

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] **TYPE OF APPLICATION - Check Those Which Apply for [A]**

- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR

[D] Other: Specify _____

[2] **NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply**

- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate and complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Print or Type Name _____ Signature _____ Title _____ Date _____
 e-mail Address _____

District I
1625 N. French Drive, Hobbs, NM 88240

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised June 10, 2003

District II
1301 W. Grand Avenue, Artesia, NM 88210

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

APPLICATION TYPE
Single Well
Establish Pre-Approved Pools
EXISTING WELLBORE
Yes No

District III
1000 Rio Brazos Road, Aztec, NM 87410

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

APPLICATION FOR DOWNHOLE COMMINGLING

Operator SDX Resources, Inc. Address PO Box 5061, Midland, TX 79704
Enron State #1 Unit C, Sec 32, T17S, R28E Eddy Co., NM
Lease Well No. Unit Letter-Section-Township-Range County
OGRID No. 020451 Property Code 27087 API No. 30-015-31530 Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Artesia, QN-GB-SA		Red Lake, GL-YE <i>UNDES. 3 NE</i>
Pool Code	03230		96830 <i>NE</i>
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	2420 - 2549		3456-3534
Method of Production (Flowing or Artificial Lift)	Rod pump		Rod pump
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)	N/R		N/R
Oil Gravity or Gas BTU (Degree API or Gas BTU)	36		41
Producing, Shut-In or New Zone	Prod		SI
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: 1/3/06 Rates: 8 BOPD 40 MCFPD	Date: Rates:	Date: 11/12/01 Rates: 10 BOPD 15 MCFPD
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil 44 % Gas 73 %	Oil % Gas %	Oil 56 % Gas 27 %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes No
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes No
Are all produced fluids from all commingled zones compatible with each other? Yes No
Will commingling decrease the value of production? Yes No
If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes No

NMOCD Reference Case No. applicable to this well: _____

Attachments:

- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- Production curve for each zone for at least one year. (If not available, attach explanation.)
- For zones with no production history, estimated production rates and supporting data.
- Data to support allocation method or formula.
- Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
- Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

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

SIGNATURE *Chuck Morgan* TITLE Engineer DATE 4/5/06
TYPE OR PRINT NAME Chuck Morgan TELEPHONE NO. (432) 685-1761
E-MAIL ADDRESS cmorgan@sdxresources.com

District I
1625 N. French Dr., Hobbs, NM 88240

District II
811 South First, Artesia, NM 88210

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

District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-102
Revised March 17, 1999

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-31530		Pool Code 96836	Pool Name Red Lake, GL-YE	
Property Code 27087	Property Name ENRON STATE		Well Number 1	
OGRID No. 020451	Operator Name SDX RESOURCES, INC.		Elevation 3678.	

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	32	17-S	28-E		530	NORTH	1650	WEST	EDDY

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres 40	Joint or Infill	Consolidation Code	Order No.
-----------------------	-----------------	--------------------	-----------

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p>16</p>	<p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p>		
	<p>Signature <i>Bonnie Atwater</i></p>		
	<p>Printed Name Bonnie Atwater</p>		
	<p>Title Regulatory Tech</p>		
	<p>Date 4/4/06</p>		
<p>18 SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p>			
<p>DECEMBER 20, 2000</p> <p>Date of Survey</p>			
<p>Signature and Seal of Professional Engineer</p>			

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources

Form C-102
Revised March 17, 1999

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code		3 Pool Name	
		03230		Artesia (QN-GB-SA)	
4 Property Code		5 Property Name			6 Well Number
		ENRON STATE			1
7 OGRID No.		8 Operator Name			9 Elevation
020451		SDX RESOURCES, INC.			3678.

