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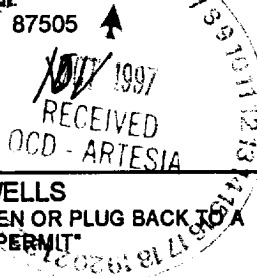
DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

OIL CONSERVATION DIVISION

2040 Pacheco St.
Santa Fe, NM 87505

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410



WELL API NO.
30-015-29556

Indicate Type of Lease
STATE FEE

State Oil & Gas Lease No.

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.)

Type of Well:
OIL WELL GAS WELL OTHER

Lease Name or Unit Agreement Name
Marathon 26 State

Name of Operator
SDX Resources, Inc.

Well No.
2

Address of Operator
P. O. Box 5061, Midland, TX 79704

Pool name or Wildcat
Red Lake, QN-GR-SA

Well Location
Unit Letter A : 990 Feet From The North Line and 990 Feet From The East Line
Section 26 Township 17S Range 28E NMPM Eddy County

Elevation (Show whether DF, RKB, RT, GR, etc.)
3685' GL

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

NOTICE OF INTENTION TO:

- PERFORM REMEDIAL WORK
- TEMPORARILY ABANDON
- PULL OR ALTER CASING
- OTHER:
- PLUG AND ABANDON
- CHANGE PLANS

SUBSEQUENT REPORT OF:

- REMEDIAL WORK
- COMMENCE DRILLING OPNS.
- CASING TEST AND CEMENT JOB
- OTHER: Perf San Andres 2742'-3264'
- ALTERING CASING
- PLUG AND ANBANDONMENT

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.

9/22/97 MI & RU Real W/S unit. TOH w/ rods, pump, & tbg.. Set RBP @ 3681'. Roll csg w/2% KCl. SDFN.
 9/23/97 RU Computalog & tie-in to CCL log. Tagged RTBP @ 3698 & perf w/4" Select Fire gun as follows: 2742', 46', 54', 63', 71', 2803', 10', 42', 62', 67', 78', 2904', 09', 14', 25', 31', 2938', 2956', 62', 72', 80', 3065', 68', 80', 3102', 18', 27', 48', 56', 67', 92', 3204', 36', 38', and 64', total 35 holes, 1 spf. TIH w/Halliburton 5-1/2" PPI pkr w/20' spacing. Set pkr, close BOP & SDFN.
 9/24/97 Got on depth & spotted 3500 gals 15% HCL & 70 ball sealers. Sttd swbg & swbd dry in 5 runs. SDFN.
 9/25/97 Continued swbg. Prep to frac on 9/27/97. SDFN.
 9/27/97 PBTD 3698', perfs 2742-3264'. RU BJ Hughes & frac'd dn 5-1/2" csg w/35,000 gals Spectra Frac 30 + 60,160# sd + 30,080# 12/20 Brady sd. Flushed w/62 bbls @ 40 bpm.
 9/28/97 Flowing well back.
 9/29/97 Ran tubing, pump & rods. Put on pump to test. RD Real W/S unit.
 9-30/97- Pumped test well and established pumping rate of 40 BO, 240 MCF, and 200 BW.
 10/14/97

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

SIGNATURE Bonnie Atwater TITLE Regulatory Tech DATE 10-30-97

TYPE OR PRINT NAME Bonnie Atwater TELEPHONE NO. 915/685-1761

(This space for State Use)
APPROVED BY _____ TITLE ORIGINAL SIGNED BY TIM W. GUM DATE NOV 7 1997
DISTRICT II SUPERVISOR

CONDITIONS OF APPROVAL, IF ANY: