @ 2330'
SN @ 2298'

17 7/8" + 73 3/4" Rods + 1 SUB + 16' pump (2" x 1 1/2")

PKR @ 1900'

Sqz'd 1993-2100

1993-2210 (2100-2240' CURRENT)

2277-93

CIBP @ 2350

2360-80

2418-90

2542-90

CIBP @ 2625'

2638-96

70 jts 10.5#, 9.5# 4 1/2" @ 2800' w/930 sx circ cmt

TD 2800'

BRIDGE PLUG

PERFORATION

EXHIBIT "A"

LARGE FORMAT EXHIBIT HAS BEEN REMOVED AND IS LOCATED IN THE NEXT FILE

LARGE FORMAT EXHIBIT HAS BEEN REMOVED AND IS LOCATED IN THE NEXT FILE

WELLS IN THE AREA OF REVIEW

WELL NAME	OPERATOR	TYPE	SPUD	COMPL. (IP)	T.D.	PROD. ZONE	PERFS.	COMPLETION INFORMATION		TOC	
Conoco 7 St. #5 F 07 19S 29E	SDX Resources	Prod.	02/02/82	03/17/82	2571'	Grayburg	2038-50'(Sqz'd) 2054-68' 2140-79'	12-1/4" hole, 372' 8-5/8" 24# cmtd w/800 sxs 7-7/8", 2571', 4-1/2" 9.5#,cmtd w/850 sxs.	4500 g. acid,28,000 g. & 60,000# sd frac.	Surf Surf	Cacl 50% Circ
Conoco 7 St. #7 G 07 19S 29E	SDX Resources	Prod.	01/16/82	03/4/82	2576'	Grayburg	2069-2107' 2137-87'	12-1/4" hole,399', 8-5/8" 23#, cmtd w/300 sxs. 7-7/8" hole, 2568' 4-1/2" 9.5#,cmtd w/1000 sxs.	4000 g. acid,28000 g. & 60,000# sd frac.	Surf Surf	Circ Circ
Conoco 7 St. #3 E 07 19S 29E	SDX Resources	Prod.	03/21/81	07/17/81	3599'	Grayburg	3523-54' CIBP 3423' 2730-74' CIPB 2700 2142-2239'	12-1/4" hole, 432' 8-5/8" 24#,cmtd w/400 sxs. 7-7/8" hole, 3599',4-1/2" 9.5# cmtd w/1250 sxs.	2000 g. acid,28000 g. & 60,000# sd frac.	Surf Surf	Circ Calc 0.75
Conoco 7 St. #2 L 07 19S 29E	SDX Resources	Prod.	03/14/81	07/21/81	3792'	Grayburg	1854-2054(Sqz'd) 2122-2216'	12-1/4" hole,450',8-5/8" 23#,cmtd w/600 sxs. 7-7/8" hole, 3792',4-1/2", 9.5# cmtd w/1085 sxs.	4000 g. acid,28000 g. & 60,000# sd frac.	Surf 624	Circ CBL
Conoco 7 St. #13 J 07 19S 29E	SDX Resources	Prod.	01/05/86	02/25/86	2765'	Grayburg	1202-1307'(sqz'd) 2412-2642' CIBP 2402' 2224-2358'	12-1/4" hole,354',8-5/8" 24#,cmtd w/248 sxs. 7-7/8" hole,2765',5-1/2" 15.5#,cmtd w/675 sxs.	3700 g. acid,68000 g. & 83,000# sd frac.	Surf Surf	Calc 0.75 Calc
Conoco 7 St. #12 K 07 19S 29E	SDX Resources	Prod.	04/27/85	10/29/85	2800'	Grayburg	1993-2100(sqz'd) 2638-96' CIBP 2625 2112-2590'	12-1/4" hole,378',8-5/8" 24#,cmtd w/275 sxs. 7-7/8" hole,2800',4-1/2" 9.5-10.5#,cmtd w/930 sxs.	15,300 g. acid,84,900 g. & 212,434# sd frac.	Surf Surf	Circ Circ
Conoco 7 St. #11 H 07 19S 29E	SDX Resources	Prod.	05/04/82	06/22/82	2505'	Grayburg	2150-60' (Sqz'd) 2149-54'	12-1/4" hole,359',8-5/8" 23#,cmtd w/185 sxs. 7-7/8" hole,2505',4-1/2" 9.5-10.5# cmtd w/575 sxs.	3,000 g. acid,14,000 g. & 30,000# sd frac.	73' Surf	Calc (.50 eff) Circ