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	32	17-S	28-E		530	NORTH	1650	WEST	EDDY

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.
40			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p>16</p>	<p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p>		
	<p>Signature <i>Bonnie Atwater</i></p> <p>Printed Name Bonnie Atwater</p>		
	<p>Title Regulatory Tech</p> <p>Date 1/2/01</p>		
	<p>18 SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p>		
<p>DECEMBER 20, 2000</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor</p>			

Rate/Time Graph

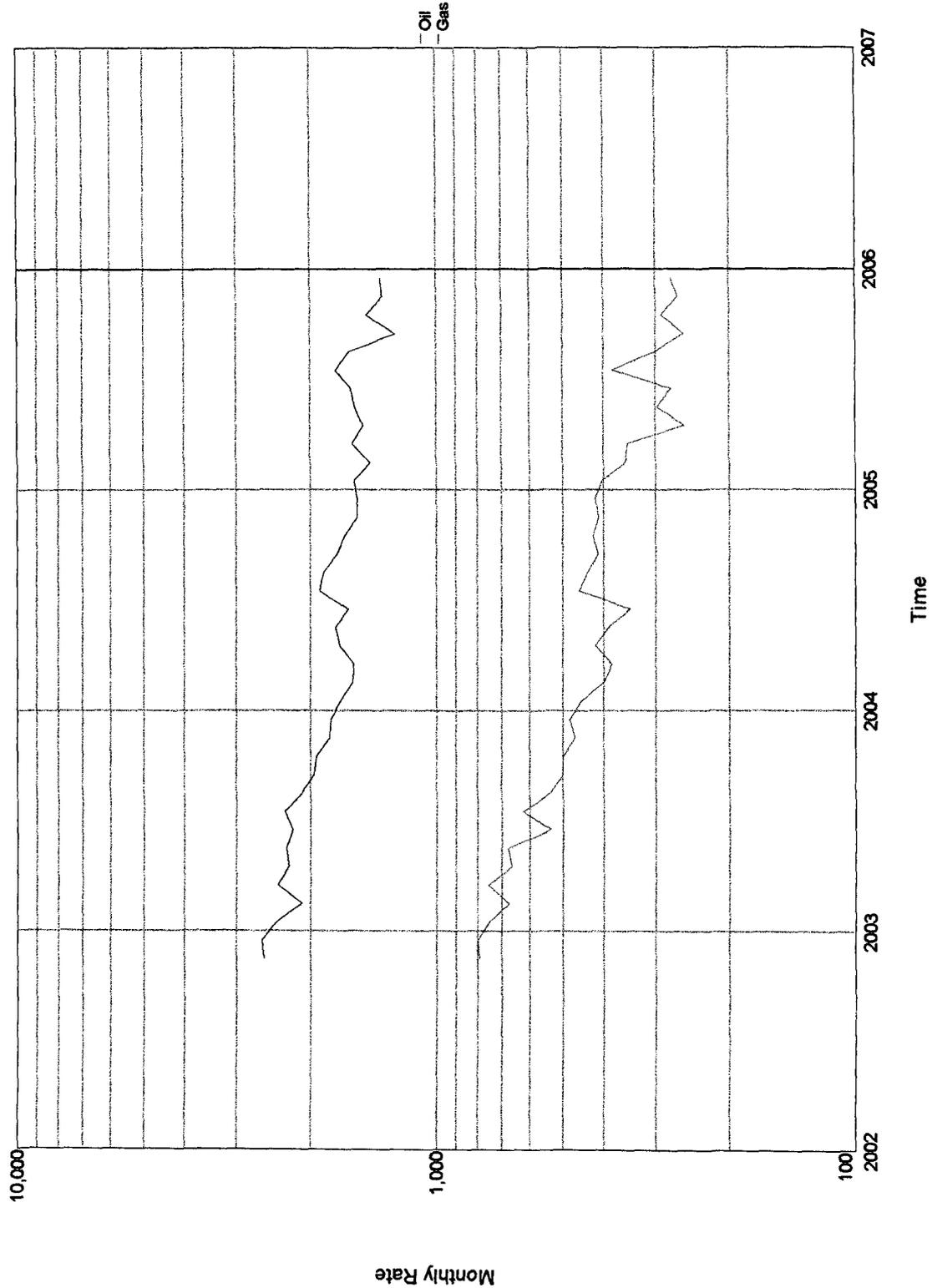
Project: H:\Program Files\HS Energy\PowerTools v7.0\Projects\Enron State.MDB

