

DATE IN 4/10/06 SUSPENSE WILL JONES ENGINEER 4/10/06 LOGGED IN TYPE DHC APP NO. PTD50610051933

ABOVE THIS LINE FOR DIVISION USE ONLY 3690

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

SDX Resources, Inc.
P.O. Box 5061
MIDLAND, TX 79704
TEL: (432) 685-1761 FAX: (432) 685-0533
TOLL FREE: (800) 344-1761

NMOCD
1220 S. St. Francis Drive
Santa Fe, NM 87504

April 5, 2006

2006 APR 10 PM 1 08

Attention Will Jones

RE: Down hole commingling application
Kersey State #1 (API # 30-015-30888)
Sec. 32 T17S R28E
Eddy County, New Mexico

Dear Mr. Jones,

SDX Resources respectfully request permission to down hole commingle production from the Artesia Glorietta-Yeso pool with production from the Artesia, Qn, Gb, Sa pool in their Kersey State #1 well . Ownership is identical for both pools and the oil from both pools is sour and is close to the same gravity. There should therefore be no difference in revenue to any party. Commingling will improve the economics of the lease, extending its life, resulting in the recovery of additional reserves. Attached is a completed form C-107A. This well is currently producing into the same battery as the Kersey State #2 well, which is producing from the Artesia-Qn-Gb-SA pool. Production between the two wells will be determined by periodic testing with a port-a-check unit and will be allocated accordingly . Thanks for your assistance on this matter.

Sincerely,



Chuck Morgan

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

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

District III
1000 Rio Brazos Road, Aztec, NM 87410

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised June 10, 2003

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

APPLICATION FOR DOWNHOLE COMMINGLING

SDX Resources, Inc. PO Box 5061, Midland, TX 79704
Operator Kersey State #1 Address Unit I, Sec 32, T17S, R28E Eddy Co., NM
Lease Well No. Unit Letter-Section-Township-Range County
OGRID No. 020451 Property Code 25197 API No. 30-015-30888 Lease Type: ☐ Federal ☒ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Artesia, QN-GB-SA		Artesia, GL-YE OIL
Pool Code	03230		96830
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	2330-2608		3556-3601
Method of Production (Flowing or Artificial Lift)	Rod pmp		Rod pmp
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)	970#		1030#
Oil Gravity or Gas BTU (Degree API or Gas BTU)	36 currently		41
Producing, Shut-In or New Zone	Producing		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: Rates: 2 BOPD 4 BWPD 4 MCFPD	Date: Rates:	Date: 8/20/00 Rates: 5 BOPD 48 BWPD 7 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 Gas 29 % 36 %	Oil Gas % %	Oil Gas 71 % 64 %

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 4/6/06
TYPE OR PRINT NAME Chuck Morgan TELEPHONE NO. (432) 685-1761
E-MAIL ADDRESS cmorgan@sdxresources.com