Conoco 7 St. #9 A 07 19S 29E	SDX Resources	Prod.	12/19/81	04/05/82	2449'	Grayburg	2076-2111'(Sqz'd) 2115-25'	12-1/4" hole,370',8-5/8" 23#,cmtd w/250 sxs. 7-7/8" hole,2449',4-1/2" 10.5#,cmtd w/1000 sxs.	2,500 g. acid,14,000 g. & 30,000# sd frac.	Surf Surf	Calc (.50 eff) Circ
Conoco 7 St. #8 B 07 19S 29E	SDX Resources	Prod.	02/13/82	03/31/82	2549'	Grayburg	2110-20'(Sqz'd) 2351-2508' CIBP 2340 2199-2323'	12-1/4" hole,379',8-5/8" 23#,cmtd w/400 sxs. 7-7/8" hole,2549',4-1/2" 11.6-9.5#,cmtd w/950 sxs.	1325 g.acid,39000 g. & 52200# sd frac.	Surf Surf	Circ (.75) Calc
Conoco 7 St. #4 D 07 19S 29E	SDX Resources	Prod.	11/11/81	02/21/82	2587'	Grayburg	2163-98' 2214-40'	12-1/4" hole,384',8-5/8" 24#,cmtd w/400 sxs. 7-7/8" hole,2587',4-1/2" 9.5#,cmtd w/875 sxs.	4000 g.acid,28000 g. & 60000# sd frac.	Surf Surf	Circ 0.75 Calc
Conoco 7 St. #6 C 07 19S 29E	SDX Resources	Prod.	11/30/81	02/21/82	2853'	Grayburg	2165-86' 2214-38'	12-1/4", 385',8-5/8"24#,cmtd w/400 sxs. 7-7/8" hole,2553',4-1/2" 9.5#,cmtd w/884 sxs.	4000 g.acid,28000 g. & 60000# sd frac.	Surf Surf	Calc (0.50) Circ
Conoco 7 St. #1 J 07 19S 29E	Stanley Jones	P&A 4/24/60	04/09/52	NA	2832'	NA	NA	12", 10-3/4",300',set & pld. 10" hole,8-5/8",2000' set & pld. See wellbore diagram for P&A details.		NA	NA
Conoco 7 St. #1 N 07 19S 29E	Mitchell Energy Corp.	Prod.	02/12/80	05/08/80	11610	Morrow	11036-11050'	17-1/2" hole,13-3/8" 48#, 400', cmtd w/550 sxs Cl C 11" hole,8-5/8" 24-32#, 2690',cmtd w/ 1100 sxs Lite & 200 sxs C,7-7/8"hole,5-1/2" 17#, 11264' cmtd w/1025 sxs 2-7/8" tbg & pkr @ 10942'.		NA 450' 5678	RediMix Temp Calc (75%)
Conoco 7 St. #10 F 07 19S 29E	Mitchell Energy Corp.	Prod.	11/04/81	01/07/82	11550	Morrow	11138-166', pkr plug @ 11078' New Perfs 10986-11044'	17-1/2" hole,13-3/8" 54.5-61# 377', cmtd w/375 sxs Cl C 12-1/4' hole,8-5/8" 24-32#, 3020',cmtd w/ 580sxs Pozmix,200 sxs Cl C,7-7/8",5-1/2" 17-20# @ 11533',cmtd w/785 Pozmix,2-3/8"tbg & pkr @ 10925'.		Surf Surf 8395	Circ 10 sxs Circ 10 sxs Temp
Elizabeth Dundas #1 M 07 19S 29E	John A. Yates	P&A 01/14/67	08/10/61	09/11/61	2227	NA	2092-96' 1773-96'	11"hole,8-5/8" @ 283',cmtd w/50 sxs, 6" hole, 4-1/2" @2163',cmtd w/125 sxs. See wellbore for P&A details.		144 1530'	Assumed Assumed
Elizabeth Dundas #2 N 07 19S 29E	John A. Yates	P&A 12/28/66	12/30/61	01/31/62	2348	NA	2101-2096' 2087-2080'	11"hole,8-5/8" @ 283',cmtd w/50 sxs, 6" hole, 4-1/2" 9.5# @ 2199',cmtd w/100 sxs. See wellbore for P&A details.		162 1441	Assumed Assumed

