



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

COMMINGLING ORDER PC-1034

SDX Resources, Inc.
P.O. Box 5061
Midland, Texas 79704

Attention: Mr. Chuck Morgan

LEASE: Chalk Federal Lease (Lease No. NM-97122)
DESCRIPTION: E/2 NW/4, NE/4 SW/4 of Section 5, Township 18 South,
Range 27 East, NMPM, Eddy County, New Mexico.

The above-named company is hereby authorized to commingle Red Lake Queen-Grayburg-San Andres (Oil – 51300) and Red Lake Glorieta-Yeso (Oil – 51120) Pool production from the above mentioned lease, and to determine the production from each pool by monthly well tests.

NOTE: This installation shall be installed and operated in accordance with the applicable provisions of Rule 303 of the Division Rules and Regulations and the Division "Manual for the Installation and Operation of Commingling Facilities." It is the responsibility of the producer to notify the transporter of this commingling authority.

REMARKS: The commingled production shall be delivered to a central tank battery located in Unit K of Section 5, Township 18 South, Range 27 East, NMPM, Eddy County, New Mexico.

FURTHER: The operator shall notify the Artesia District Office of the Division upon implementation of commingling operations.

DONE at Santa Fe, New Mexico, on this 7th day of May, 2001.

LORI WROTENBERY,
Division Director

LW/DRC

cc: Oil Conservation Division- Artesia
Bureau of Land Management-Carlsbad