

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

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

2006 FEB 2 PM 12 28

Jan. 31, 2006

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


✓ Attention Will Jones

RE: Down hole commingling application
Kersey Williams A Federal #7
Sec. 28 T17S R28E
Eddy County, New Mexico

Dear Mr. Jones,

SDX Resources respectfully request permission to down hole commingle production from the Artesia Yeso Glorietta pool with production from the Red Lake Sa pool in their Kersey Williams A #7 well . Ownership is identical for both pools and the oil from both pools is sour and is close to the same gravity. There should therefore be no difference in revenue to any party. Commingling will improve the economics of the lease, extending its life, resulting in the recovery of additional reserves. Attached is a completed form C-107A. Thanks for your assistance on this matter.

Sincerely,



Chuck Morgan

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

BLM
2909 W. 2nd. Str.
Roswell, N.M. 88201

Jan. 31, 2006

Attention: Mr. Armondo Lopez

RE: Down hole commingling application
Kersey Williams A Federal #7 (Lease NM048344)
Sec. 28 T17S R28E
Eddy County, New Mexico

Dear Mr. Lopez

SDX Resources respectfully request permission to down hole commingle production from the Artesia Yeso Glorietta pool with production from the Red Lake Sa pool in their Kersey Williams A Federal #7 well.

Enclosed with this letter is a copy of the application sent to the NMOCD.

Sincerely,



Chuck Morgan

API
J. N. French Dr. Hobbs, NM 88240
District II
611 South First, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources
OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, N M 87505

Form C-102
Revised March 17, 1999
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-33689	Pool Code 97253	Pool Name Red Lake - San Andres
Property Code 33871	Property Name KERSEY WILLIAMS A FEDERAL	Well Number 7
OGRID No. 020451	Operation Name SDX RESOURCES, INC.	Elevation 3674

Surface Location

UL or Lot No.	Section	Township	Range	Lot Idn.	Feet from the	North/South line	Feet from the	East/West line	County
H	28	17-S	28-E		2310	NORTH	620	EAST	EDDY

Bottom Hole Location If Different From Surface

UL or Lot No.	Section	Township	Range	Lot Idn.	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 40	Joint or Infill	Consolidation Code	Order No.						

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTEREST HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	OPERATOR CERTIFICATION I HEREBY CERTIFY THAT THE INFORMATION HEREIN IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.	
	Signature <i>Bonnie Atwater</i>	
	Printed Name Bonnie Atwater	
	Title Regulatory Tech	
	Date 9/28/05	
	SURVEYOR CERTIFICATION I HEREBY CERTIFY THAT THE WELL LOCATION SHOWN ON THIS PLAT WAS PLOTTED FROM FIELD NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY SUPERVISION, AND THAT THE SAME IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.	
	SEPTEMBER 17, 2004	
	Date of Survey Signature and Seal of Professional Surveyor 	

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN DUPLICATE*

(See other in-
structions on
reverse side)FORM APPROVED
OMB NO. 1004-0137
Expires: February 28, 1995

5. LEASE DESIGNATION AND SERIAL NO.

NMNM-048344

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME, WELL NO.

Kersey Williams A Federal #7

9. API WELL NO.

30-015-33689

10. FIELD AND POOL, OR WILDCAT

Artesia, GL-YE

11. SEC., T., R., M., OR BLOCK AND SURVEY
OR AREA

Sec 28, T17S, R28E, Unit H

12. COUNTY OR PARISH

Eddy

13. STATE

NM

WELL COMPLETION OR RECOMPLETION REPORT AND LOG*

1a. TYPE OF WELL: OIL WELL ☒ GAS WELL ☐ DRY ☐ Otherb. TYPE OF COMPLETION: NEW WELL ☒ WORK OVER ☐ DEEP-EN ☐ PLUG BACK ☐ DIFF. RESVR. ☐ Other

2. NAME OF OPERATOR

SDX Resources, Inc.

3. ADDRESS AND TELEPHONE NO.

PO Box 5061, Midland, TX 79704 432/685-1761

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)*

At surface

2310 FNL 620 FEL

At top prod. interval reported below

At total depth

14. PERMIT NO.

DATE ISSUED

10/25/04

12. COUNTY OR PARISH

Eddy

13. STATE

NM

15. DATE SPUDDED

12/06/04

16. DATE T.D. REACHED

12/13/04

17. DATE COMPL. (Ready to prod.)

01/04/05

18. ELEVATIONS (OF, RKB, RT, GE, ETC.)*

3674' GR

19. ELEV. CASINGHEAD

20. TOTAL DEPTH, MD & TVD

3570'

21. PLUG, BACK T.D., MD & TVD

3516'

22. IF MULTIPLE COMPL.,
HOW MANY*23. INTERVALS
DRILLED BY

ROTARY TOOLS

Rotary

CABLE TOOLS

24. PRODUCING INTERVAL(S), OF THIS COMPLETION-TOP, BOTTOM, NAME (MD AND TVD)*

3489 - 3499

25. WAS DIRECTIONAL
SURVEY MADE

Yes

26. TYPE ELECTRIC AND OTHER LOGS RUN

LDT-CNL-GR, DLL-GR

27. WAS WELL CORED

Yes

28. CASING RECORD (Report all strings set in well)

CASING SIZE/GRADE	WEIGHT, LB./FT.	DEPTH SET (MD)	HOLE SIZE	TOP OF CEMENT, CEMENTING RECORD	AMOUNT PULLED
8-5/8"	32# J-55	460'	12-1/4"	375 sx CI C - Circ	-
5-1/2"	14# K-55	3557'	7-7/8"	350 sx 35/65 C + 350 sx C - Circ	-