P:\125R29\WELLAREA.WK1 FORM

EXHIBIT "C"

WELLS IN THE AREA OF REVIEW

WELL NAME	OPERATOR	TYPE	SPUD	COMPL. (IP)	T.D.	PROD. ZONE	PERFS.	COMPLETION INFORMATION		T O C	
State N&C #1 M 06 19S 29E	M. Yates II	P&A	10/18/65	07/14/66	2844' PB 2658	San Andres	2776-78' (Sqz'd) 2676-82' (Sqz'd) 2621-25' (Sqz'd) 2612-16'	12-1/4" hole, 433' 8-5/8" 24# cmtd w/50 sx 2795' 5-1/2", cmtd w/300 sx, assume 7-7/8"	7000 g. acid SWF: 39,480 & 58000#	353' 1652'	50% calc 50% calc
Nix & Curtis St #1 K 06 19S 29E	Collins, Davis, Nix & Curtis	P&A	09/15/62	03/22/63	2626' PB 1987	Grayburg (TA) Penrose	2188-98', 2208-18' CIBP 1987',1924-28' 1930-32', 1940-44' 1950-55'	12-1/4" hole, 282' 8-5/8", cmtd w/75 sx 7-7/8" hole, 2329' 4-1/2", cmtd w/200 sx	500 g. mud acid 500 g. acid SF 40000 & 66000#	122' 727'	50% calc assumed (cut)
Heyco S St #1 K 6 19S 29E	Heyco	Prod	08/13/77	12/11/77	11,500'	Bone Spring	8424', 8246'	17-1/2" hole, 13-3/8" @ 418' w/400 "C" 12-1/4" hole, 9-5/8" @ 3665' w/2150 "C" lite 8-3/4" hole 5-1/2" @ 11500' w/1700 "H" lite Cut off & spliced back @ 2894'. Original Amoco State ER #2 Com	A: 3000 gal 5% HCL F: 19000 gals & 30000# 20/40	circ circ NA	calc calc
New Mexico Z St #1 A 12 19S 28E	Frostman	Prod.	07/06/82	09/29/82	2922' PB 2252	San Andres QN/GRB	2592-2632' New Perfs: 2382-98' 2280-94', 2056-88' 2106-16', 2158-74' 2196-2220'	412' 9-5/8", cmtd w/250 sx 2922' 5-1/2", cmtd w/1475 sx	12000 g. acid SWF: 80000 & 139750#		circ circ
New Mexico O St #1 G 12 19S 28E	Bass Enterprises	Prod.	01/16/83	01/26/84	11465' PB 9511	Cisco Wolfcamp	10802-804,10886-890 10903-915,10932-941 10316-324, 9756-60 9789-99, 9534-46 CIBP 9680' New Perf: 9468-87	365' 13-3/8", cmtd w/450 sx 12-1/4" hole, 3000' 8-5/8", cmtd w/2000 sx 11465' 5-1/2", cmtd w/1680 sx	11400 g. total acid		circ circ
Bass #2 H 12 19S 28E	S&J Co	Prod	01/07/64	03/28/64	2278'	Grayburg	2167-69', 2190-94' 2234-36'	12-1/4" hole, 405' 8-5/8", cmtd w/50 sx 1894' 7", cmt NA, 2260' 4-1/2", cmtd w/75 sx	SF: 25000 & 25000#	325' 1683'	50% calc 50% calc
E. Millman Tr 3 #1 I 12 19S 28E	S&J Co	WI	08/11/63 Converted 08/01/81	10/10/63 08/09/81	2318' PB 2272'	QN/GRB	2148-56', 2225-35' New Perf: 1718-2136'	12-1/4" hole, 401' 8-5/8", cmtd w/50 sx 8" hole 2318' 4-1/2", cmtd w/100 sx, Tbg 2248' 2-3/8"	5850 g. acid SF: 700 & 25000#	321' 1875' 2041'	50% calc 75% calc 50% calc

EXHIBIT "C"

HALLIBURTON SERVICES

ARTESIA DISTRICT

LABORATORY REPORT No. _____

TO SDX Resources Date 2/10/95

_____

_____

_____

The report is the property of Halliburton Services and neither it nor any part thereof nor a copy thereof nor the substance or conclusions contained therein shall be published or disclosed without the express written consent of Halliburton Services, and shall not be used in the course of regular business operations by any person or concern other than the client for whom such report has been made by Halliburton Services.

Submitted by Chuck Morgan Date Rec. 2/10/95

Well No. Conoco 7 Tank Bat. Depth _____ Formation _____

Field _____ County _____ Source _____

Resistivity	.06		
Specific Gravity ..	1.1		
pH	7.1		
Calcium	2500		
Magnesium	750		
Chlorides	110,000 mpl		
Sulfates	4500 mpl		
Bicarbonates	800 mpl		
Soluble Iron	Nil		
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Remarks:

David Pyeatt

Respectfully submitted

Analyst: _____ HALLIBURTON SERVICES

NOTICE: This report is for information only and the content is limited to the sample described. Halliburton makes no warranties, express or implied, as to the accuracy of the contents or results. Any use of this report by [illegible] shall hold Halliburton harmless for any loss or damage regardless of cause, including any act or omission of Halliburton, resulting from the use hereof.

