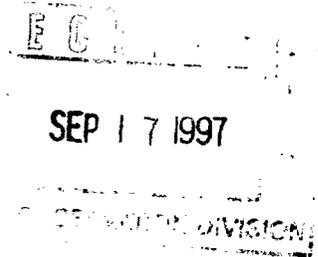


SDX RESOURCES, INC.

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



September 15, 1997

✓ NMOCD
2040 S. Pacheco
Santa Fe, NM 87505

NMOCD
811 S. 1st St.
Artesia, NM 88210

Re: Chalk Bluff Draw #1
Sec. 5, T18S, R27E
Affidavit of Publication

Gentlemen:

Attached is the Affidavit of Publication on the above referenced well. This is to be attached to the C-108 that was mailed to you on September 8, 1997.

If there are further questions, please contact me at the letterhead address.

Sincerely,

Bonnie Atwater
Production Assistant

/ba

attachment

Affidavit of Publication

No. 15989

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

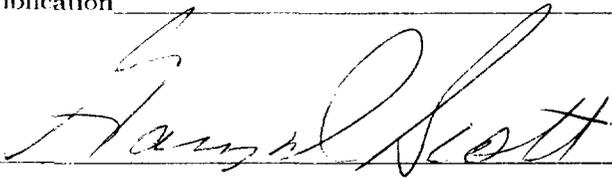
was published in a regular and entire issue of the said Artesia Daily Press, a daily newspaper duly qualified for that purpose within the meaning of Chapter 167 of the 1937 Session Laws of the state of New Mexico for 1 consecutive weeks on the same day as follows:

First Publication September 9, 1997

Second Publication _____

Third Publication _____

Fourth Publication _____



Subscribed and sworn to before me this 12th day of September 19 97

Barbara Ann Boers
Notary Public, Eddy County, New Mexico

My Commission expires September 23, 1999

Copy of Publication

LEGAL NOTICE

NOTICE OF APPLICATION FOR FLUID INJECTION WELL PERMIT

SDX Resources, Inc., located at 511 W. Ohio St., Ste 601, Midland, TX 79702, mailing address: PO Box 5061, Midland, TX 79704. Contact:

~~Chuck Morgan 915/685-1761~~ is seeking administrative approval from the New Mexico Oil Conservation Division to complete the Chalk Bluff Draw #1 located in Section 5, T18S, R27E, Eddy Co., New Mexico as an injection well. The proposed injection zone is the Penn formation with perforations from 7900'-8300'. SDX Resources, Inc. intends to inject a maximum of 1000 barrels of produced formation water per day at a maximum injection pressure of 14000#. Interested parties must file objections or request for hearing with the Oil Conservation Division, 2040 S. Pacheco, Santa Fe, New Mexico 87505 within 15 days of this notice.

Published in the Artesia Daily Press, Artesia, N.M. September 9, 1997.

Legal 15989

RECEIVED
SEP 15 1997

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL
RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 SOUTH PACHECO
SANTA FE, NEW MEXICO 87505

FORM C-108
Revised 4-1-98

APPLICATION FOR AUTHORIZATION TO INJECT

I. PURPOSE: _____ Secondary Recovery _____ Pressure Maintenance _____ Disposal X Storage
Application qualifies for administrative approval? X Yes _____ No

II. OPERATOR: SDX Resources, Inc.

ADDRESS: P.O. 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 X No
If yes, give the Division order number authorizing the project: _____

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).

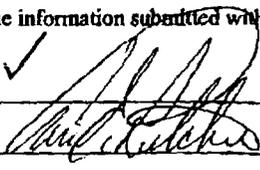
*XI. Attach a chemical analysis of fresh water from two or more fresh water wells (if available and producing) within one mile of any injection or disposal well showing location of wells and dates samples were taken.

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: Ann E. Ritchie TITLE: Regulatory Agent

SIGNATURE:  DATE: 12-4-00

* 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: Admin. Order SWD-677, re-newed/re-filed (copy attached) this date.