29. LINER RECORD

SIZE	TOP (MD)	BOTTOM (MD)	SACKS CEMENT*	SCREEN (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)
					2-7/8"	3371'	

30. TUBING RECORD

31. PERFORATION RECORD (Interval, size and number)

3489 - 92, 3497 - 99

4" csg gun, 4 spf

32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.

DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED
3489 - 99	3000 gal 15% NEFE
	20000 gal gelled 20% HCL NEFE +
	40000 gal 40# gel

33. * PRODUCTION

DATE FIRST PRODUCTION 01/04/05		PRODUCTION METHOD (Flowing, gas lift, pumping—size and type of pump) 2-1/2" x 2" x 12' Pmp				WELL STATUS (Producing or shut-in) Prod	
DATE OF TEST 01/17/05	HOURS TESTED 24	CHOKE SIZE	PROD'N FOR TEST PERIOD →	OIL—BBL 24	GAS—MCF. 10	WATER—BBL 200	GAS-OIL RATIO
FLOW. TUBING PRESS.	CASING PRESSURE	CALCULATED 24-HOUR RATE →	OIL—BBL 24	GAS—MCF. 10	WATER—BBL 200	OIL GRAVITY-API (CORR.)	

34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.)

Vented

TEST WITNESSED BY

Chuck Morgan

35. LIST OF ATTACHMENTS

Logs, Deviation Survey

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records

SIGNED

TITLE Regulatory Tech

DATE 01/19/05

*(See Instructions and Spaces for Additional Data on Reverse Side)

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

4.1
J. N. French Dr. Hobbs, NM 88240

District II
611 South First, Artesia, NM 88210

District III
1000 Rio Brazos Rd., Aztec NM 87410

District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, N M 87505

Form C-102

Revised March 17, 1999

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 96830	Pool Name Artesia, GL-YE
Property Code 33871	Property Name KERSEY WILLIAMS A FEDERAL	Well Number 7
OGRID No. 020451	Operation Name SDX RESOURCES, INC.	Elevation 3674

Surface Location

UL or Lot No. H	Section 28	Township 17-S	Range 28-E	Lot Idn.	Feet from the 2310	North/South line NORTH	Feet from the 620	East/West line EAST	County EDDY
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Bottom Hole Location If Different From Surface

UL or Lot No.	Section	Township	Range	Lot Idn.	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 40	Joint or Infill	Consolidation Code	Order No.						

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTEREST HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	OPERATOR CERTIFICATION I HEREBY CERTIFY THAT THE INFORMATION HEREIN IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.	
	Signature <i>Bonnie Atwater</i>	
	Printed Name Bonnie Atwater	
	Title Regulatory Tech	
	Date 9/22/04	
LAT N 32°48'23.1\"/>	SURVEYOR CERTIFICATION I HEREBY CERTIFY THAT THE WELL LOCATION SHOWN ON THIS PLAT WAS PLOTTED FROM FIELD NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY SUPERVISION, AND THAT THE SAME IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.	
	SEPTEMBER 17, 2004	
	Date of Survey	
	Signature and Seal of Professional Surveyor	

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

FORM APPROVED
OMB NO. 1004-0137
Expires: March 31, 2007

5. Lease Serial No. NMNM-048344

1a. Type of Well ☒ Oil Well ☐ Gas Well ☐ Dry ☐ Other
b. Type of Completion: ☐ New Well ☐ Work Over ☐ Deepen ☒ Plug Back ☐ Diff. Resrv.,
Other _____

6. If Indian, Allottee or Tribe Name

7. Unit or CA Agreement Name and No.

2. Name of Operator
SDX Resources, Inc.8. Lease Name and Well No.
Kersey Williams A Fed #73. Address
PO Box 5061, Midland, TX 797043a. Phone No. (include area code)
432/685-17619. AFI Well No.
30-015-33689

4. Location of Well (Report location clearly and in accordance with Federal requirements)*

At surface 2310' FNL 620' FEL

At top prod. interval reported below

10. Field and Pool, or Exploratory
Red Lake, San Andres11. Sec., T., R., M., on Block and
Survey or Area 18-17S-28E, N12. County or Parish B. State
Eddy NM

At total depth Same

14. Date Spudded
9/28/05

15. Date T.D. Reached

16. Date Completed 10/10/05
☐ D & A ☒ Ready to Prod.

17. Elevations (DF, RKB, RT, GL)*

18. Total Depth: MD
TVD19. Plug Back T.D.: MD 3320'
TVD20. Depth Bridge Plug Set: MD 3320'
TVD

21. Type Electric & Other Mechanical Logs Run (Submit copy of each)

22. Was well cored? ☒ No ☐ Yes (Submit analysis)Was DST run? ☒ No ☐ Yes (Submit report)Directional Survey? ☒ No ☐ Yes (Submit copy) On File