Date: 4/3/2006
Time: 2:50 PM

Lease Name: ENRON STATE (1)
County, ST: EDDY, NM
Location: 32C 17S 28E NW NE NW

Operator: SDX RESOURCES INCORPORATED
Field Name: ARTESIA

ENRON STATE - 1 San Andres Zone



Rate/Time Graph

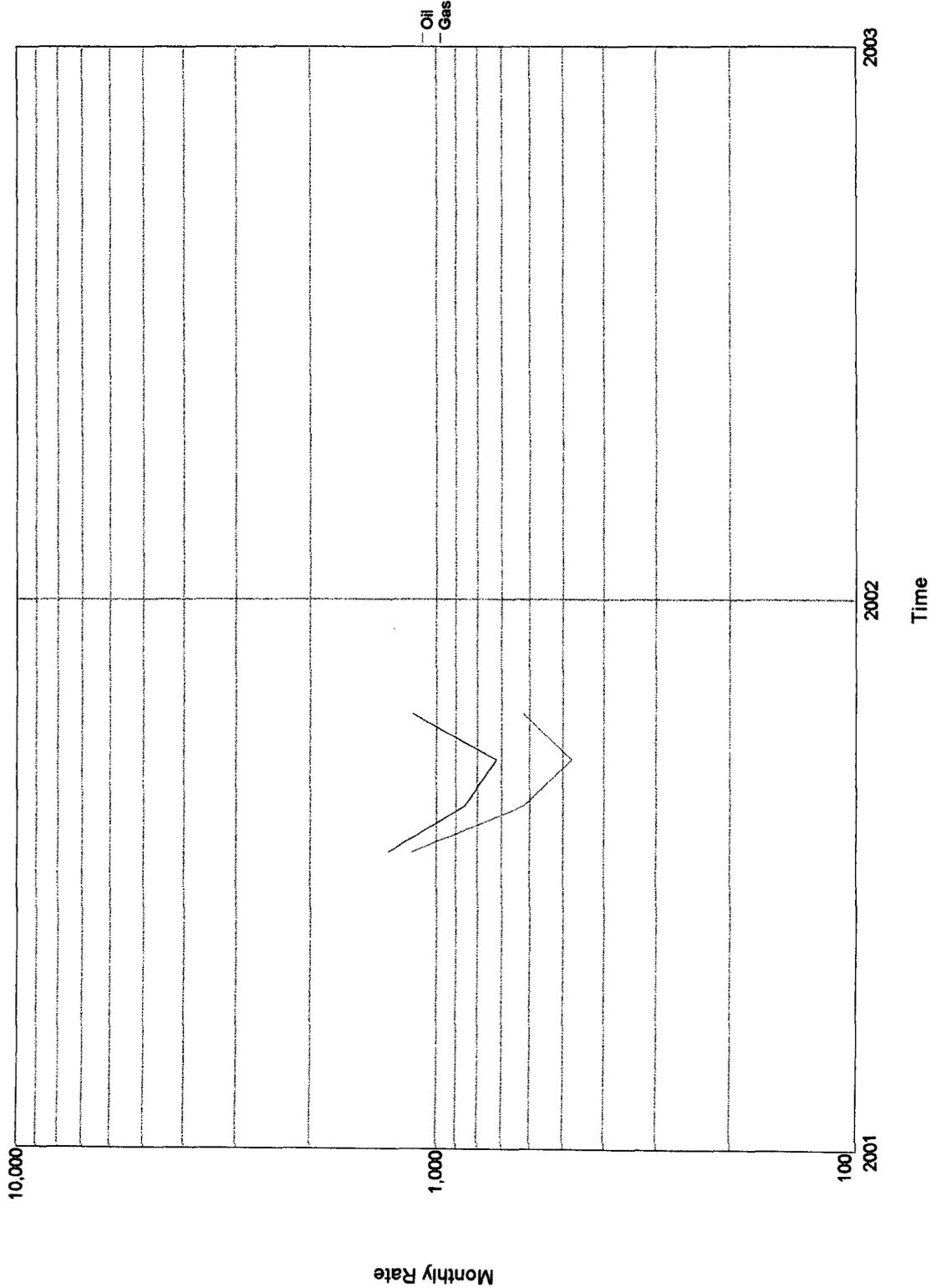
Project: H:\Program Files\IHS Energy\PowerTools v7.0\Enron 1 Yeso.MDB