DISTRIBUTION: Original and one copy to Santa Fe with one copy to the appropriate District Office

SDX Resources, Inc.
New Mexico Oil Conservation Division
Form C-108 "Application for Authorization to Inject"

RE: Chalk Bluff Draw, Well #1, Unit Ltr. K, Sec. 5, T18S, R27E, 2055' FSL & 1980' FWL, Eddy County, New Mexico

- I. SDX plans to convert the above referenced well to an injection well in the Penn formation.
- II. Operator: SDX Resources, Inc., P.O. Box 5061, Midland, TX 79704
- III. Well Data: Please see "Well Data Sheet" attached.
- IV. This is not an expansion of an existing project.
- V. Map attached designating: 1/2 radius of review and 2 mile notification radius.
- VI. One well is within the area of review which penetrates the proposed injection zone, scout ticket attached and hi-lighted on map.
- VII.
 1. Proposed average daily injection volume: 800 bbls water per day.
 2. This will be a closed system.
 3. Proposed average injection pressure: unknown
 4. Proposed maximum injection pressure: 1400#
 5. Formation water analysis not available.
- VIII.
 1. The proposed injection interval is the portion of the Penn consisting of porous dolomite.
 2. Limited fresh water zones overlie the proposed injection zone at approximately 150'.
- IX. The proposed injection interval may be acidized with 15% HCL acid.
- X. Well logs are on file at the OCD.
- XI. No fresh water wells are within a 1/2 mile radius.
- 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.
 1. Certified letters sent to offset operators, listing attached. Surface Owner: Bureau of Land Management.
 2. Copy of legal advertisement request enclosed, notice will be sent as published.

DATE IN 12/22/00	SUSPENSE 1/8/01	ENGINEER DC	LOGGED BY KV	TYPE SWD-677
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AMEND

ABOVE THIS LINE FOR DIVISION USE ONLY

36340569

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -

ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

Application Acronyms:

- [NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
- [DD-Directional Drilling] [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 - Directional Drilling
 NSL NSP DD SD

Check One Only for [B] and [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

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply

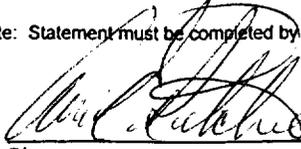
- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

[3] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with supervisory capacity.

Ann E. Ritchie
Print or Type Name


Signature

Regulatory Agent
Title

12-4-00
Date

December 4, 2000

New Mexico Oil Conservation Division
State of New Mexico
2040 S. Pacheco
Santa Fe, NM 87505

RE: SDX Resources, Inc., "Application for Authorization to Inject"

Ladies/Gentlemen:

Please see enclosed the OCD, Form C-108 application for the SDX Resources, Inc., Chalk Bluff Draw, Well #1, API # 30 015 00789, 2055' FSL & 1980' FWL, Section 5, T18S, R27E, Eddy County, New Mexico. This application was initially submitted and subsequently permitted on October 9, 1997. Due to the downturn in the oil business an extension was requested and granted on October 26, 1998. We have enclosed a copy of Administrative Order SWD-677.

Please contact me, as below, or Chuck Morgan @ (915) 685-1761 if you have any questions pertaining to this application. Thank you.

Yours truly,



Ann E. Ritchie, Regulatory Agent
SDX Resources, Inc.
P.O. Box 5061
Midland, TX 79702
(915) 684-6381, (915) 682-1458-fax; e-mail: W10r1248@aol.com

Attachment

APPLICATION FOR AUTHORIZATION TO INJECT

I. PURPOSE: _____ Secondary Recovery _____ Pressure Maintenance _____ Disposal X Storage
Application qualifies for administrative approval? X Yes _____ No

II. OPERATOR: SDX Resources, Inc.

ADDRESS: P.O. 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 X No
If yes, give the Division order number authorizing the project: _____

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).

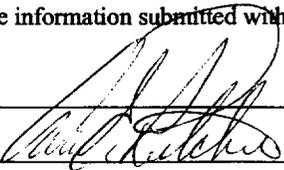
*XI. Attach a chemical analysis of fresh water from two or more fresh water wells (if available and producing) within one mile of any injection or disposal well showing location of wells and dates samples were taken.