23. Casing and Liner Record (Report all strings set in well)

Hole Size	Size/Grade	Wt. (#/ft.)	Top (MD)	Bottom (MD)	Stage Cementer Depth	No. of Str. & Type of Cement	Shurry Vol (BBL)	Cement Top*	Amount Pulled
*12-1/4"	8-5/8"	32#	0	460'		375 C		Surf	--
*7-7/8"	5-1/2"	14#	0	3557'		350 35/65		Surf	--
						350 C			
*EXISTING									

24. Tubing Record

Size	Depth Set (MD)	Packer Depth (MD)	Size	Depth Set (MD)	Packer Depth (MD)	Size	Depth Set (MD)	Packer Depth (MD)
2-7/8"	3182'							

25. Producing Intervals

Formation	Top	Bottom	Perforated Interval	Size	No. Holes	Perf. Status
A) San Andres	2038	2548	2335' - 2548'		22	
B)			2038' - 2116'		14	
C)						
D)						

27. Acid, Fracture, Treatment, Cement Squeeze, etc.

Depth Interval	Amount and Type of Material
2335-2548	3500 gal 15% NEFE. 40,000 gal Lightning 30 + 60,000# 16/30 + 30,000# 12/20 Brady
2038-2116	2500 gal 15% NEFE. 12,800 gal Lightning 30 + 28,240# 16/30 Brady

28. Production - Interval A

Date First Produced	Test Date	Hours Tested	Test Production	Oil BBL	Gas MCF	Water BBL	Oil Gravity Cwt. API	Gas Gravity	Production Method
10/11/05	10/24	24	→	42	95	109			2-1/2" x 2" x 12' RWAC pmp
Choke Size	Thg. Press. Pwg. SI	Opp. Press.	24 Hr. Rate	Oil BBL	Gas MCF	Water BBL	Gas/Oil Ratio	Well Status	
			→	42	95	109	2262	Prod	

28a. Production - Interval B

Date First Produced	Test Date	Hours Tested	Test Production	Oil BBL	Gas MCF	Water BBL	Oil Gravity Cwt. API	Gas Gravity	Production Method
			→						
Choke Size	Thg. Press. Pwg. SI	Opp. Press.	24 Hr. Rate	Oil BBL	Gas MCF	Water BBL	Gas/Oil Ratio	Well Status	
			→						

*(See instructions and spaces for additional data on page 2)

Last Twelve Months Historic Production Report

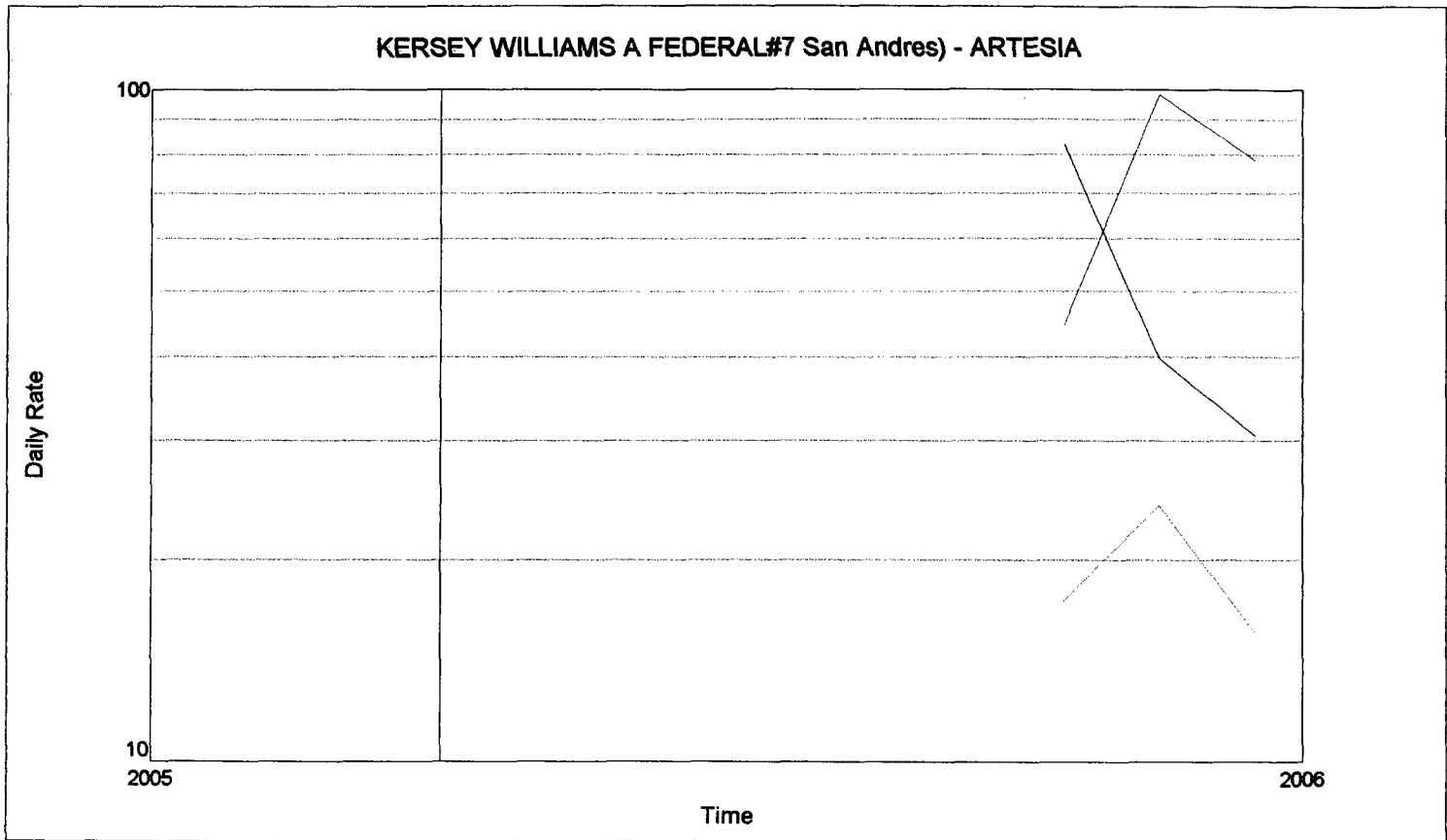
Project: H:\Program Files\IHS Energy\PowerTools v7.0\Projects\Kersey Williams A.MDB