Date: 4/3/2006
Time: 3:04 PM

Lease Name: ENRON STATE (1)
County, ST: EDDY, NM
Location: 32C 17S 28E NW NE NW

Operator: SDX RESOURCES INCORPORATED
Field Name: ARTESIA

ENRON STATE - 1 Yeso 7/01-10/01



SDX Resources, Inc. - ENRON STATE #1 - Eddy Co., NM 30-015-31530
United Rig #11 - New Drill.

- 5/3/01 - 315' - Day #1. PP 250, SPM 56. Bit #1: 12-1/4", Jets 14-14-14, 24'/Hr, WOB all, RPM 75. MIRU. Spud 12-1/4" hole 5/2/01. Lost circ @ 50'. Circ back 96'.
DWC: \$19,951 CWC: \$19,951
- 5/4/01 - 395' - Day #2. Made 80'. MW FW, PP 250, SPM 56. Bit #2: 7-7/8", Jets 14-14-14, 24'/Hr, WOB all, RPM 75. Dev: 3/4° @ 395'. Drill to 395'. Circ. TOH. RU Csg crew & run 9 jts 8-5/8" 24# csg. Land @ 390'. RU BJ. Break circ & wash down csg 55' & cmt w/325 sx Cl C. Circ 87 sx. PD 3:00 pm 5/3/01. WOC. ND landing jt. NU BOP. TIH w/OC & 7-7/8" bit & test BOP 800 psi 15 min - ok. Continue WOC.
DWC: \$11,445 CWC: \$31,396
- 5/5/01 - SD for weekend.
5/7/01 CWC: \$31,396
- 5/8/01 - 980' - Day #3. Made 585'. Anhy. MW BW, PP 250, SPM 58. Bit #2: 7-7/8", Jets 14-14-14, 34'/Hr, WOB all, RPM 60. Dev: 1/2° @ 656'. Test BOP 800 psi - 15 min - ok. Drill cmt, insert float. Continue drlg.
DWC: \$11,325 CWC: \$42,721
- 5/9/01 - 1654' - Day #4. Made 674'. Anhy. MW 9.8, Vis 30, WL 25, PP 850, GPM 302, SPM 59. Bit #2: 7-7/8", Jets 14-14-14, 29'/Hr, WOB 45, RPM 60. Dev: 1/2° @ 1010', 1/2° @ 1498'. Continue drlg. (Hauled 121 jts 5-1/2" csg from Trigg Federal #4).
DWC: \$12,480 CWC: \$55,201
- 5/10/01 - 2111' - Day #5. Made 457'. Dolo. MW 10, Vis 30, WL 30, Ph 10, PP 900, GPM 302, SPM 58. Bit #2: 7-7/8", Jets 14-14-14, 19'/Hr, WOB 45, RPM 60. Dev: 3/4° @ 1988'. Continue drlg.
DWC: \$9,236 CWC: \$64,437
- 5/11/01 - 2568' - Day #6. Made 457'. MW 9.8, Vis 30, WL 25, Ph 10, PP 950, GPM 302, SPM 59. Bit #2: 7-7/8", Jets 14-14-14, 20'/Hr, WOB 45, RPM 60. Dev: 3/4° @ 2506'. Continue drlg. (Roustabouts hauled in 210' 5-1/2" csg from Boggy #1.)
DWC: \$8,944 CWC: \$73,381
- 5/12/01 - 3022' - Day #7. Made 454'. MW 9.8, Vis 30, WL 28, Ph 10, PP 1000, GPM 302, SPM 58. Bit #2: 7-7/8", Jets 14-14-14, 19'/Hr, WOB 45, RPM 60. Continue drlg.
DWC: \$8,490 CWC: \$81,871
- 5/13/01 - 3513' - Day #8. Made 490'. MW 9.8, Vis 30, WL 27, Ph 10, PP 1000, GPM 302, SPM 59. Bit #2: 7-7/8", Jets 14-14-14, 20'/Hr, WOB 45, RPM 65. Dev: 3/4° @ 3022'. Continue drlg.
DWC: \$9,037 CWC: \$90,908