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: Ann E. Ritchie TITLE: Regulatory Agent

SIGNATURE:  DATE: 12-4-00

* 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: Admin. Order SWD-677, re-newed/re-filed
(copy attached) this date.

DISTRIBUTION: Original and one copy to Santa Fe with one copy to the appropriate District Office

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, 2140 South Pacheco, Santa Fe, New Mexico 87505, within 15 days.

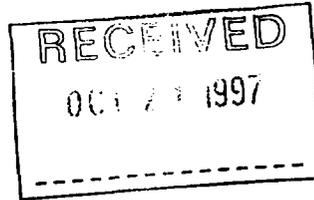
NO ACTION WILL BE TAKEN ON THE APPLICATION UNTIL PROPER PROOF OF NOTICE HAS BEEN SUBMITTED.

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



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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



ADMINISTRATIVE ORDER SWD-677

***APPLICATION OF SDX RESOURCES, INC. FOR SALT WATER DISPOSAL,
EDDY COUNTY, NEW MEXICO.***

ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION

Under the provisions of Rule 701(B), SDX Resources, Inc. made application to the New Mexico Oil Conservation Division on September 26, 1994, for permission to complete for salt water disposal its Chalk Bluff Draw Well No.1 located 2055 feet from the South line and 1980 feet from the West line (Unit K) of Section 5, Township 18 South, Range 27 East, NMPM, Eddy County, New Mexico.

THE DIVISION DIRECTOR FINDS THAT:

- (1) The application has been duly filed under the provisions of Rule 701(B) of the Division Rules and Regulations;
- (2) Satisfactory information has been provided that all offset operators and surface owners have been duly notified;
- (3) The applicant has presented satisfactory evidence that all requirements prescribed in Rule 701 will be met; and
- (4) No objections have been received within the waiting period prescribed by said rule.
- (5) The application should be approved.

IT IS THEREFORE ORDERED THAT:

The applicant herein, is hereby authorized to complete its Chalk Bluff Draw Well No.1 located 2055 feet from the South line and 1980 feet from the West line (Unit K) of Section 5, Township 18 South, Range 27 East, NMPM, Eddy County, New Mexico, in such manner as to permit the injection of salt water for disposal purposes into the Cisco and Canyon formations at approximately 7900 feet to 8300 through 2 7/8-inch plastic-lined tubing set in a packer located at approximately 7800 feet.

IT IS FURTHER ORDERED THAT:

The operator shall take all steps necessary to ensure that the injected water enters only the proposed injection interval and is not permitted to escape to other formations or onto the surface.

The casing-tubing annulus shall be loaded with an inert fluid and equipped with a pressure gauge at the surface or left open to the atmosphere to facilitate detection of leakage in the casing, tubing, or packer.

The injection well or system shall be equipped with a pressure limiting device which will limit the wellhead pressure on the injection well to no more than 1580 psi.

The Director of the Division may authorize an increase in injection pressure upon a proper showing by the operator of said well that such higher pressure will not result in migration of the injected fluid from the Cisco or Canyon formations. Such proper showing shall consist of a valid step-rate test run in accordance with and acceptable to this office.

The operator shall notify the supervisor of the Artesia district office of the Division of the date and time of the installation of disposal equipment and of the mechanical integrity test so that the same may be inspected and witnessed.

The operator shall immediately notify the supervisor of the Artesia district office of the Division of the failure of the tubing, casing, or packer in said well and shall take such steps as may be timely and necessary to correct such failure or leakage.