**SDX Resources Inc. - KERSEY STATE #1 - Eddy Co., NM, API #30-015-30888, Capstar
Drlg Rig #5.**

- 5/17/00 - 535'. Anhy. Day #1. MW 9.3, Vis 31, Ph 8, PP 725, GPM 277, SPM 56.
Bit #1: 12-1/4", Jets 13-13-13, 59'/Hr, WOB all, RPM 70. Dev: 1-1/4°
@ 260', 1-1/4° @ 535'. MI & RU. Spud 12-1/4" hole 6:00 pm 5/16/00.
DWC: \$23,458 CWC: \$23,458
- 5/18/00 - 685'. Made 150'. Anhy. Day #2. MW 10, Vis 29, Ph 10. PP 750, SPM 56.
Bit #2: 7-7/8", Jets 14-14-14, 43'/Hr, WOB 25, RPM 65. Run 13 jts 8-
5/8" J-55, 24#. Set @ 529'. Cmt w/350 sx Cl C + CaCl2 + ¼# D29. PD
7:40 am. Float held. Circ 55 sx to pit. WOC.
DWC: \$5,750 CWC: \$29,208
- 5/19/00 - 1545'. Made 860'. Anhy/Dolo. Day #3. MW 10, Vis 29, Ph 10, PP 575,
SPM 48, Bit #2: 7-7/8", Jets 14-14-14, 36'/Hr, WOB 40, RPM 65. Dev:
¾° @ 1026'. Continue drlg formation.
DWC: \$9,462 CWC: \$38,670
- 5/20/00 - 2140'. Made 595'. Dolo. Day #4. MW 10, Vis 29, WL 23, Ph 10, PP 875,
SPM 56. Bit #2: 7-7/8", Jets 14-14-14, 26'/Hr, WOB 40, RPM 65. Dev:
¾° @ 1520', ¾° @ 2015'. (Premier @ 1948' - 110 units gas, poor cut,
80% sd. Top SA @ 1986'. 2125' - 100 units gas - no cut.)
DWC: \$8,177 CWC: \$46,847
- 5/21/00 - 2785'. Made 645'. Dolo. Day #5. MW 10, Vis 30, WL 20, Ph 10, PP 925,
SPM 56. Bit #2: 7-7/8", Jets 14-14-14, 27'/Hr, WOB 40, RPM 65. 1° @
2514'. Continue drlg formation.
DWC: \$8,135 CWC: \$54,982
- 5/22/00 - 3214'. Made 429'. Dolo, Day #6. MW 10, Vis 29, WL 20, Ph 10, PP
975', GPM 277, SPM 56. Bit #2: 7-7/8", Jets 14-14-14, 30'/Hr, WOB
40, RPM 60. ¾° @ 3011'. Drill formation. TOH & TIH. Twisted off jt
#84. Catch fish.
DWC: \$5,382 CWC: \$60,364
- 5/23/00 - 3636'. Made 422'. Dolo. Day #7. MW 10, Vis 30, WL 10, Ph 10, PP 975,
GPM 277, SPM 56. Bit #2: 7-7/8", Jets 14-14-14 WOB 40, RPM 60. Bit
#3: 7-7/8", Jets 14-14-14, 17.5'/Hr, WOB 40, RPM 60. Dev: ¾° @
3507'. TOH w/fish. TIH w/Bit #3. Wash to bottom. Continue drlg
formation. (Top Glorieta @ 3440' - 3446': 80% sd, 250 units gas,
3522-28: 250 units gas, 3544-58': 375 units gas, 3580-3630': 400
units gas. 30/40% florescence)
DWC: \$8,016 CWC: \$68,380
- 5/24/00 - 4053'. Made 417'. Dolo. Day #8. MW 10, Vis 30, WL 14, Ph 10, PP
1000, GPM 277, SPM 56. Bit #3: 7-7/8", Jets 14-14-14, 23'/Hr, WOB
40, RPM 60. Dev: ¾° @ 3971'. Drill formation. TOH for fish jt #98.
DWC: \$5,884 CWC: \$74,264
- 5/25/00 - 4075' TD. Made 22'. Dolo. Day #9, MW 10, Vis 30, WL 16, Ph 10, PP
1000, GPM 277, SPM 56. Bit #3: 7-7/8", Jets 14-14-14, 25'/Hr, WOB
40, RPM 60, ¾° @ 4075'. TOH. TIH w/overshot. TOH w/fish. TIH w/bit.
Drill to TD 4075'. Reach TD 8:30 pm 5/24/00. Circ & cond. TOH. RU
loggers. Log well Platform X w/AALS 4062'. WO csg crew. Start
running 5-1/2" csg.
DWC: \$12,715 CWC: \$86,979
- 5/26/00 - 4075' TD. Run 99 jts 5-1/2" K-55 15.50# LT&C csg. Set @ 4072'. PBTD
= 4047'. Wash down csg & circ. RU Dowell & cmt w/400 lead + 500
tail. PD 10:55 am 5/25/00. Float held. Circ 16 sx to pit. ND, set
slips. RR 1:00 pm 5/25/00.
DWC: \$31,358 CWC: \$118,337

- 5/27/00 - WO Completion.
7/10/00 CWC: \$118,337
- 7/11/00 - RU on well. TIH. Tag PBDT @ 4047', 2-3/8" tbg 4.6#. Test csg 1000 psi. Circ hole w/2% KCL. RU Computalog & perf. Log depth PBDT 4045'. Perf 3556', 57, 58, 72, 73, 74, 81, 82, 83, 3586, 88, 96, 99, 3601 (1 spf). TIH w/tools 168 jts.
DWC: \$18,749 CWC: \$137,086
- 7/12/00 - RU BJ. Acidize & ball out 3800', 3500 gal 6 bb/min. ISIP 1195, 5 min 1027, 10 min 865, 15 min 784. Flow back. Swab to SN continuously. Final FL @ 2200' from surface. 10% oil cut - good gas.
DWC: \$8,720 CWC: \$145,806
- 7/13/00 - FL @ 700' w/600' free oil. Swbd 700'-2100' w/2% oil cut. 2100'-2500' oil cut improving to 10% + oil w/good gas. Unset pkr & install 2-3/8" x 8' N80 sub @ surf. Set 1 lined & 1 unlined frac tank & prep for hot acid job. SDON.
DWC: \$2,975 CWC: \$148,781
- 7/14/00 - FL @ 800' w/700' free oil. Swbd 800' - 3000' in 6-1/2 hrs w/10% + oil cut & good gas. Load csg w/2% KCL & RU BJ. Treat down tbg w/10,000 gal 15% gelled heated acid & 10,000 gal 20# gel _ 12 ball sealers @ 8 bpm. ISIP = 1000#. Surge balls off & pump 4000 gal 15% cool down acid + 6000 gal 20# gel. Flush @ bpm, ISIP = 1190#, 15 min = 1150#. Flow back to pit w/2" ch overnight. SDON.
DWC: \$28,275 CWC: \$177,056
- 7/15/00 - Tbg dead. TIH knocking off balls. TOH LD 138 jts 2-3/8" tbg. TIH w/119 jts 2-7/8" tbg. ND BOP. Land off tbg & build wellhead. Drop SV & TIH w/plunger & rods. Space out rods. Put on to pump @ 5:00 pm to tank. Pmpg 186 BLW to pit.
Lufkin 114 D SN 910U w/Robbins & Myers 10 hp motor SN JG7559-8
w/Square D Size 1 control panel.
1 - 2-7/8" crimped MA @ 3716'
1 - 2-7/8" x 2-1/4" x 12' barrel @ 3671'
1 - 2-7/8" x 4' lift sub
118 jts - 2-7/8" tbg
1 - 2-1/4" SV & plunger 4'
1 - 1" x 1' lift sub
90 - 3/4" rods
56 - 7/8" rods
1 - 7/8" x 6' sub
1 - 7/8" x 8' sub
1 - 1-1/4" x 22' polish rod
1 - 1-1/4" x 1-1/2" x 12' liner
DWC: \$27,527 CWC: \$204,583
- 7/16/00 - 165 BLW to pit. Slight gas haze. Well pumping good. RD & clean location.
DWC: \$1,650 CWC: \$206,233
- 7/17/00 - 165 BLW to pit. Slight gas haze. Turned to battery 9:00 am 7/18/00.
- 7/18/00 - 28 BO, 175 BW
7/19/00 - 10 BO, 150 BW
7/20/00 - 14 BO, 150 BW
7/21/00 - 40 BO, 135 BW
7/22/00 - 40 BO, 110 BW
7/23/00 - 42 BO, 135 BW