- 5/14/01 - 4000' TD - Day #9. Made 488', Dolo/Sd. MW 9.8, Vis 29, WL 28, Ph 10, PP 1100, GPM 302, SPM 59. Bit #2: 7-7/8", Jets 14-14-14, 21'/Hr, WOB 45, RPM 65. Dev: ¾° @ 3517'. Continue drlg.
DWC: \$9,148 CWC: \$100,056
- 5/15/01 - 4000' TD - Day #10. Dev: ¾° @ 3991'. Circ. TOH LD. RU SWS, Wireline TD 4010' @ 1:30 pm 5/14/01. Run Platform X w/HALS 4010' - 200'. RU csg crew & run 29 jts 5-1/2" J-55, 14# & 96 jts 5-1/2" J-55 15.5#. Set @ 3993', PBTd = 3966'. RD csg crew. RU BJ & clear pipe w/rig. Tie on BJ & cmt w/300 sx lead & 600 sx tail. PD 10:45 pm 5/14/01. Circ 10 sx. Float held. RD BJ. ND, set slips & pack off wellhead. RR 1:45 am 5/15/01.
DWC: \$47,995 CWC: \$148,051
- 5/16/01 - WO Completion.
6/6/01 CWC: \$148,051
- 6/7/01 - MIRU. NU BOP. Unload tbg & rods. Tally 134 jts 2-7/8" tbg = 4209.23'. TIH w/126 jts & tag PBTd @ 3966'. Roll csg w/2% KCL & test 1000#. TOH & SDON.
DWC: \$37,280 CWC: \$185,331
- 6/8/01 - RU Computalog & run CBL-GR-CCL log. Perf 1 spf: 3456', 62, 66, 75, 77, 92, 93, 97, 3505, 16, 24, 34, 3766, 67, 72, 78, 82, 98, 3807, 13, 19, 20, 21, 22 (24 holes). TIH & set RBP @ 3870'. Pull up & set pkr @ 3685'. Close well in & SDON.
DWC: \$9,485 CWC: \$194,816
- 6/9/01 - Release pkr & TIH. Spot 1-1/2 bbls of acid across perfs. Pull up & set pkr @ 3685'. Acidize perfs 3766-3822 (12 holes) w/2500 gal of 15% NEFE w/20 ball sealers @ 3-1/2 bpm. Avg treating press = 2000#. ISIP = 1080#, 5 min SIP = 1034#, 10 min SIP = 987#. Flow back acid & begin swbg. Swbd dry in 7 runs. Final fl entry 300'/hr of treating fl & iron sulfide. No gas. SDON.
DWC: \$8,100 CWC: \$202,916
- 6/10/01 - 100# overnight SIP. FL @ 1800'. Very little show on first run. Swbd dry in 3 runs w/no show. Made 3 hrly runs. Fl entry ~100'/hr. Runs 1 & 2 no show. Run #3 3-5% oil cut. Leave well cracked to pit. SDON.
DWC: \$1,300 CWC: \$215,916
- 6/11/01 - FL @ 2200'. Begin swbg. Had 100' of free oil on top of first run. Runs 2 & 3 100% water. Swbd dry in 3 runs. 1 hr entry rate <100'/hr, 2% oil cut.
DWC: \$1,000 CWC: \$216,916

