



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
DISTRICT II ARTESIA
811 S. FIRST ST. ARTESIA, NM 88210
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Jennifer A. Salisbury
CABINET SECRETARY

October 29, 1999

NOV 8 1999

SDX Resources Inc

P.O. Box 5061

Midland, TX 79704

Re: Plugging Reports

Lease

Well No.

Ut S-T-R

Form C-103 Report of Plugging for your Key State #2 F-21-18-28
cannot be approved until an NMCD representative has made an inspection of the
location and found it to be cleared to comply with OCD rules and regulations.
Please check each item in the space provided to indicate that the work has been
done and location is ready for final inspection.

- (✓) 1. All pits have been filled and leveled.
- (✓) 2. Rat hole and cellar have been filled and leveled.
- (✓) 3. A steel marker 4" in diameter and approximately 4' above mean ground
level has been set in concrete to mark the exact location of plugged
well. (Marker must have operator name, lease name, well number and
location including quarter/quarter section or unit letter, section,
township, range and API well ID number permanently welded, stamped
or otherwise engraved into the metal marker.)
- (✓) 4. The location has been leveled as nearly as possible to original top
ground contour and has been cleared of all junk and equipment.
- (✓) 5. The dead men and tie downs have been cut and removed.
- (✓) 6. If a one well lease or last remaining well on lease, the battery and
burn pit locations have been leveled and cleared of all junk & equipment.

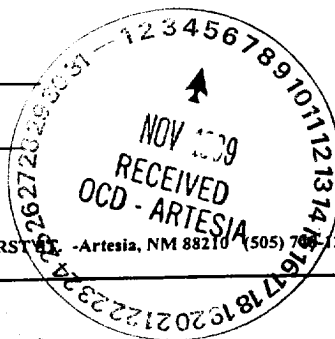
The above are minimum requirements and no plugging bond will be cancelled until
all locations for plugged and abandoned wells have been inspected and Form C-103
approved.

When all of the work outlined above has been done, please notify this office by
completing, signing and returning this letter to us so that our representative
will not have to make more than one trip to the location.

I certify that the above work has been done and the above mentioned lease is ready
for OCD inspection and approval.

Chris Morgan
Name

Engr.
Title



Mike Stubblefield
Mike Stubblefield
Field Rep II