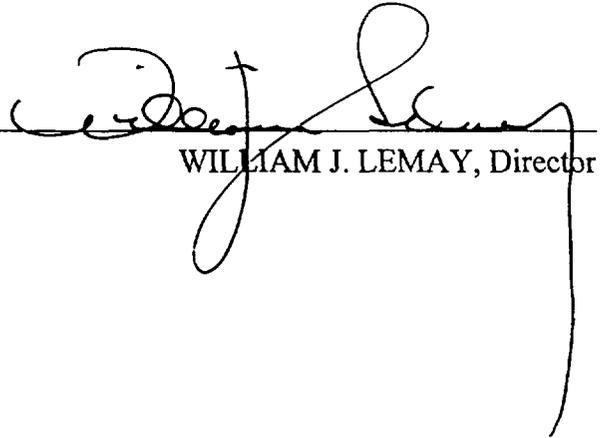
PROVIDED FURTHER THAT, jurisdiction of this cause is hereby retained by the Division for the entry of such further order or orders as may be deemed necessary or convenient for the prevention of waste and/or protection of correlative rights; upon failure of the operator to conduct operations in a manner which will ensure the protection of fresh water or in a manner inconsistent with the requirements set forth in this order, the Division may, after notice and hearing, terminate the injection authority granted herein.

The operator shall submit monthly reports of the disposal operations in accordance with Rule Nos. 706 and 1120 of the Division Rules and Regulations.

The injection authority granted herein shall terminate one year after the effective date of this order if the operator has not commenced injection operations into the subject well, provided however, the Division, upon written request by the operator, may grant an extension thereof for good cause shown.

Administrative Order SWD-677
SDX Resources, Inc.
October 15, 1997
Page 3

Approved at Santa Fe, New Mexico, on this 9th day of October, 1997.



WILLIAM J. LEMAY, Director

WJL/BES

xc: Oil Conservation Division - Artesia

SDX Resources, Inc.
New Mexico Oil Conservation Division
Form C-108 "Application for Authorization to Inject"

RE: Chalk Bluff Draw, Well #1, Unit Ltr. K, Sec. 5, T18S, R27E, 2055' FSL & 1980' FWL, Eddy County, New Mexico

- I. SDX plans to convert the above referenced well to an injection well in the Penn formation.
- II. Operator: SDX Resources, Inc., P.O. Box 5061, Midland, TX 79704
- III. Well Data: Please see "Well Data Sheet" attached.
- IV. This is not an expansion of an existing project.
- V. Map attached designating: 1/2 radius of review and 2 mile notification radius.
- VI. One well is within the area of review which penetrates the proposed injection zone, scout ticket attached and hi-lighted on map.
- VII.
 1. Proposed average daily injection volume: 800 bbls water per day.
 2. This will be a closed system.
 3. Proposed average injection pressure: unknown
 4. Proposed maximum injection pressure: 1400#
 5. Formation water analysis not available.
- VIII.
 1. The proposed injection interval is the portion of the Penn consisting of porous dolomite.
 2. Limited fresh water zones overlie the proposed injection zone at approximately 150'.
- IX. The proposed injection interval may be acidized with 15% HCL acid.
- X. Well logs are on file at the OCD.
- XI. No fresh water wells are within a 1/2 mile radius.
- 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.
 1. Certified letters sent to offset operators, listing attached. Surface Owner: Bureau of Land Management.
 2. Copy of legal advertisement request enclosed, notice will be sent as published.

“Well Data Sheet”
SDX Resources, Inc.
Form C-108 “Application for Authorization to Inject”

Chalk Bluff Draw, Well #1
Eddy County, New Mexico

- A. (1) Unit K, Section 5, T18S, R27E, 2055' FSL & 1980' FWL, Eddy County, New Mexico
- (2) Casing: 13 3/8", 38#, set @ 550', cemented w/350 sx, TOC-surface.
9 5/8", 36#, set @ 3013', cemented w/1700 sx, TOC-surface.
5 1/2", 14-17#, set 9500', cemented w/2235 sx, TOC-surface (volumes calculated on .75% efficiency.)
Well P & A'd in 1985, as per “Before” Wellbore Diagram.
- B. (1) Injection Formation: Cisco/Canyon.
- (2) Injection interval will be through perforations @ 7900'-8300'.
- (3) Well was drilled and completed as a producer in the Morrow formation.
- (4) Initial perforations: 9443-9465' w/plug from 9205-9140' (as per diagram).
- (5) Next shallow oil or gas zone: Queen.
Next deeper oil or gas zone: San Andres.