- 6/12/01 - Release pkr & TIH. Move RBP to 3685'. Pull up & spot acid across perms 3456 - 3534'. Pull up & set pkr @ 3367'. Acidize perms w/2500 gals of 15% NEFE @ 4 bpm w/20 ball sealers. Flow back acid & begin swbg. Cutting oil on 3rd run. FL staying @ 2700'. Swbg >600'/hr w/a 15% oil cut & good gas. SION. (Avg treating press = 1500#, ISIP = 1200#, 5 min sip = 1057#, 10 min sip = 990#.)
DWC: \$7,361 CWC: \$224,277
- 6/13/01 - 200# overnight SIP. FL 1600' w/400' free oil on top of first run. FL @ 2200' in 5 runs w/a 15% oil cut. Final FL @ 2700' 15-20% cut. Release pkr & RBP. TOH & LD RBP. TIH & set CIBP @ 3700'. TOH & LD setting tool. TIH & set pkr @ 3378'. (Test CIBP to 2500# & pkr annulus to 1500#.) Fill frac tanks & heat as directed by BJ Hughes.
DWC: \$6,000 CWC: \$230,277
- 6/14/01 - BJ Hughes on location & ready to pump. Gelled tanks & inadvertently pumped 50 bbls of acid into gel tanks. Unable to salvage gel. RD BJ. Haul gel to disposal. Rinse tanks & reload w/fresh wtr. Re-heat gel tanks.
DWC: \$0 CWC: \$230,277
- 6/15/01 - Pump 110 gal of Pro-Chem 50-300 scale inhibitor ahead of acid. Treat well w/20,000 gal heated 20% HCL & 30,000 gal 40# linear gel pumped in 8 stages @ 2-3 bpm. Ag press 1235#. Finish job w/5000 gal of 15% acid @ 5 bpm. ISIP 1107#. Flow back job thru 1" valve full open.
DWC: \$55,880 CWC: \$286,107
- 6/16/01 - Tbg dead. FL @ 800'. Swbd to 1800' in 17 runs treating fl w/formation gas. TIH knocking off balls. TOH w/tbg & pkr. TIH w/tbg & TAC. ND BOP. Land off tbg. Build wellhead. Get rods ready to run. Left tbg & csg open to pit on ¼" ch. SDON.
DWC: \$5,080 CWC: \$291,187
- 6/17/01 - TIH w/pump & rods. Space out rods. Pmpd up good. Start pmpg back load to pit 12:00 pm. Lufkin 228 w/120" st @ 6-1/2 spm = 280 bbls x 24 hrs @ 100%.
1 - 1-1/4" x 1' strainer nipple
1 - 2-1/2" x 1-3/4" x 20' RWAC
1 - 1" x 1' lift sub
1 - ¾" left hand safety
1 - 2-1/2" spiral rod guide
54 - ¾" rods
87 - 7/8" rods
7/8" x 2', 4', 6' subs
1 - 1-1/4" x 22' polish rod
1 - 1-1/4" x 1-1/2" x 12' liner
DWC: \$3,650 CWC: \$294,837

6/17/01 - Pumping back load.

6/18/01 - 0 BO, ~5 MCF, 116 BW. Turned to battery 6/18/01.
Well pumping good. RD & clean location.
Lufkin 228D w/120" st @ 6-1/2 spm = 280 bbls x 24 hrs @
100% SN 475736 w/40 hp GE motor & size 3 control panel.
1 - 2-7/8" crimped MA @ 3590'
1 - 2-7/8" API SN @ 3560'
7 jts - 2-7/8" tbg - 217'
1 - 5-1/2" x 2-7/8" TAC - 3'
106 jts - 2-7/8" tbg 3340'
1 - 1-1/4" x 1' strainer nipple
1 - 2-1/2" x 1-3/4" x 20' RWAC
1 - 1" x 1' lift sub w/safety jt
1 - 2-1/2" spiral rod guide
54 - 3/4" rods
87 - 7/8" rods
7/8" x 2' x 4' x 6' subs
1 - 1-1/4" x 22' polish rod w/1-1/2" x 12' liner
DWC: \$875 CWC: \$295,712

6/19/01 - 0 BO, ~10 MCF, 296 BW. Oil cut @ wellhead.