EXHIBIT "D"

ILLEGIBLE

PETROLITE

Petrolite Corporation
422 West Main Street
Artesia, NM 88210-2041

TRETOLITE DIVISION

(505) 746-3588
Fax (505) 746-3590

Reply to:
P.O. Box 1140
Artesia, NM
88211-7531

WATER ANALYSIS REPORT

Company	: SDX RESOURCES	Date	: 02/29/96
Address	: ARTESIA, NM	Date Sampled	: 02/29/96
Lease	: CONOCO 7 STATE	Analysis No.	: 0240
Well	: #12		
Sample Pt.	: WELLHEAD		

	ANALYSIS		mg/L		* meq/L
1.	pH	6.4			
2.	H2S	110 PPM			
3.	Specific Gravity	1.075			
4.	Total Dissolved Solids		125625.0		
5.	Suspended Solide		NR		
6.	Dissolved Oxygen		NR		
7.	Dissolved CO2		NR		
8.	Oil In Water		NR		
9.	Phenolphthalein Alkalinity (CaCO3)				
10.	Methyl Orange Alkalinity (CaCO3)				
11.	Bicarbonate	HCO3	1024.0	HCO3	16.8
12.	Chloride	Cl	73272.0	Cl	2066.9
13.	Sulfate	SO4	2900.0	SO4	60.4
14.	Calcium	Ca	1740.0	Ca	86.8
15.	Magnesium	Mg	681.7	Mg	56.1
16.	Sodium (calculated)	Na	46007.0	Na	2001.2
17.	Iron	Fe	0.3		
18.	Barium	Ba	NR		
19.	Strontium	Sr	NR		
20.	Total Hardness (CaCO3)		7152.0		

PROBABLE MINERAL COMPOSITION

*milli equivalents per Liter

87	*Ca <------ *HCO3	17
	/------ -->	
56	*Mg ------> *SO4	60
	<---------/	
2001	*Na ------> *Cl	2067

Saturation Values Dist. Water 20 C

CaCO3	13 mg/L
CaSO4 * 2H2O	2090 mg/L
BaSO4	2.4 mg/L

Compound	Equiv wt	X meq/L	= mg/L
Ca(HCO3)2	81.0	16.8	1360
CaSO4	68.1	60.4	4110
CaCl2	55.5	9.7	536
Mg(HCO3)2	73.2		
MgSO4	60.2		
MgCl2	47.6	56.1	2670
NaHCO3	84.0		
Na2SO4	71.0		
NaCl	58.4	2001.2	116929

REMARKS:

STEVE TIGERT

EXHIBIT "E"

PETROLITE

SCALE TENDENCY REPORT

Company	: SDX RESOURCES	Date	: 02/29/96
Address	: ARTESIA, NM	Date Sampled	: 02/29/96
Lease	: CONOCO 7 STATE	Analysis No.	: 0240
Well	: #12	Analyst	: SHAWNA MATTHEWS
Sample Pt.	: WELLHEAD		

STABILITY INDEX CALCULATIONS
(Stiff-Davis Method)
CaCO3 Scaling Tendency

S.I. =	0.3	at	60 deg. F or	16 deg. C
S.I. =	0.4	at	80 deg. F or	27 deg. C
S.I. =	0.5	at	100 deg. F or	38 deg. C
S.I. =	0.5	at	120 deg. F or	49 deg. C
S.I. =	0.6	at	140 deg. F or	60 deg. C

****

CALCIUM SULFATE SCALING TENDENCY CALCULATIONS
(Skillman-McDonald-Stiff Method)
Calcium Sulfate