Lease Name: KERSEY WILLIAMS A FEDERAL#7 San Andres Operator: SDX RESOURCES INCORPORATED

County, ST: EDDY, NM

Field Name: ARTESIA

Location: 28H 17S 28E SE SE NE



Date	Well Count	Oil (bbl)	Gas (mcf)	Water (bbl)	Injection (bbl)
Previous		0	0	0	0
01/2005	1	0	0	0	0
02/2005	1	0	0	0	0
03/2005	1	0	0	0	0
04/2005	1	0	0	0	0
05/2005	1	0	0	0	0
06/2005	1	0	0	0	0
07/2005	1	0	0	0	0
08/2005	1	0	0	0	0
09/2005	1	0	0	0	0
10/2005	1	528	1,356	2,515	0
11/2005	1	731	2,989	1,210	0
12/2005	1	472	2,383	926	0
Total:		1,731	6,728	4,651	0

Last Twelve Months Historic Production Report

Project: H:\Program Files\IHS Energy\PowerTools v7.0\Projects\Kersey Williams A.MDB

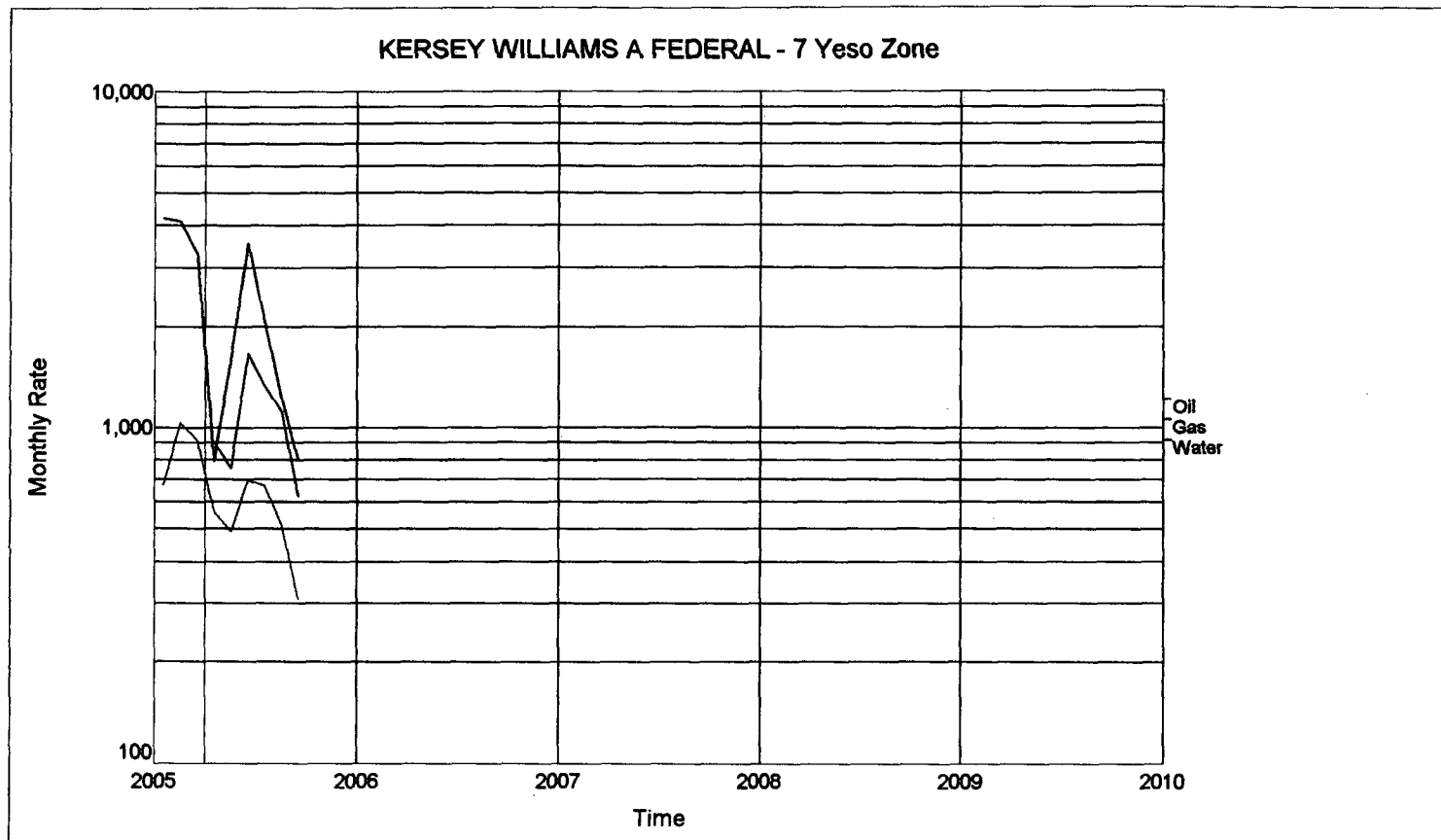
Lease Name: KERSEY WILLIAMS A FEDERAL (7)