7/24/00 - 65 BO, 160 BW
7/25/00 - 8 BO, 9 MCF, 58 BW (Tester #3).
7/26/00 - 10 BO, 9 MCF, 62 BW (Tester #3).
7/27/00 - 8 BO, 9 MCF, 43 BW
7/28/00 - Rods parted.
7/29/00 - Rods parted.
7/30/00 - Rods parted.
7/31/00 - 10 BO, 120 BW. Started pmpg 12:00 noon.
8/1/00 - 14 BO, 9 MCF, 75 BW (24 hr test).
8/2/00 - 9 BO, 9 MCF, 55 BW (Tester #3)
8/3/00 - 9 BO, 9 MCF, 49 BW (Tester #3)
8/4/00 - 4 BO, 8 MCF, 37 BW (Tester #3)
8/5/00 - 6 BO, 8 MCF, 40 BW (Tester #3)
8/6/00 - 8 BO, 8 MCF, 42 BW (Tester #3)
8/7/00 - 7 BO, 7 MCF, 39 BW (Tester #3)
8/8/00 - 7 BO, 7 MCF, 37 BW (Tester #3)
8/9/00 - 7 BO, 7 MCF, 39 BW. Bad line fuse. Down since midnight.
8/10/00 - 0 BO, 0 BW. Bad line fuse.
8/11/00 - 10 BO, 60 BW
8/12/00 - 7 BO, 45 BW
8/13/00 - 7 BO, 40 BW
8/14/00 - 5 BO, 30 BW. Down on reset.
8/15/00 - 8 BO, 39 BW
8/16/00 - 5 BO, 15 MCF, 123 BW
8/17/00 - 5 BO, 47 BW
8/18/00 - 5 BO, 46 BW
8/19/00 - 5 BO, 48 BW
8/20/00 - 2 BO, 9 BW, Pumped off.
8/21/00 - Well is parted, not pmpd off. Will begin workover 8/23/00.

8/24/00 - MI & RU. TOH. Rods parted #60 down. TIH catch fish. Could not screw on to SV. TOH w/rods & plunger. Swab tbg down flowline. NU BOP & TOH w/tbg & barrel. Shop pump @ Trico. TIH w/5-1/2" lockset RBP + 93 jts 2-7/8" tbg. Set @ 2884'. Break circ & test 1000#. Roll csg w/2% KCL & dump sd on RBP. Clear tbg & TOH. RU Computalog & tie into CCL log & perf 2330', 32, 49, 68, 70, 2413, 21, 37, 52, 62, 70, 89, 91, 2500, 32, 34, 2550, 52, 67, 81, 86, 94, 2602, 08 (24 holes). Cased hole log. TIH w/5-1/2" collar locator & PPI pkr w/10' spacing & 74 jts tbg to 2256'. SDON.
DWC: \$8,027 CWC: \$214,230

8/25/00 - TIH & hang collar @ 2602'. Test tools 3500#. Get on depth & spot 5 bbls acid across perfs & load tbg w/15 bbls. Break down perfs 2330' - 2608' in 15 settings w/1 bbl ec. Avg break 2500#. Pull up to 2256' & fish acid bar. Rev annulus & psi csg 300#. Acidize w/remaining 64 bbls acid & 50 ball sealers @ 3.2 bpm. Balled out twice 3500#. Surge balls off & flush to bottom perfs. ISIP = 970#, 15 min = 880#. Total acid = 3500 gal HCL 15% w/4 gal CI-27 + 11 gal FE-270 + 4 gal FE-27I. Flow back to pit & swab dry in 8 runs w/15% oil, 30 min = 250' entry w/15% oil cut & good gas. SDON.
DWC: \$8,100 CWC: \$222,330

