

Submit 3 Copies To Appropriate District
Office
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

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
Revised June 10, 2003

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

WELL API NO. 30-015-20586
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name Welch RL State
8. Well Number 10
9. OGRID Number 020451
10. Pool name or Wildcat Red Lake, SA

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 <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>		RECEIVED APR 06 2004 OCD-ARTESIA
2. Name of Operator SDX Resources, Inc.		
3. Address of Operator PO Box 5061, Midland, TX 79704		
4. Well Location Unit Letter <u>E</u> : <u>1810</u> feet from the <u>North</u> line and <u>790</u> feet from the <u>West</u> line Section <u>28</u> Township <u>17S</u> Range <u>28E</u> NMPM County <u>Eddy</u>		
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3641' GR		

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data	
NOTICE OF INTENTION TO: PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPLETION <input type="checkbox"/> OTHER: <input type="checkbox"/>	SUBSEQUENT REPORT OF: REMEDIAL WORK <input checked="" type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> PLUG AND ABANDONMENT <input type="checkbox"/> CASING TEST AND CEMENT JOB <input type="checkbox"/> OTHER: <input type="checkbox"/>

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.

3/6 - 12/04: TOH w/105 jts 2-3/8" tbg. Run overshot & bumper sub on 2-7/8". Set down @ 3228'. TIH w/2-3/8" tbg spear on 2-7/8" tbg. TOH. Run impression block. Indicates bad csg. TIH w/spear on 12 jts 2-3/8" tbg on 2-7/8" workstring. Work tools 10' past bad spot. TOH. RU reverse unit & run 3-3/4" taper mill. Drilling scale formation & cmt. TOH & run caliper log. Parted csg indicated 3212 - 3215'. SD.

3/22 - 31/04: NU & pull 3210' of 5-1/2" csg. Run 20' 7" washover shoe on 81 jts of 14# J-55 5-1/2" csg. Attempt to wash over stub. Could not get below 3226'. Set slips & NU head. TIH w/2-3/8" spear. Could not get below 3228'. Set 5-1/2" CRT @ 3157' & cmt 5-1/2" csg w/250 sx 35/65 "C" lead & 350 sx "C" tail. Circ 110 sx to pit. Reverse csg clean. WOC 48 hrs. RU reverse unit & drill out CRT & shoe. TOH & PU 4-3/4" bull nose mill. Tag up @ 3228' & mill to 3234' milling up formation, csg, & old cmt. TOH. Set CRT @ 3164'. Sze 100 sx through retainer @ 1-1/2 bpm @ 900#. Locked up sqz to 2200#. Sting out of CRT & dump 35' cmt on top. Witnessed by Phil Hawkins, NMOCD. Reverse csg clean. TOH. WOC.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Chuck Morgan TITLE Engineer DATE 4/5/04

Type or print name Chuck Morgan E-mail address: cmorgan@sdresources.com Telephone No. 432/685-1761

(This space for State use)

APPROVED BY _____ TITLE _____ DATE _____
Conditions of approval, if any:

FOR RECORDS ONLY

MAY 04 2004