Operator: SDX RESOURCES INCORPORATED

County, ST: EDDY, NM

Field Name: ARTESIA

Location: 28H 17S 28E SE SE NE



Date	Well Count	Oil (bbl)	Gas (mcf)	Water (bbl)	Injection (bbl)
Previous		0	0	0	0
10/2004	0	0	0	0	0
11/2004	0	0	0	0	0
12/2004	0	0	0	0	0
01/2005	1	674	0	4,192	0
02/2005	1	1,027	0	4,103	0
03/2005	1	912	0	3,286	0
04/2005	1	559	902	791	0
05/2005	1	489	753	1,619	0
06/2005	1	696	1,655	3,533	0
07/2005	1	669	1,326	2,057	0
08/2005	1	511	1,113	1,224	0
09/2005	1	309	624	796	0
Total:		5,846	6,373	21,601	0

SDX Resources, Inc. - KERSEY WILLIAMS A FEDERAL #7 - API #30-015-333689
- Eddy Co., NM - United Rig #4 - New Drill.

- 12/6/04 - Finish pad & pit construction. Line & fence pits. Haul water to pits due to wind. Prep to MIRU.
DWC: \$18,040 CWC: \$18,040
- 12/7/04 - 470' - Day #1. Anhy. PP 650, GPM 327, SPM 64. Bit #1: 12-1/4", Jets 3-13, 32'/hr, WOB all, RPM 70.
MIRU. Spud 12-1/4" hole 1:30 pm 12/6/04. Drill to 470'.
Circ & condition hole. TOH. RU Bull Rogers csg crew.
DWC: \$19,611 CWC: \$37,651
- 12/8/04 - 552' - Made 82'. Day #2. MW BW, PP 1000, GPM 307, SPM 60.
Bit #2:
7-7/8", Jets 3-13, RPM 60. Dev: 1/2° @ 499'.
Run 12 jts 8-5/8", J-55, 32#. Set @ 460'. RU cementers & cmt w/375 sx C & CaCl2 & 1/4# celloflake. PD 9:00 am 12/7/04.
Circ 100 sx. WOC & Service rig. NU hydrill & choke manifold. Test hydrill, choke manifold & kelly cock - 1000#. WOC total of 18 hrs. Start drlg 7-7/8" hole.
- LOG INFO:
www.qualitylogging.com
User ID: sdx
Password: christmas7
- DWC: \$20,500 CWC: \$58,151
- 12/9/04 - 1306' - Made 754'. Day #3. MW BW, PP 1000, GPM 307, SPM 60.
Bit #2: 7-7/8", Jets 3-13, 32'/Hr, WOB 35, RPM 60. Dev: 3/4° @ 1021'.
Continue drlg formation.
DWC: \$14,582 CWC: \$72,733
- 12/10/04 - 1812' - Made 506'. Day #4. MW 9.8, Vis 30, WL 30, pH 8, PP 1000, GPM 307, SPM 60. Bit #2: 7-7/8", 28'/Hr, WOB 35, RPM 60. Dev: 3/4° @ 1495'.
Continue drlg formation.
DWC: \$10,646 CWC: \$83,379
- 12/11/04 - 2221' - Made 409'. Day #5. MW 9.8, Vis 29, WL 23, pH 10, PP 1000, GPM 307, SPM 60. Bit #2: 7-7/8", Jets 3-13, 25'/Hr, WOB 35, RPM 60. Dev: 1/2° @ 2001'.
Continue drlg formation.
DWC: \$8,580 CWC: \$91,959
- 12/12/04 - 2664' - Made 443'. Day #6. MW BW (mudding up again), PP 1000#, GPM 307, SPM 60, Bit #2: 7-7/8", Jets 3-13, 25'/Hr, WOB 35, RPM 60. Dev: 3/4° @ 2506'.
Drlg formation. Repair hole in reserve pit & WO brine wtr.
DWC: \$9,958 CWC: \$101,917