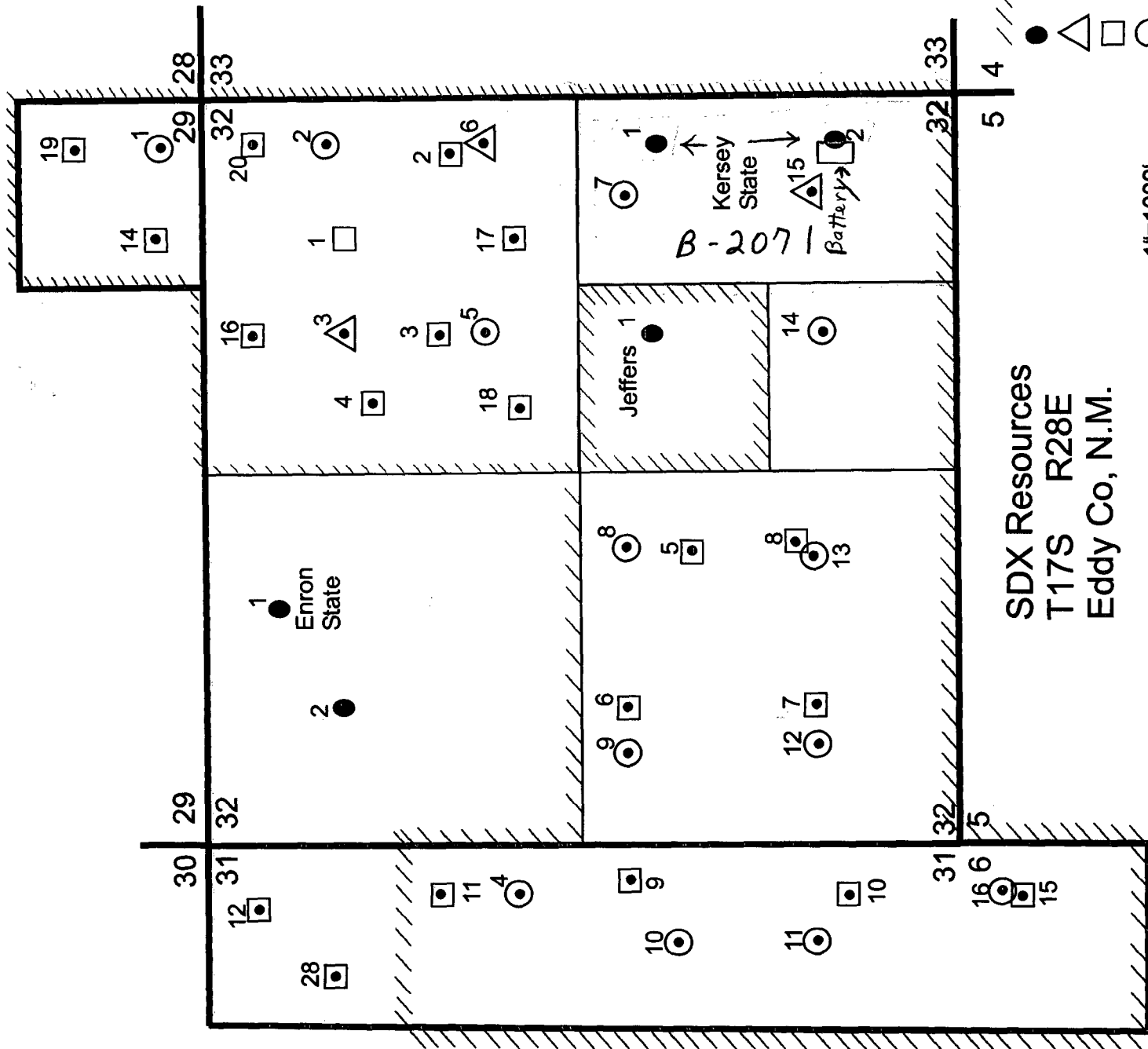
8/26/00 - 300# TP. Flowed to pit 20 min. FL @ 1000'. Swbd dry in 7 runs w/15% oil cut. 30 min = 250' entry w/15% + oil cut. 1 hr = 400' entry w/20% oil cut & good gas. TIH knocking off balls. TOH w/tbg pkr. ND BOP & NU frac valve. Set 3 frac tanks & fill w/FW. Prep to frac 8/28/00 in the am. SD for weekend.
DWC: \$3,525 CWC: \$225,855