6/20/01 - 20 BO, ~10 MCF, 223 BW

6/21/01 - 40 BO, ~20 MCF, 265 BW

6/22/01 - 37 BO, ~20 MCF, 264 BW

6/23/01 - 40 BO, ~20 MCF, 257 BW

6/24/01 - 58 BO, ~20 MCF, 260 BW

6/25/01 - 58 BO, ~35 MCF, 242 BW

6/26/01 - 71 BO, 60 MCF, 244 BW. Gas - Wildcat measurement. 35 jts to
FL, 79 jts to SN.

6/27/01 - 60 BO, 275 MCF, 235 BW

6/28/01 - 60 BO, 150 MCF, 240 BW

6/29/01 - 53 BO, 100 MCF, 242 BW

6/30/01 - 45 BO, 100 MCF, 207 BW

7/1/01 - 48 BO, 100 MCF, 200 BW

7/2/01 - 48 BO, 95 MCF, 186 BW

7/3/01 - 44 BO, 75 MCF, 203 BW

7/4/01 - 55 BO, 75 MCF, 174 BW. Filed completion w/OCD.

FINAL REPORT.

SDX Resources, Inc. - ENRON STATE #1 - Eddy Co., NM - Workover.

- 11/14/01 - Hot wtr csg & flow line w/50 bbls FW & chemical. MIRU & SDON.
DWC: \$930 CWC: \$930
- 11/15/01 - TOH w/rods & pump. Shop pmp. NU BOP & tally tbg out. TIH w/109 + 15 jts 2-7/8" tbg & set 5-1/2" lockset @ 3400'. Roll csg w/2% KCL. Test csg & BOP 1000#. Dump sd on RBP & TOH. RU Computalog. TIH w/4" select fire. Shift OH depths to CH depths & perf 2420', 24, 32, 35, 40, 50, 54, 57, 65, 67, 79, 91, 95, 96, 2508, 18, 20, 21, 26, 32, 43, 45, 47, 49 (24 holes). TIH w/5-1/2" collar locator & PPI pkr w/14' spacing & 73 jts & set @ 2330'. SDON.
DWC: \$4,816 CWC: \$5,746
- 11/16/01 - TIH & tie into collar log. Test tool & tbg 4000#. Held ok. Spot acid across all perfs. Break down perfs in 10 settings w/1 bbl of acid per setting. Pull up & set pkr @ 2330'. Acidize all perfs w/remaining acid @ 4-5 bpm & 50 balls. Good ball out. Total acid job = 4000 gal of 15% NEFE. Flow back acid & begin swbg. Swbd dry in 5 runs. Final fl entry was 600'/hr w/a 20% oil cut 7 good gas on ec swab. Acid job ISIP 887#, 5 min sip = 844#, 10 min sip = 812#, 15 min sip = 788#.
DWC: \$10,500 CWC: \$16,246
- 11/17/01 - 280# TP. Flowed to pit 10 min. FL @ 800'. Swbd dry in 5 runs w/30% oil cut & good gas. 2hrly runs = 700' entry w/30% oil cut & good gas. TIH knocking off balls. TOH w/tbg & pkr. ND BOP & NU BJ frac valve. Set 3 frac tanks & fill w/480 bbl FW each. SD.
DWC: \$4,450 CWC: \$20,696
- 11/18/01 - SD for weekend.
11/19/01 CWC: \$20,696
- 11/20/01 - RU BJ & frac down 5-1/2" csg w/55,000 gal Viking 25 + 100,000# 16/30 + 35,000# 12/20 Brady. Staged 1-5# w/5# hold on 12/20 @ 35 bpm. Avg treating psi = 1250#. ISIP = 1298#, 15 min = 1130#. SI csg & RU flow back chokes. Consolidate all fl to 1 tk w/1 load 2% KCL, 3:00 pm = 300# CP. SDON.
DWC: \$46,835 CWC: \$67,531