Kersey Williams A Federal #7

Page 2

- 12/13/04 - 3231' - Made 564'. Day #7. MW 9.8, Vis 29, WL 25, pH 9, PP 1000, GPM 307, SPM 60. Bit #2: 7-7/8", Jets 3-13, 25'/Hr, WOB 35, RPM 60. Dev: 1° @ 3009'.
Continue drlg formation.
DWC: \$12,295 CWC: \$114,212
- 12/14/04 - 3570' TD - Made 339'. Day #8. Dolo. MW 9.8, Vis 29, WL 25, Ph 9, PP 1000, GPM 307, SPM 60. Bit #2: 7-7/8", Jets 3-13, 25'/Hr, WOB 35, RPM 60. Dev: 1° @ 3570'.
Reached TD 3570' 12/13/04. Circ & cond hole. TOH. LDDP & DC. RU SWS & run LDT-CNL-GR & DLL-GR OH logs.
DWC: \$11,106 CWC: \$125,318
- 12/15/04 - 3570' TD. Cut 30 sidewall cores & RD SWS. Run 88 jts 5-1/2" K55 14# csg. Set @ 3557'. PBTD = 3516'. RU BJ, clear pipe w/rig. Tie on BJ & cmt w/350 sx lead & 350 sx tail. PD 4:30 pm 12/14/04. Float held. Circ 17 sx. Set slips. Back off landing jt & jet working pits over. RR 5:00 pm 12/14/04.
DWC: \$66,655 CWC: \$191,973
- 12/16/04 - WO Completion.
12/23/04 CWC: \$191,973
- 12/24/04 - Set tank battery & heater treater w/brine water in F/C tank & heater. MIRU & SD for weekend.
DWC: \$28,550 CWC: \$220,523
- 12/25-27/04 - SD for weekend.
CWC: \$220,523
- 12/28/04 - Unload & tally 112 jts new 2-7/8" J-55 tbg = 3527.59' thrd off. TIH & tag @ 3505' w/111 jts + 5' G/L. Roll csg w/2% KCL & test 1000#. TOH w/tbg. Run GR & CCL 3501' - 400'. TIH w/4" csg gun. Tie into CCL & shoot 3489' - 92 & 3497' - 99', 4 spf. TIH w/5-1/2" HD pkr & 107 jts to 3360' & SDON.
DWC: \$24,642 CWC: \$245,165
- 12/29/04 - TIH & spot acid across perfs. Pull up to 3410'. Set pkr. Formation broke @ 3790#. Acidized w/3000 gal 15% NEFE & 50 ball sealers @ 5 bpm. Avg treating psi = 1550#. Good ball action. Balled out 4650#. Surged balls off & flush to bottom perf. ISIP = 1093#, 15 min + 782#. Flow back to pit. Swab cont = FL @ 1500' w/20% oil cut & good gas. SDON.
DWC: \$10,575 CWC: \$255,740

- 12/30/04 - 250# TP. Flowed to pit 10 min free oil. TIH. FL @ 1000' w/50% oil cut. Swab continuously. FL @ 1500' w/20% oil cut & good gas. Pulled sinker bar off. TIH knocking off balls. TOH w/tbg, pkr & sinker bar. TIH w/pkr & tbg. Set pkr @ 3410'. Load csg & test to 500#. Fill 3 frac tanks & prep for hot acid job.
DWC: \$4,800 CWC: \$258,540
- 12/31/04 - RU BJ & treat down tbg w/20,000 gal gelled 20% HCL NEFE & 40,000 gal 40# gel in 9 acid & gel stages w/1 ball sealer @ 10 bpm. Avg treating psi = 1300#, ISIP = 1175# + 3000 gal 15% NEFE cool down acid @ 5 bpm & flush to bottom perf. ISIP = 1258#, 15 min = 1026#. Flow back to pit. 9 pm tbg dead. SI tbg.
DWC: \$55,703 CWC: \$314,243
- 1/1/05 - 100# TP. Blow down to pit. TIH. FL @ 800'. Made 3 swab runs & flowed to pit 1 hr treating fluids. Swbd continuously & pulled FL from 500' back to 800' w/trace of oil & small amount of gas. SD for weekend.
DWC: \$1,600 CWC: \$315,843
- 1/2-3/05 - SD for weekend.
CWC: \$315,843
- 1/4/05 - 150# TP. Made 1 swab run, treating fl & scattered gas. TIH knocking off balls. TOH w/tbg & pkr. TIH w/tbg & TAC. ND BOP. Set TAC. Pack off tbg & assemble wellhead. TIH w/pump & rods. Space out rods. Set pump jack. No elec. RD & clean loc.
1 - 2-7/8" x 1/2" tapped plug @ 3402.39'
1 - 2-7/8" MA
1 - 2-7/8" x 4' perf sub
1 - 2-7/8" API SN @ 3371.39'
3 jts 2-7/8" tbg - 94.07'
1 - 5-1/2" x 2-7/8" TAC @ 3277.32'
104 jts - 2-7/8" tbg 3274.32'
1 - 1-1/4" x 1' strainer nipple
1 - 2-1/2" x 2" x 12' RWAC PAP, PS, SV
1 - 1" x 1' lift sub
60 - new 3/4" D rods
54 - new 7/8" D rods
1 - 7/8" x 2' sub
1 - 1-1/4" x 22' polish rod w/1-1/2" x 12' liner
DWC: \$50,870 CWC: \$366,713
- 1/5/05 - Dean elec set control panel w/temp cable from Williams Fed #3. Pumping to battery @ 1:00 pm 1/4/05.
Cabot 160D SN 160801 w/25 hp Westinghouse motor SN 6310 w/Square D size 2 control panel, 10-1/2 spm w/54" st = 270 bbls x 24 hrs @ 100%.
DWC: \$52,370 CWC: \$368,213