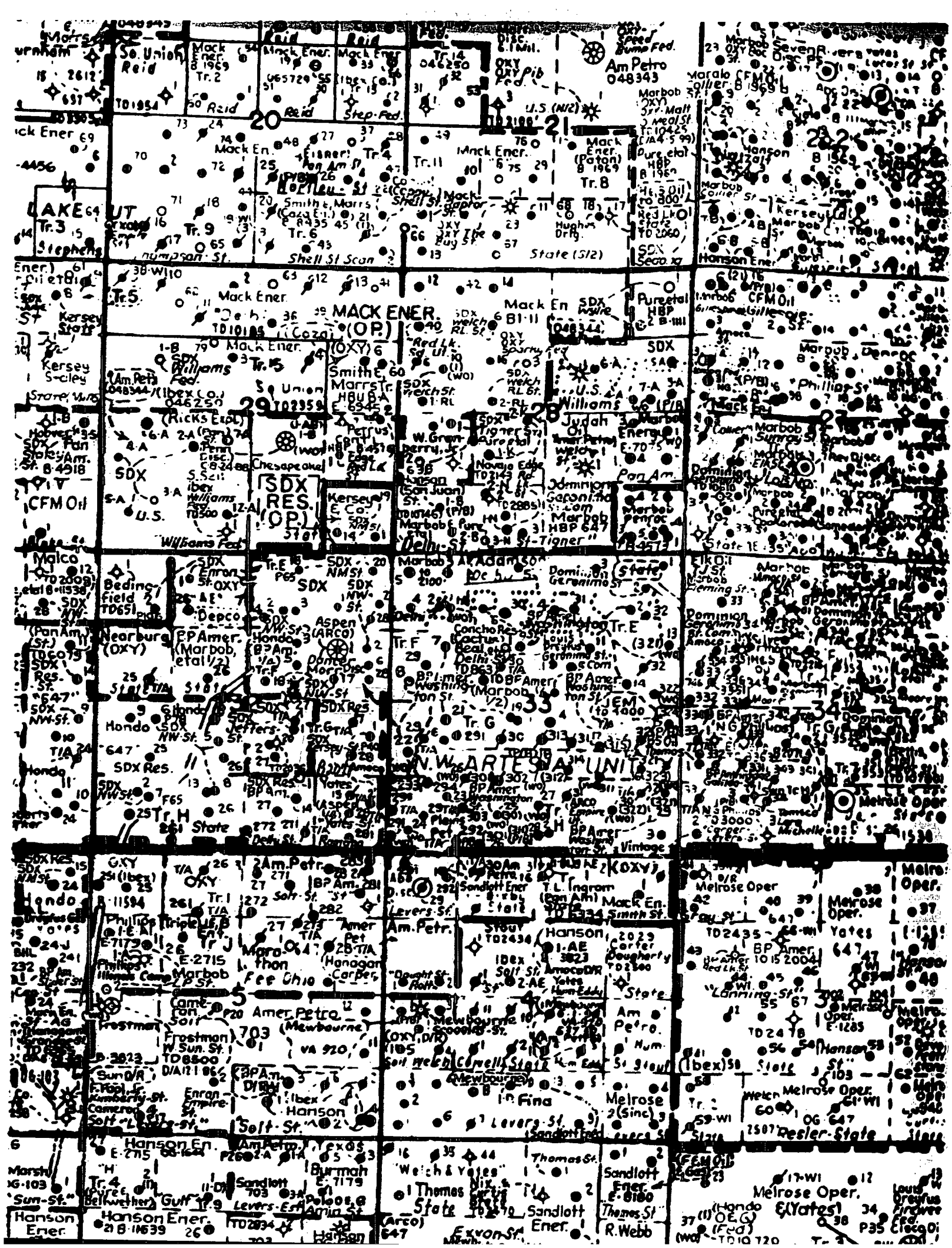
8/27/00 - SD for weekend.
8/28/00 CWC: \$225,855

8/29/00 - RU BJ & start fracing down csg. Pmpd 250 bbls pad & test discharge. Pump on blender. Csg collar leaking. Flow back & replace collar. Top off frac tanks & wait on blender from BJ. Re-gel tanks & frac down 5-1/2" csg w/60,000 gal Viking 30 + 95,000# 16/30 & 35,000# 12/20 stage 1-5# @ 40 bpm. ISIP 1824#. Avg treating press 1856#. RD BJ & RU flow back chokes. SDON.
DWC: \$35,425 CWC: \$261,280

8/30/00 - 300# CP. Flow down to pit. NU BOP & TIH. Tag sd @ 2720'. Rev sd out to RBP @ 2884'. Pull tbg back & ND BOP. Assemble wellhead & TIH w/pump & rods. Space out rods. Good pmp action. RD 54" st x 10 spm = 250 bbls x 24 hrs @ 100%. (LD 33 - 2-7/8" tbg, 17 - 7/8" 7 25 - 3/4" rods. MD 1-1/2" x 1-1/4" x 12' THC w/4' SV plunger = \$1744.71 to Spurck #9)
1 - 2-7/8" MA crimped @ 2663'
1 - 2-7/8" API SN @ 2633'
85 jts - 2-7/8" tbg
1 - 1-1/4" x 10" strainer
1 - 2-1/4" x 2" x 12' RWAC #T5-2752
1 - 3/4" x 2' sub w/safety jt
73 - 3/4" rods
35 - 7/8" rods
3 - 7/8" subs - 20'
1 - 1-1/4"x22' polish rod w/1-1/2" x 12' liner
DWC: \$2,425 CWC: \$263,705

8/29/00 - Turned to prod 2:30 pm. 150 BW
8/30/00 - 200 BW. Pmpg to pit. Slight gas haze.
8/31/00 - 275 BW. Pmpg to pit.
9/1/00 - 275 BW
9/2/00 - 275 BW
9/3/00 - 44 BO, 12 MCF, 106 BW. Turned to battery 9/3/00 8:00 am.
9/4/00 - 45 BO, 10 MCF, 102 BW
9/5/00 - 57 BO, 30 MCF, 74 BW
9/6/00 - 43 BO, 25 MCF, 69 BW
9/7/00 - 41 BO, 30 MCF, 27 BW
9/8/00 - 3 BO, 12 MCF, 2 BW. Gas Locked - Lower Rods
9/9/00 - 76 BO, 49 MCF, 111 BW
9/10/00 - 72 BO, 80 MCF, 85 BW
9/11/00 - 44 BO, 40 MCF, 49 BW
9/12/00 - 40 BO, 30 MCF, 39 BW
9/13/00 - 33 BO, 33 MCF, 46 BW. **FINAL REPORT.**





Submit to Appropriate
District Office
State Lease - 6 copies
Fee Lease - 5 copies
DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

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

DISTRICT III
1000 Rio Brazos Rd, Aztec, NM 87410

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

2040 Pacheco St.
Santa Fe, NM 87505

Form C-105
Revised 1-1-89

WELL API NO.
30-015-30888

5. Indicate Type of Lease

STATE ☒

FEE ☐

6. State Oil & Gas Lease No.

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

1a. Type of Well:

OIL WELL ☒

GAS WELL ☐

DRY ☐

OTHER ☐

b. Type of Completion:

NEW
WELL ☒

WORK
OVER ☐

DEEPEN ☐

PLUG
BACK ☐

DIFF
RESVR ☐

OTHER ☐

7. Lease Name or Unit Agreement Name

Kersey State

2. Name of Operator

SDX Resources, Inc.

8. Well No.

1

3. Address of Operator

PO Box 5061, Midland, TX 79704

9. Pool name or Wildcat

Artesia (QN-GB-SA)

4. Well Location

Unit Letter I 2018 Feet From The South Line and 330 Feet From The East Line

Section

32

Township

17S

Range

28E

NMPM

Eddy

County

10. Date Spudded

05/16/00

11. Date T.D. Reached

05/24/00

12. Date Compl. (Ready to Prod.)

07/14/00

13. Elevations (DF & RKB, RT, GR, etc.)

3670

14. Elev. Casinghead

15. Total Depth

4075

16. Plug Back T.D.

4045

17. If Multiple Compl. How
Many Zones?

18. Intervals
Drilled By

Rotary Tools

X

Cable Tools

19. Producing Interval(s), of this completion - Top, Bottom, Name

2330 - 2608

20. Was Directional Survey Made

Yes

21. Type Electric and Other Logs Run

LDT-CNL-GR, DLL-GR

22. Was Well Cored

No

23. CASING RECORD (Report all strings set in well)

CASING SIZE	WEIGHT LB/FT.	DEPTH SET	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
8-5/8"	24# J-55	529'	12-1/4"	350 sx Cl C Circ	None
5-1/2"	15.5# K-55	4072'	7-7/8"	400 sx Lite + 500 sx Cl C	None

24. LINER RECORD

SIZE	TOP	BOTTOM	SACKS CEMENT	SCREEN

25. TUBING RECORD

SIZE	DEPTH SET	PACKER SET
2-7/8"	2633'	

26. Perforation record (interval, size, and number)

3556', 57, 58, 72, 73, 74, 81, 82, 83, 86, 88, 96, 99, 3601

RBP @ 2884'

2330', 32, 49, 68, 70, 2413, 21, 37, 52, 62, 70, 89, 91, 2500, 32, 34, 50, 52, 67, 81, 86, 94, 2602, 08

27. ACID, SHOT, FRACTURE, CEMENT, SQUEEZE, ETC.

DEPTH INTERVAL	AMOUNT AND KIND MATERIAL USED
3556-3601	10000 gal gel hot acid/ 10000 gal 20# gel,
	4000 gal 15% cool dn acid, 6000 gal 20# gel
2330-2608	3500 gal HCL 15%, 60000 gal Viking 30, 85000# 18/30, 35000# 12/20

28. PRODUCTION

Date First Production 07/18/00		Production Method (Flowing, gas lift, pumping - Size and type pump) 2-1/4"x2"x12' RWAC				Well Status (Prod. or Shut-in) Prod	
Date of Test 09/12/00	Hours Tested 24	Choke Size	Prod'n For Test Period	Oil - Bbl. 40	Gas - MCF 30	Water - Bbl. 39	Gas - Oil Ratio 750
Flow Tubing Press.	Casing Pressure	Calculated 24- Hour Rate	Oil - Bbl. 40	Gas - MCF 30	Water - Bbl. 39	Oil Gravity - API - (Corr.)	

29. Disposition of Gas (Sold, used for fuel, vented, etc.)

Sold

Test Witnessed By

Chuck Morgan

30. List Attachments

Deviation Survey, Logs

31. I hereby certify that the information shown on both sides of this form is true and complete to the best of my knowledge and belief

Signature

Bonnie Atwater

Printed
Name

Bonnie Atwater

Title Regulatory Tech

Date 09/19/00

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 30-015-30888		Pool Code 96830	Pool Name Artesia, GL-YE
Property Code 25197	Property Name KERSEY STATE		Well Number 1
OGRID No. 020451	Operator Name SDX RESOURCES, INC.		Elevation 3676.

10 Surface Location

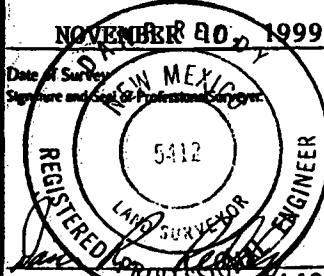
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	32	17-S	28-E		2018	SOUTH	330	EAST	EDDY

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

16					17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature <u>Bonnie Atwater</u> Printed Name Bonnie Atwater Title Regulatory Tech Date 4/6/06 18 SURVEYOR CERTIFICATION 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. Date of Survey NOVEMBER 30, 1999 Signature and Seal of Professional Surveyor  NM REGS NO. 5412

District I
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Energy, Minerals & Natural Resources

OIL CONSERVATION DIVISION
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Santa Fe, NM 87505

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Revised March 17, 1999

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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		Pool Code	Pool Name
		03230	Artesia (QN-GB-SA)
Property Code	Property Name		Well Number
	KERSEY STATE		1
OGRID No.	Operator Name		Elevation
020451	SDX RESOURCES, INC.		3676.