RE-ENTRY

STATE: NEW MEXICO
COUNTY: EDDY
API: 30-015-30265-0001
FIELD: CHALK BLUFF
WELL CLASS: DO
OPR: MACK ENERGY COMPANY

18S-27E 6
NW SE
1650 FSL 1450 FEL SEC
STATUS: OIL-WO

1 LUCKY MACK FEDERAL

SPUD : 08/20/1999 COMP : 10/03/1999 ELEV : 3430 GR
TD : 9455 FM/TD : WOLFCAMP /WOLFCAMPIAN/ PBDT : 7120 DTD : 9455
CONTR : NOT RPTD (VERTICAL)
PROJ DEPTH/FM : 7000 WOLFCAMP /WOLFCAMPIAN/ (ST APPD PMT: 07/08/1999) LEASE TYPE:
FEDERAL TARGET OBJ: OIL

9455 DTD COMP 10/03/1999 # 001 IPP OIL: 6 BPD GAS: 65 MCFD GOR 1083 OIL GTY: 42 PROD
ZONE: PERF (WOLFCAMP /WOLFCAMPIAN/) 6601-6729 ; NO CORES OR DSTS

LOCATION DATA : 5 MI E ARTESIA, NM;
OLD INFO : 30-015-30265 FORMERLY MARBOB ENERGY CORP 1 CHALK BLUFF FEDERAL COM EL: 3442
KB. SPUD 07/05/1998 CSG: 13 3/8 IN @ 390 W/475 SACK, 8 5/8 IN @ 2210 W/1100 SACK; OTD 9455 COMP
08/02/1998 DRY & ABANDONED
PREV OPER : MARBOB ENERGY 1 CHALK BLUFF FED COM
CASING : 4 1/2 IN @ 7299 W/1725 SACK; TUBING : 2 7/8 IN @ 6745;
LOG TYPES : GR, NE, DN, EL, GRS;

PROPERTY OF
HEROLD GEOLOGICAL RESEARCH
CENTER - MIDLAND

© 1999 Petroleum Information/Dwights LLC d/b/a IHS Energy Group

(OVER)

12/15/1999

CARD# 0015-NM

RE: SDX Resources, Inc. Chalk Bluff Draw, Well #1
C-108 - Section VI "One well within radius"

MACK ENERFIGY COMPANY

API: 30-015-30265-0001

1 LUCKY MACK FEDERAL

(CONTINUED)

LOG TOPS : GLORIETA /SD/ 2580, ABO /SH/ 4731, WOLFCAMP /WOLFCAMPIAN/ 6100;

DRLG COMMENTS : CO TO7299, RAN 4 1/2 CSG;

PRODUCING INTERVALS DATA: # 001 PERF (WOLFCAMP /WOLFCAMPIAN/) 6601-6729 ; ACID
(6601-6729) W/ 4000 GAL ACID ; ACID (6601-6729) W/ 20000 GAL ACID OIL: 6 BPD GAS: 65 MCFD OIL GTY: 42
GOR: 1083 15% NE 20% NE

OPER ADD: PO BOX 400, DUNCAN, OK 73534, (580)252-5580;

SDX Resources, Inc
Chalk Bluff Draw #1
Section 5, T18S, R27E
Eddy County, New Mexico

Operators Within 2 Mile Radius:

BP Amoco Expl/ Altura Energy, Ltd.
Attn: Jerry West (Land Dept.)
PO Box 4294
Houston, TX 77210-4294

Breck Operating, CO.
Attn: Ron Hollow (Land Dept.)
PO Box 911
Breckenridge, TX 76424

Devon Energy Corp.
Attn: Land Dept.
20 N. Broadway, Ste. 1500
Oklahoma City, OK 73102

Exxon USA
Attn: Land Dept.
PO Box 1600
Midland, TX 79702

Mack Energy
PO Box 400
Duncan, OK 73534-0400

Mewborne Oil
PO Box 7698
Tyler, TX 75711-7698

Nearburg Producing Company
PO Box 823085
Dallas, TX 75382-3085

Norwood Oil Co. -Tex
PO Drawer 1029
Malakoff, TX 75148

Oxy USA Inc./Altura Energy, Ltd.
Attn: Richard E. Foppiano
PO Box 27570
Houston, TX 77227