1/6/05 - Production for 1/4/05: 0 BO, 10 MCF, 143 BW. Turned to battery 1 pm 1/4/05. 25 jts to FL, 83 jts to SN.
1/7/05 - Production for 1/5/05: 4 BO, 10 MCF, 211 BW. 27 jts to FL, 81 jts to SN
1/10/05 - Production for 1/6/05: 11 BO, ~10 MCF, 319 BW. 13 jts to FL, 95 jts to SN
Production for 1/7/05: 7 BO, ~10 MCF, 258 BW
Production for 1/8/05: 13 BO, ~10 MCF, 292 BW
1/11/05 - Production for 1/9/05: 20 BO, ~10 MCF, 232 BW. 10 jts to FL, 98 jts to SN
1/12/05 - Production for 1/10/05: 14 BO, ~10 MCF, 238 BW. 9 jts to FL, 99 jts to SN
1/13/05 - Production for 1/11/05: 16 BO, ~10 MCF, 258 BW. 16 jts to FL, 92 jts to SN
1/14/05 - Production for 1/12/05: 18 BO, ~10 MCF, 177 BW. 14 jts to FL, 94 jts to SN
1/18/05 - Production for 1/13/05: 19 BO, ~10 MCF, 179 BW
Production for 1/14/05: 19 BO, ~10 MCF, 217 BW
Production for 1/15/05: 21 BO, ~10 MCF, 197 BW
Production for 1/16/05: 24 BO, ~10 MCF, 192 BW. 12 jts to FL, 96 jts to SN.
1/19/05 - Production for 1/17/05: 24 BO, ~10 MCF, 200 MCF

FINAL REPORT

SDX Resources, Inc. - KERSEY WILLIAMS A #7 - API #30-015-33689 - Eddy Co., NM - Workover.

- 9/28/05 - Hot watered well. MIRU. TOH w/rods & pump. NU BOP & tally tbg out. Shop pmp & TAC. TIH w/5-1/2" CIBP & set @ 3320'. Break circ & test 1000#. Drop SV & test tbg 4000#. TOH w/tbg & SDON.
DWC: \$7,250 CWC: \$7,250
- 9/29/05 - RU Precision WL & tag CIBP @ 3318'. Tie into GR & CCL. Shift perfs to csg hole log. Perf 2548', 46, 39, 35, 20, 18, 01, 2499, 74, 50, 48, 26, 24, 07, 2390, 81, 78, 72, 64, 44, 37, 35 (22 holes) TIH w/5-1/2" PPI pkr w/10' spacing. Hang collar & get on depth. Spot acid across perfs & load tbg. Broke down in 4 settings & pkr would not release down. Worked loose. Next 3 settings comm. TIH to blank pipe, pkr leaking. TOH, all elements good. Probably O rings in bypass. Pulled off fishing neck safety jt when trying to pull RFC Valve w/wireline. RFC valve came right out @ surf. Set screw missing. TIH w/ASI to 2268'. Pump 11 bbls acid. Pkr would not set. LD 1 jt & worked up & down. Circ acid to tank & TOH. Drag blocks wore out. 4-15/16" 5-1/2" 14# = 5.012". Check drag blocks on next ASI - good. SDON. T load to public disposal. Acidize in the a.m. Circ 26 bbls acid to tank.
DWC: \$16,300 CWC: \$23,550
- 9/30/05 - TIH w/pkr. Set @ 2268'. Pumped in formation @ 1385#. Acidized w/3500 gal 15% NEFE & 50 ball sealers @ 5 bpm. Verg good ball action. Balled out 45 balls on @ 4550#. Avg treating psi = 1700#, ISIP = 1120#, 15 min = 984#, flow back to tank. Swab dry in 4 runs, treating fl, 1 hr = 500' entry w/5% oil cut & acid gas, 2nd hr = 500' entry w/10% oil cut & good formation gas. SDON. Set 2 frac tanks.
DWC: \$6,911 CWC: \$30,461
- 10/1/05 - 600# TP. Blow down to tank. FL @700' w/400' free oil. Swab dry in 3 runs, 1 hr = 300' entry w/trace of oil. 2 hrs = 500' entry w/10% oil cut & good gas. Release pkr & TIH knocking off balls. TOH w/tbg & pkr. ND BOP & NU frac valve. Fill 2 frac tanks w/480 bbls FW ec & SD for weekend.
DWC: \$3,800 CWC: \$34,261
- 10/2-3/05 - SD for weekend.
CWC: \$34,261
- 10/4/05 - RU BJ & frac down 5-1/2" csg w/40,000 gal Lightning 30 + 60,000# 16/30 & 30,000# 12/20 Brady, staged 1-5# w/5# hold on 12/20 @ 25-35 bpm. Avg treating psi = 2053#, ISIP = 2090#, 15 min = 1247#. RU flow back lines & SDON.
DWC: \$45,779 CWC: \$80,040

- 10/5/05 - Csg dead. NU BOP & TIH. Tag sd @ 3190'. Wash sd to CIBP @ 3320'. TOH. RU Precision WL & perf: 2038' - 48' (1 spf) 2114' - 16' (2 spf) csg hole depth. TIH w/5-1/2" RBP & ASI. Set RBP @ 2215'. Dump sd & clear tbg. Pull up to 1970'. Set pkr & SDON.
DWC: \$5,459 CWC: \$85,499
- 10/6/05 - TIH & test RBP. Spot acid across perms. Pull up & tried to break down lower perms. Pmpd in @ 2416#. Pull up & set pkr @ 1927' & break formation @ 1924#. Acidized w/2500 gal 15% NEFE & 35 ball sealers @ 6 bpm. Very good ball aciton. Balled out 6000#. Surged balls off & flush to bottom perf. ISIP = 1519#, 15 min = 1321#. Flow back to tank. TIH knocking off balls. TOH & check tbg & pkr for leak. No leaks. TIH w/ASI. Reversed csg, set pkr @ 1927' & test csg & BOP & tbg 1000# - good. Swab dry in 2 runs, 1 hr = 100' entry w/5% oil cut & fair gas. Left tbg cracked to tank & SDON.
DWC: \$13,796 CWC: \$99,295
- 10/7/05 - 500' entry overnight w/350' free oil & very good gas. Swab dry in 1 run, 2 hrs = 100' entry. Milked tbg but no sample @ surface but very good gas. Filled frac tank w/480 bbls FW & SDON.
DWC: \$2,475 CWC: \$101,270
- 10/8/05 - 150# TP. 500' entry overnight. Swab dry in 1 run w/60% oil cut & very good gas. TOH w/tbg & pkr. ND BOP. NU frac valve. Prep to frac in the a.m.
DWC: \$1,700 CWC: \$103,470
- 10/9/05 - RU BJ & frac down 5-1/2" csg w/12,800 gal lightning 30 & 28,240# 16/30 Brady. Staged 1-4# & back to 3# @ 21 bpm. Well was screening out, so we went to flush. Avg treating psi = 2806#. ISIP = 2461#, 15 min = 1330#. SI csg. RU flow back & SDON. 1 load 2% KCL in tank.
DWC: \$36,450 CWC: \$139,920
- 10/10/05 - SD for weekend.
CWC: \$139,920

10/11/05 - Csg dead. NU BOP & TIH. Tag @ 2160'. Reverse sd out to RBP @ 2210'. TOH w/tbg & RBP. TIH w/tbg & TAC. ND BOP. Land off tbg & set TAC. Assemble wellhead & TIH w/pmp & rods. Space out rods. Pmpd up good. Set BP valve. RD & clean loc. Empty frac & swab tks, released.
1 - 2-7/8" MA w/tapped plug @ 3221'
1 - 2-7/8" x 4' perf sub
1 - 2-7/8" DPI SN @ 3182'
31 jts - 2-7/8" tbg = 975.98'
1 - 5-1/2" x 2-7/8" TAC @ 2206'
70 jts - 2-7/8" tbg = 2203'
1 - 2-1/2" x 2" x 12' RWAC, PAP, PS, SV
1 - 1" x 1' lift sub
80 - 3/4" rods
46 - 7/8" rods
1 - 7/8" x 8' x 4' x 2' subs
1 - 1-1/4" 22' polish rod w/1-1/2" x 12' liner
DWC: \$5,772 CWC: \$145,692

10/13/05 - Production for 10/11/05: 180 BW. 22 jts to FL, 80 jts to SN.
10/14/05 - Production for 10/12/05: 0 BO, 10 MCF, 180 BW. 8 jts to FL
10/17/05 - Production for 10/13/05: 0 BO, 22 MCF, 183 BW. 17 jts to FL
Production for 10/14/05: 0 BO, 22 MCF, 183 BW
Production for 10/15/05: 21 BO, 36 MCF, 160 BW
10/18/05 - Production for 10/16/05: 21 BO, 30 MCF, 84 BW. Gas locked.
10/19/05 - Production for 10/17/05: 14 BO, 36 MCF, 180 BW
10/20/05 - Production for 10/18/05: No report.
10/21/05 - Production for 10/18/05: 14 BO, 37 MCF, 100 BW. 27 jts to FL.
Production for 10/19/05: 14 BO, 37 MCF, 100 BW. 22 jts to FL.
10/24/05 - Production for 10/20/05: 40 BO, 70 MCF, 150 BW. 39 jts to FL.
Production for 10/21/05: 42 BO, 92 MCF, 137 BW
Production for 10/22/05: 39 BO, 102 MCF, 113 BW
10/25/05 - Production for 10/23/05: 36 BO, 90 MCF, 118 BW. 66 jts to FL.
10/26/05 - Production for 10/24/05: 42 BO, 95 MCF, 109 BW. 67 jts to FL.
10/27/05 - Production for 10/25/05: 31 BO, 93 MCF, 41 BW. 67 jts to FL.
10/28/05 - Production for 10/26/05: 27 BO, 90 MCF, 61 BW

FINAL REPORT