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
I	32	17-S	28-E		2018	SOUTH	330	EAST	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	Joint or Infill	Consolidation Code	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

16					330'	2018'	17	17 OPERATOR CERTIFICATION		
	I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief									
	Signature <i>Bonnie Atwater</i>									
	Printed Name Bonnie Atwater									
								Title Regulatory Tech		
								Date 12/27/99		
								18 SURVEYOR CERTIFICATION		
								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.		
								NOVEMBER 30, 1999		
								Date of Survey		
								Signature and Seal of Professional Engineer		
								NEW MEXICO REGISTERED LAND SURVEYOR 5412 NOVEMBER 30, 1999		

Last Twelve Months Historic Production Report

Project: H:\Program Files\IHS Energy\PowerTools v7.0\Projects\Kersey State.MDB

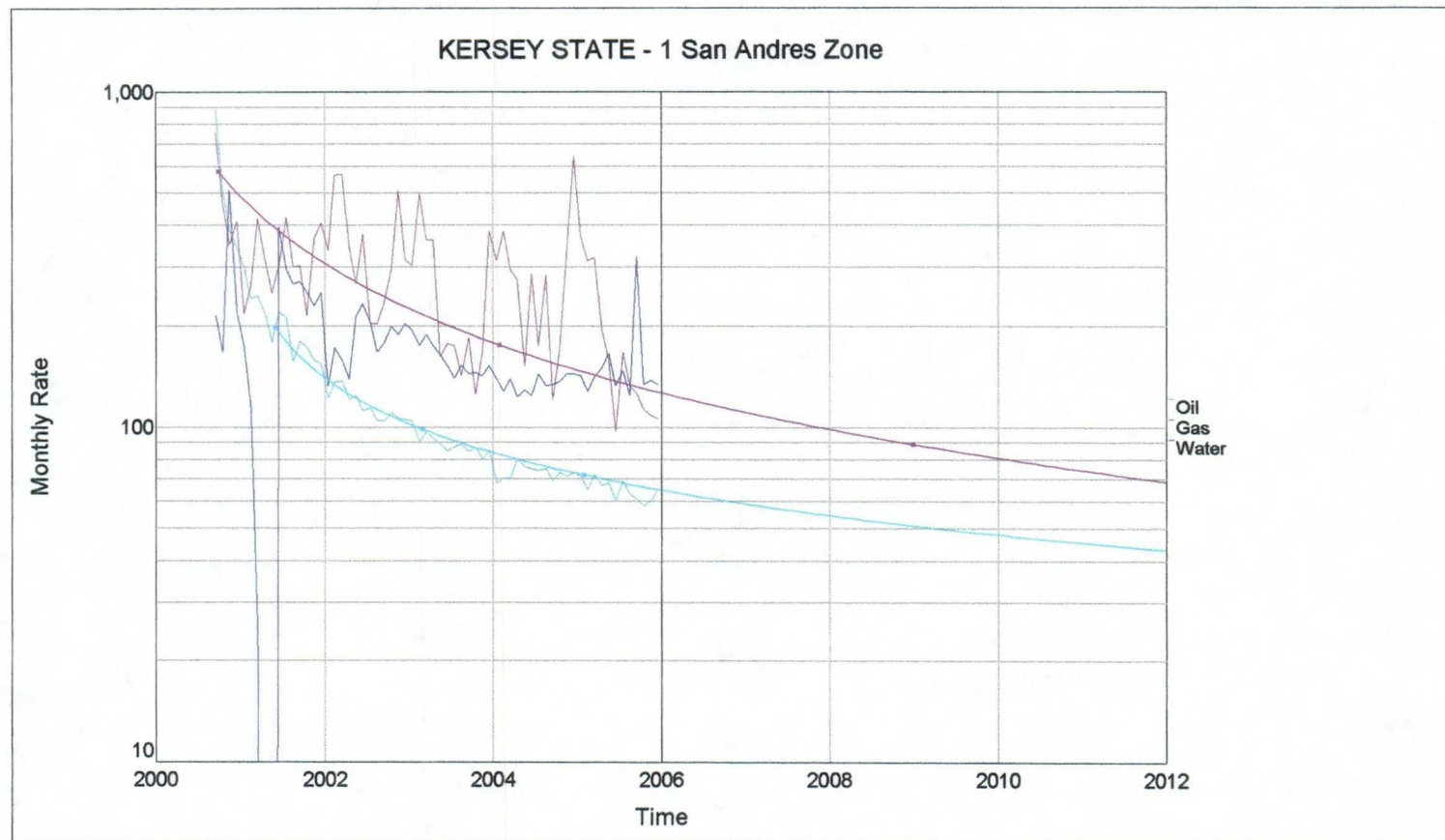
Lease Name: KERSEY STATE (1)

Operator: SDX RESOURCES INCORPORATED

County, ST: EDDY, NM

Field Name: ARTESIA

Location: 32I 17S 28E NE NE SE



Date	Well Count	Oil (bbl)	Gas (mcf)	Water (bbl)	Injection (bbl)
Previous		7,898	16,414	9,098	0
01/2005	1	71	370	142	0
02/2005	1	65	312	128	0
03/2005	1	72	319	141	0
04/2005	1	67	195	150	0
05/2005	1	68	158	166	0
06/2005	1	60	97	133	0
07/2005	1	69	167	147	0
08/2005	1	63	132	124	0
09/2005	1	61	126	321	0
10/2005	1	58	113	134	0
11/2005	1	60	108	138	0
12/2005	1	65	106	134	0
Total:		8,677	18,617	10,956	0