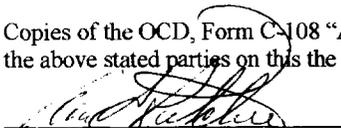
Yates Petroleum Corp.
Attn: Land Dept.
105 S. 4th Street
Artesia, NM 882210

Surface Owners:

Bogle LTD
PO Box 441
Artesia, NM 88210

State of New Mexico
Commissioner of Public Lands
PO Box 1148
Santa Fe, NM 87504-1148

Copies of the OCD, Form C-108 "Application for Authorization to Inject", Well Data Sheet, and map have been sent to the above stated parties on this the 15th day of December, 2000.


Ann E. Ritchie, Regulatory Agent
SDX Resources, Inc.

NOTICE OF APPLICATION FOR FLUID INJECTION WELL PERMIT

SDX Resources, Inc., 511 W. Ohio, St., Suite 601, P.O. Box 5061, Midland, TX 79704, Contact: Ann Ritchie @ (915) 684-6381 is seeking administrative approval from the New Mexico Oil Conservation Division to complete the Chalk Bluff Draw #1 located in located in Section 5, T18S, R27E, Eddy County, New Mexico as an injection well. The proposed injection interval is the Penn formation with perforations from 7900-8300'. SDX Resources, Inc. intends to apply for a maximum daily injection rate of 1000 barrels of produced formation water at a maximum injection pressure of 1400#.

Interested parties must file objections or request for hearing with the Oil Conservation Division, 2040 S. Pacheco, Santa Fe, New Mexico, 87505 within 15 days of this notice.

Submitted to the "Artesia Daily Press" and made a part of the SDX Resources, Inc., C-108 application of December 4, 2000.

December 5, 2000

Artesia Daily Press
FAX#: 505 746 8795
P.O. Box 190
Artesia, NM 88211

Att: Legal Notices

RE: SDX Resources, Inc., Chalk Bluff Draw #1, NW State #4, NW State #15,
& Spurck #9, Eddy County, New Mexico: Form C-108 Notification

Ladies and Gentlemen:

Please publish the notice as stated below for the four wells referenced above as soon as possible:

NOTICE OF APPLICATION FOR FLUID INJECTION WELL PERMIT

SDX Resources, Inc., 511 W. Ohio St., Suite 601, P.O. Box 5061, Midland, TX 79704, contact: Chuck Morgan (915) 685-1761 is seeking administrative approval from the New Mexico Oil Conservation Division to complete the following four wells for fluid injection: 1) Chalk Bluff Draw, Well #1, located in Section 5, T18S, R27E, 2055' FSL & 1980' FWL, Eddy County; proposed injection interval is the Penn formation with perforations from 7900-8300' with a maximum daily injection volume of produced formation water at 1000 bbls per day with a maximum injection pressure of 1400#. 2) NW State, Well #4, located in Section 32, T17S, R28E, 1140' FNL & 2277' FEL, Eddy County; proposed injection interval is the Queen/Grayburg/San Andres formation with perforations from 2450-2813' with a maximum daily injection volume of produced formation water at 800 bbls per day with a maximum injection pressure of 490#. 3) NW State, Well #15, located in Section 6, T18S, R28E, 430' FNL & 330' FEL, Eddy County; proposed injection interval is the Queen/Grayburg/San Andres formation with perforations from 2561-2805' with a maximum daily injection volume of produced formation water at 800 bbls per day with a maximum injection pressure of 512#. 4) Spurck, Well #9, located in Section 24, T17S, R27E, 1800' FNL & 2310' FWL, Eddy County, proposed injection interval is the Queen/Grayburg/San Andres formation with perforations from 2043-2268' with a maximum daily injection volume of produced formation water at 800 bbls per day with a maximum injection pressure of 409#.

Interested parties must file objections or request for hearing with the New Mexico Oil Conservation Division, 2040 S. Pacheco, Santa Fe, New Mexico, 87505 within 15 days of this notice.