11/21/01 - Csg dead. NU BOP & TIH. Tag sd @ 3200'. Reverse sd out to RBP @ 3400'. Leave RBP/ Pull tbg back. ND BOP & land off tbg. Assemble wellhead & TIH w/pmp & rods. Space out rods. Well pmpd up good. Set BP reg & started pmpg back load to battery @ 3:00 pm. Emptied frac tanks & released all rental equip. RD & clean loc.

- 1 - 2-7/8" crimped MA @ 3210'
- 1 - 2-7/8" API SN @ 3180'
- 36 jts - 2-7/8" tbg - 1131'
- 1 - 5-1/2" x 2-7/8" AC @ 2330'
- 65 jts - 2-7/8" tbg - 2041'
- 1 - 1-1/4" x 1' strainer nipple
- 1 - 2-1/2" x 1-3/4" x 20' RHAC #T52800
- 1 - 1" x 1' lift sub
- 44 - 3/4" rods
- 77 - 7/8" rods
- 1 - 7/8" x 6' x 4' subs
- 1 - 1-1/4" x 22' polish rod 2/1-1/2" x 12' liner

LD
12 jts - 2-7/8" tbg, 10 - 3/4" rods, 10 - 7/8" rods on loc.
DWC: \$2,775 CWC: \$70,306



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

Bill Richardson
Governor
Joanna Prukop
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

COMMINGLING ORDER PC-1096

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

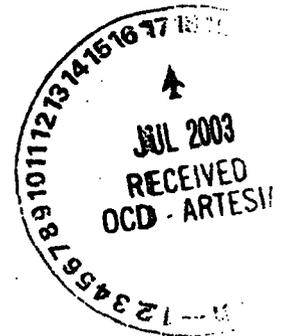
Attention: Mr. Chuck Morgan

LEASE: Enron State Lease (Lease No. B-5862)
DESCRIPTION: NW/4 NW/4 of Section 31 and N/2 NW/4 of Section 32,
Township 17 South, Range 28 East, NMPM,
Eddy County, New Mexico

WELLS: Enron State No. 1 (API No. 30-015-31530)
Unit C, Section 32, T-17S, R-28E, NMPM,
Artesia Queen-Grayburg-San Andres Pool

Enron State No. 2 (API No. 30-015-31920)
Unit D, Section 32, T-17S, R-28E, NMPM,
Artesia Queen-Grayburg-San Andres Pool

~~Enron State No. 4 (API No. 30-015-32162)~~
~~Unit D, Section 31, T-17S, R28E, NMPM,~~
~~Northeast Red Lake Glorieta-Yeso Pool~~



The above-named company is hereby authorized to commingle commonly-owned Artesia Queen-Grayburg-San Andres (Oil - 03230) and Northeast Red Lake Glorieta-Yeso Pool production from the above-mentioned wells and to determine production from each well by quarterly well tests.

NOTE: This installation shall be installed and operated in accordance with the applicable Division rules and regulations. It is the responsibility of the producer to notify the transporter of this commingling authority.

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

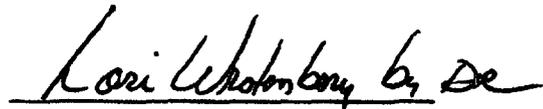
Administrative Order PC-1096

SDX Resources, Inc.

July 7, 2003

Page 2

DONE at Santa Fe, New Mexico, on this 7th day of July, 2003.



LORI WROTENBERY,
Division Director

LW/DRC

cc: Oil Conservation Division- Artesia
State Land Office-Oil & Gas Division