



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

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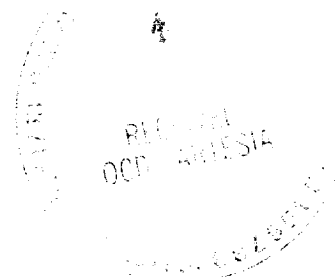
Oil Conservation Division

July 19, 2001

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

Attention: Mr. Chuck Morgan

Re: Form C-108 (Application to Inject)
NW State Well No. 4
Unit B, Section 32, T-17 South, R-28 East, NMPM
Eddy County, New Mexico



Dear Mr. Morgan:

The Division received SDX's application to inject into the NW State Well No. 4 on January 29, 2001. On May 10, 2001, I wrote you a letter advising you that there was an area of review well that was not cemented across the proposed injection zone. At that time I asked you how you wanted to proceed with the application (i.e. issue an administrative permit, set the application to hearing, etc.). Since that date, I have not received any further communication from you regarding this application. I am therefore returning the application to you unprocessed.

Any further consideration of this application by the Division will require that SDX re-file this application, either administratively, or by hearing before a Division examiner.

If you should have any questions, please contact me at (505) 476-3466.

Sincerely,

David Catanach
Engineer

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