



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor

**Joanna Prukop**

Cabinet Secretary

**Mark E. Fesmire, P.E.**

Director

**Oil Conservation Division**

August 23, 2007

Bonnie Atwater  
SDX Resources, Inc.  
PO Box 5061  
Midland, TX 79704

**Re: Extension of Administrative Order SWD-1041**

Dear Ms. Atwater:

Administrative Permit Order SWD-1041 approved the AID 24P State Well No. 23 (API No. 30-015-31552) for injection of salt water into the San Andres and Yeso formations on August 15, 2006.

As per your request on behalf of SDX Resources, Inc., and for the reasons outlined, the deadline to commence injection is extended until August 15, 2008.

It is our understanding the ownership within the Area of Review for this well has not changed since the original permit application was received.

Provided: The operator shall not begin injection into this well until all pre-conditions contained in the original order are complied with.

The injection authority for this well shall expire on August 15, 2008, if the operator has not commenced injection operations.

Sincerely,

MARK E. FESMIRE, P.E.

Director

cc: Oil Conservation Division – Artesia  
State Land Office – Oil, Gas, and Minerals Division  
File: SWD-1041

Submit 3 Copies To Appropriate District Office  
**District I**  
 1623 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  
 May 27, 2004

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

AUG 07 2007

<b>SUNDRY NOTICES AND REPORTS ON WELLS</b> <b>OCD-ARTESIA</b> (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.)		WELL API NO. 30-015-31552
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Inj SWD-1041		5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
2. Name of Operator SDX Resources, Inc.		6. State Oil & Gas Lease No.
3. Address of Operator PO Box 5061, Midland, TX 79704		Lease Name or Unit Agreement Name AID 2-4P State
4. Well Location Unit Letter <u>K</u> : 1860 feet from the <u>South</u> line and <u>1650</u> feet from the <u>West</u> line Section <u>24</u> Township <u>17S</u> Range <u>28E</u> NMPM <u>Eddy</u> County		8. Well Number <u>23</u> 9. OGRID Number <u>020451</u>
11. Elevation (Show whether DR, RKB, RT, GR, etc.)		10. Pool name or Wildcat San Andres/Yeso
Pit or Below-grade Tank Application <input type="checkbox"/> or Closure <input type="checkbox"/> Pit type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____ Pit Liner Thickness: _____ Soil _____ Below-Grade Tank: Volume _____ Lbls: Construction Material _____		

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

**NOTICE OF INTENTION TO:**  
 PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐  
 TEMPORARILY ABANDON ☐ CHANGE PLANS ☐  
 PULL OR ALTER CASING ☐ MULTIPLE COMPL. ☐

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

OTHER: ☐

OTHER: ☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Administrative Order SWD-1041

This order is due to expire August 15, 2007. SDX Resources requests a one year extension on this order.

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

SIGNATURE Bonnie Atwater TITLE Regulatory Tech DATE 7/30/07

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

APPROVED BY: Accepted for record - NMOCB TITLE \_\_\_\_\_ DATE 8/10/07

**Jones, William V., EMNRD**

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**From:** Chuck Morgan [cmorgan@sdxresources.com]  
**Sent:** Monday, August 27, 2007 7:20 AM  
**To:** Jones, William V., EMNRD  
**Subject:** Re: Extension of SWD-1041

SDX is requesting a one year extension of the C-108 on the AID #23. There are numerous working interest partners in this well and we are still working to obtain authorization from all parties to incur the necessary expenses to convert this well to injection. The requested time extension should be sufficient to accomplish this. The original area of review has not changed to my knowledge. Thanks for your assistance on this matter.

Jones, William V., EMNRD wrote:

Hello Mr. Morgan:  
We received a sundry requesting this permit to be extended.

Please send a letter or reply to this email with:

- 1) The length of time you need as an extension
- 2) Reasons the well has not been commenced injection within one year of the order and prospects for resolution of those reasons.
- 3) Whether the Area of Review has changed - new wells drilled or if any ownership changed that may require new notice.

I have the extension drafted, but will modify with your information, and include your info in the order file.

Thank You,

William V. Jones PE  
New Mexico Oil Conservation Division  
1220 South St. Francis  
Santa Fe, NM 87505  
505-476-3448

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8/27/2007