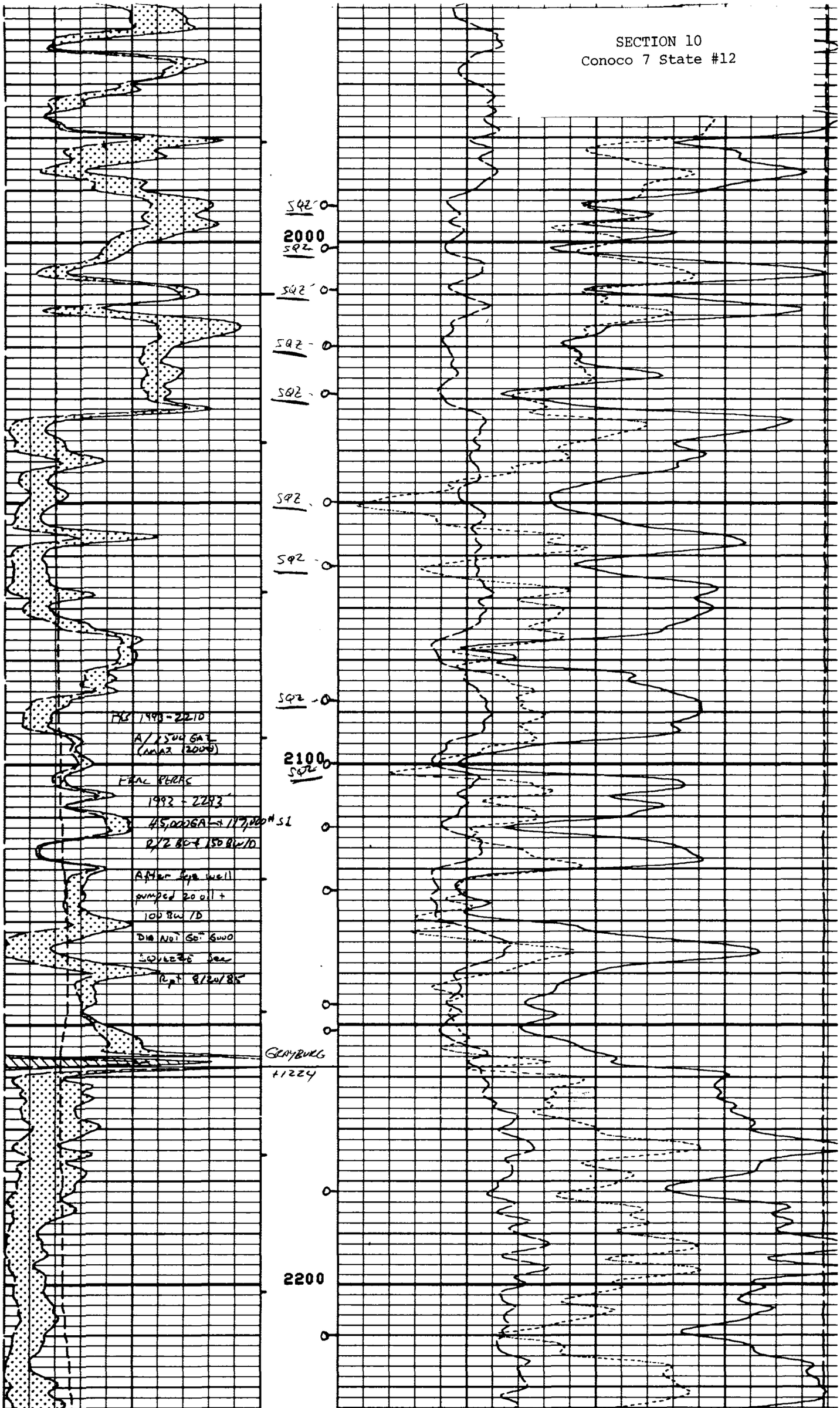
S =	6176	at	60 deg. F or	16 deg C
S =	6553	at	80 deg. F or	27 deg C
S =	6792	at	100 deg. F or	38 deg C
S =	6906	at	120 deg. F or	49 deg C
S =	6988	at	140 deg. F or	60 deg C