Please let me know if you have any questions concerning this request for publication. Thank you.

Yours truly,



Ann E. Ritchie, Regulatory Agent
SDX Resources, Inc.
P.O. Box 5061
Midland, TX 79704
(915) 684-6381, (915) 682-1458; e-mail: Wtor1948@aol.com

Have not received
notice as published
to date.

Paul Ketchum

SDX Resources, Inc.
12-15-00

LEGAL NOTICE

NOTICE OF APPLICATION FOR FLUID INJECTION WELL PERMIT

SDX Resources, Inc., 511 W. Ohio St., Suite 601, P.O. Box 5061, Midland, TX 79704, contact Chuck Morgan (915) 685-1761 is seeking administrative approval from the New Mexico Oil Conservation Division to complete the following four wells for fluid injection: 1) Chalk Bluff Draw, Well #1, located in Section 5, T18S, R27E, 2055' FSL & 1980' FWL, Eddy County proposed injection interval is the Penn formation with perforations from 7900-8300' with a maximum daily injection volume of produced formation water at 1000 bbls per day with a maximum injection pressure of 1400#. 2) NW State, Well #4, located in Section 32, T17S, R28E, 1140' FNL & 2277' FEL, Eddy County, proposed injection interval is the Queen/Grayburg/San Andres formation with perforations from 2450-2813' with a maximum daily injection volume of produced formation water at 800 bbls per day with a maximum injection pressure of 490#. 3) NW State, Well #15, located in Section 6, T18S, R28E, 430' FNL & 330' FEL, Eddy County; proposed injection interval is the Queen/Grayburg/San Andres formation with perforations from 2561-2805' with a maximum daily injection volume of produced formation water at 800 bbls per day with a maximum injection pressure of 512#. 4) Spurck, Well #9, located in Section 24, T17S, R27E, 1800' FNL & 2310' FWL, Eddy County, proposed injection interval is the Queen/Grayburg/San Andres formation with perforations from 2043-2268' with a maximum daily injection volume of produced formation water at 800 bbls per day with a maximum injection pressure of 409#. Interested parties must file objections or request for hearing with the New Mexico Oil Conservation Division, 2040 S. Pacheco, Santa Fe, New Mexico, 87505 within 15 days of this notice.

Published in the Artesia

Daily Press Artesia NM

CHECKLIST for ADMINISTRATIVE INJECTION APPLICATIONS

Operator: SDX Resources, Inc. Well: CHACK BLOFF DRAW No. 1
Contact: CRAIG MORGAN Title: ENGINEER Phone: 915-685-1761
DATE IN 9.11.97 RELEASE DATE 9.26.97 DATE OUT 10 9.97

Proposed Injection Application is for: **WATERFLOOD** Expansion Initial

Original Order: R- Secondary Recovery Pressure Maintenance

SENSITIVE AREAS
PECOS RIVER
 WIPP Capitan Reef **SALT WATER DISPOSAL** Commercial Well

Data is complete for proposed well(s)? YES Additional Data Req'd _____

AREA of REVIEW WELLS

Total # of AOR # of Plugged Wells
 Tabulation Complete Schematics of P & A's
 Cement Tops Adequate AOR Repair Required

INJECTION FORMATION

Injection Formation(s) CISCO / CANNON Compatible Analysis YES
Source of Water or Injectate AREA PRODUCTION

PROOF of NOTICE

Copy of Legal Notice Information Printed Correctly
 Correct Operators Copies of Certified Mail Receipts
 Objection Received Set to Hearing _____ Date

NOTES: _____

APPLICATION QUALIFIES FOR ADMINISTRATIVE APPROVAL? YES

COMMUNICATION WITH CONTACT PERSON:

1st Contact: Telephoned Letter 10-9 Date Nature of Discussion VERBAL APP -
2nd Contact: Telephoned Letter _____ Date Nature of Discussion _____
3rd Contact: Telephoned Letter _____ Date Nature of Discussion _____

JERRY BRASNER

CONSULT

J. M. HUBER.

SWD. 644

202

663 8007