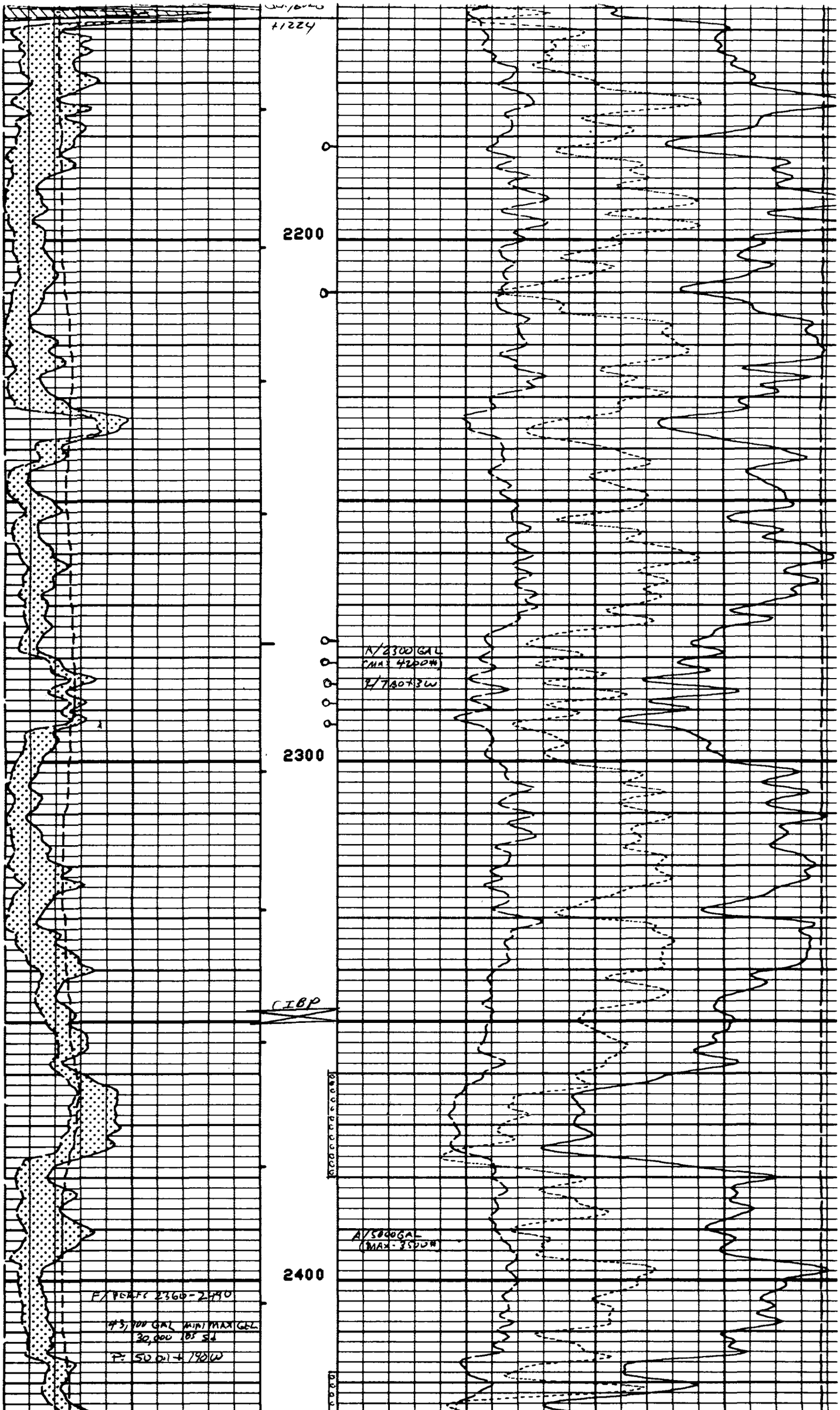
Petrolite Oilfield Chemicals Group

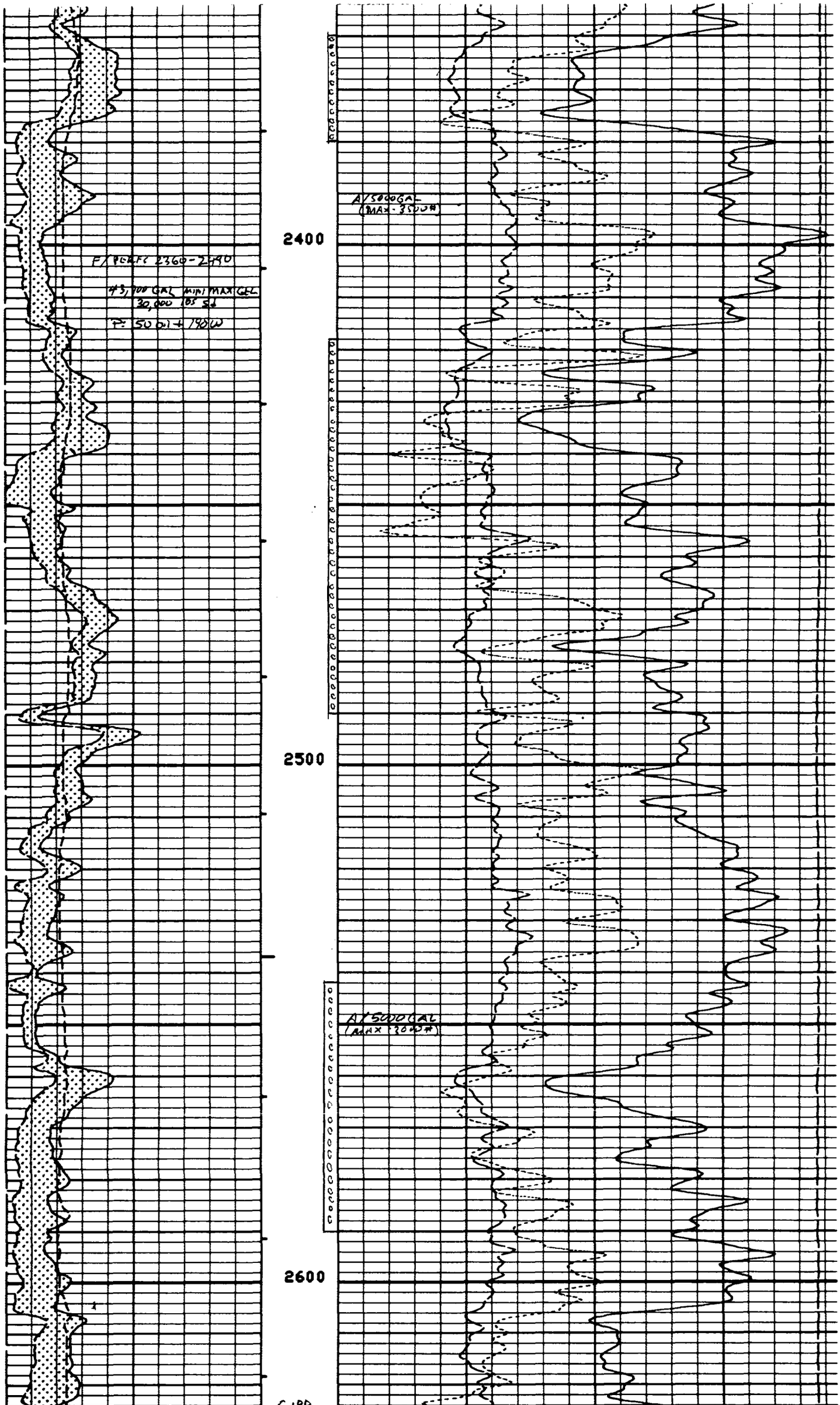
Respectfully submitted,
SHAWNA MATTHEWS

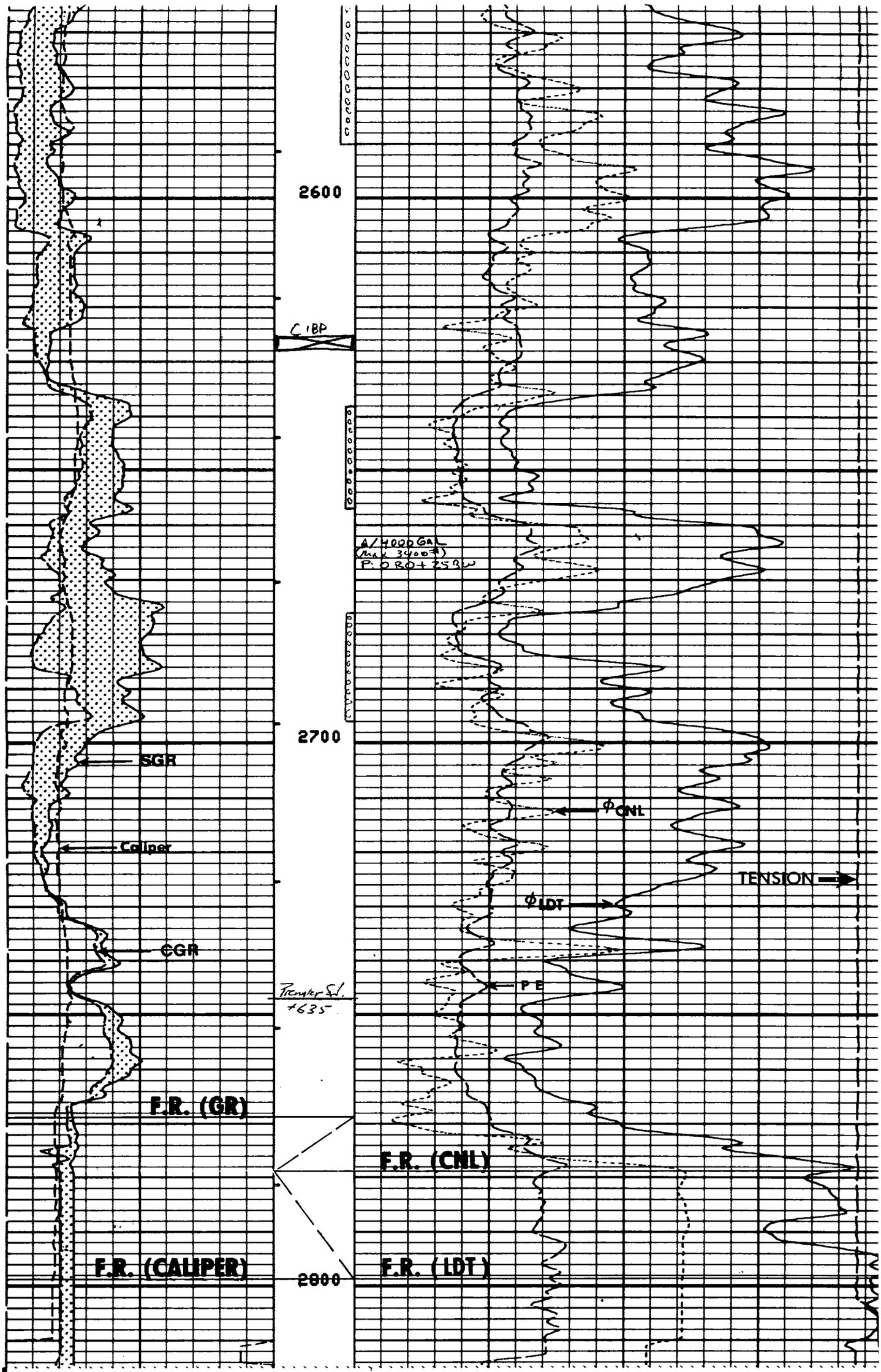
EXHIBIT "E"

SECTION 10
Conoco 7 State #12




+1224
2200
N/2300 GAL
(MAX 4200#)
R/7807 SW
2300
CIBP
A/5000GAL
(MAX-3500#)
2400
F/PERFS 2360-2490
43,700 GAL MIN/MAX GEL
30,000 LBS SD
P: 50 bbl + 190 W


F/PERF 2360-2490
#3,000 GAL MINI MAX GEL
30,000 LBS SD
F: 50 bbl + 190 W
2400
A/5000 GAL
(MAX - 3500#)
2500
A/5000 GAL
(MAX - 3000#)
2600
CIBP



FILE 7 07-MAY-85 13:47

CALI(IN)		TENS(LB)
6.0000 16.000		10000. 0.(
CGR (GAPI)		PEF

HALLIBURTON

RECEIVED
2-15-95

Halliburton Energy Services
Artesia District
Laboratory Report No. W22-95

TO: S D X Resources

P. O. Box 5061

Midland, TX 79704

Date: February 10, 1995

Submitted by Chuck Morgan Date Rec February 10, 1995

Well No _____ Depth _____ Formation _____

Field _____ County _____ Source Fresh Water Tank

Resistivity.....	1.8		
Specific Gravity.	1.0		
pH.....	6.2		
Calcium.....	250		
Magnesium.....	150		
Chlorides.....	2,000 mpl		
Sulfates.....	1,750 mpl		
Bicarbonates.....	200		
Soluble Iron.....	Nil		

Remarks:

David McKenzie
Respectfully submitted

Analyst: David McKenzie -- Technical Advisor

EXHIBIT "F"

List of all offset lease and surface owners that were sent Certified letters of notification.

1) Bass Enterprises Production Co. 915/683-2277
PO Box 2760
Midland, TX 79702-2760

2) Conoco, Inc. 915/686-5400
Attn: David Scott
10 Desta Dr #100W
Midland, TX 79705-4500

3) Frostman Oil 505/746-3344
PO Box 900
Artesia, NM 88211

4) Heyco 505/623-6601
PO Box 1933
Roswell, NM 88202

5) Mitchell Energy 713/377-5500
PO Box 4000
The Woodlands, TX 77380-4000

6) S&J Operating, Co. 817/723-2166
PO Box 2249
Wichita Falls, TX 76307

EXHIBIT "G"

SDX RESOURCES, INC.
P.O. BOX 5061
MIDLAND, TEXAS 79704
(915) 685-1761

March 1, 1996

ADDRESS

Re: Application for Authority to Inject
Section 7, T19S, R29E
Eddy Co., New Mexico

Gentlemen:

SDX Resources, Inc. is adding all of the Conoco 7 State wells to the C-108 that was mailed to you on January 24th. The first four wells have been incorporated into this re-submission of the C-108.

A hearing has been scheduled regarding this application for Wednesday, March 6th in Santa Fe, New Mexico. If you should have any questions, please contact us at the letterhead address or call 915/685-1761.

Sincerely,

John Pool
Vice-President

JDP:bja

enclosures

bjac-108

Affidavit of Publication

No. 15375

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 state, and that the hereto 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 consecutive days weeks on the same day as follows:

First Publication February 27, 1996

Second Publication

Third Publication

Fourth Publication

Gary D. Scott

Subscribed and sworn to before me this 27th day of February 19 96

Barbara Ann Boans

Notary Public, Eddy County, New Mexico

My Commission expires September 23, 1999

Copy of Publication

RECEIVED
FEB 28 1996
BY:

LEGAL NOTICE

NOTICE OF APPLICATION FOR FLUID INJECTION WELL PERMIT

SDX Resources, Inc., located at 511 W. Ohio St., Ste. 611, Midland, TX 79701, mailing address PO Box 5061, Midland, TX 79704, Contact: John Pool 915/685-1761 is seeking administrative approval from the New Mexico Oil Conservation Division to complete the following wells located in Section 7, T19S, R29E, Eddy Co., New Mexico as injection wells: Conoco 7 State #2, #4, #8, #9, #11, #12, #13. The proposed injection zone is the QN/GBG with the following perforations: #2 2122-2216, #4 2163-2240, #8 2199-2508, #9 2115-2260, #11 1886-2291, #12 1993-2596, #13 2224-2642. SDX Resources, Inc. intends to inject a maximum of 1000 barrels of produced formation water per day at a maximum injection pressure of 800 psi. Interested parties must file objections or request for hearing with the Oil Conservation Division, 2040 S. Pacheco, Santa Fe, NM 87505 within 15 days of this notice. Published in the Artesia Daily Press, Artesia, N.M. February 27, 1996.

EXHIBIT "H"

NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

February 6, 1997

Department of Taxation and Revenue
P.O. Box 630
Santa Fe, NM 87509-0630

Attention: John Chavez, Secretary

RE: Expansion of EOR Project
SDX Resources, Inc.
State '7' Leasehold Waterflood Project

Dear Secretary Chavez:

Enclosed is a copy of Administrative Order WFX-704 issued to SDX Resources, Inc. for its State '7' Leasehold Waterflood EOR project, certified by this Division on August 1, 1996, to be a qualified Enhanced Oil Recovery Project as provided in Laws of 1992, Chapter 38.

Only oil production from that portion of the lands identified in the certification dated August 7, 1996 which is actually developed for enhanced recovery will be eligible for the reduced tax rate. At the time positive production response is certified, we will identify for you the specific lands and wells within the project which qualify for the *Recovered Oil Tax Rate.*

Sincerely,

by Deputy Director

William J. LeMay
Director

WJL/BES

Enclosures

cc: File EOR -29