Last Twelve Months Historic Production Report

Project: H:\Program Files\IHS Energy\PowerTools v7.0\Projects\Kersey State.MDB

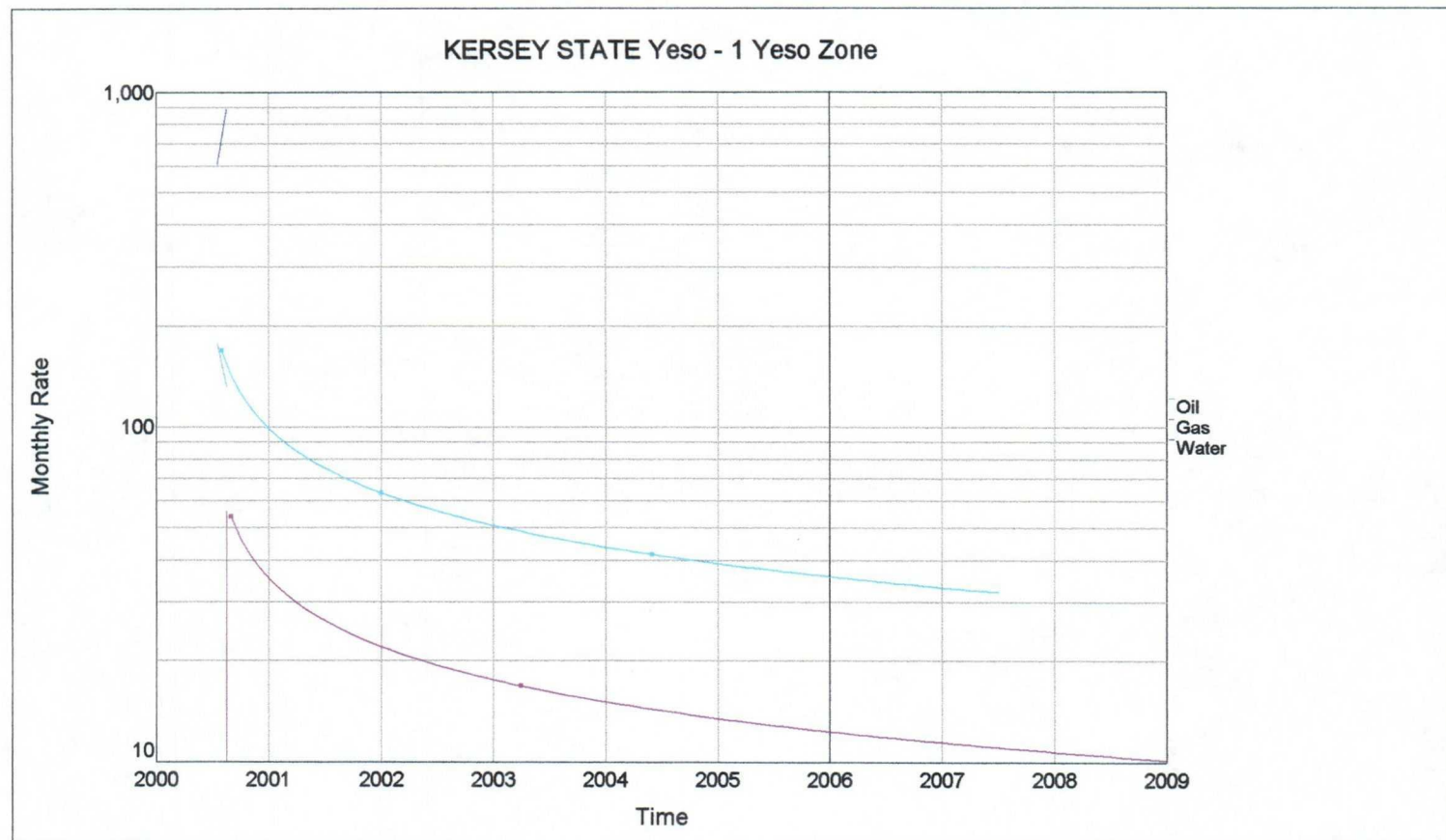
Lease Name: KERSEY STATE Yeso (1)

Operator: SDX RESOURCES INCORPORATED

County, ST: EDDY, NM

Field Name: ARTESIA

Location: 32I 17S 28E NE NE SE



Date	Well Count	Oil (bbl)	Gas (mcf)	Water (bbl)	Injection (bbl)
Previous		0	0	0	0
09/1999	0	0	0	0	0
10/1999	0	0	0	0	0
11/1999	0	0	0	0	0
12/1999	0	0	0	0	0
01/2000	0	0	0	0	0
02/2000	0	0	0	0	0
03/2000	0	0	0	0	0
04/2000	0	0	0	0	0
05/2000	0	0	0	0	0
06/2000	0	0	0	0	0
07/2000	1	177	0	605	0
08/2000	1	131	56	886	0
Total:		308	56	1,491	0

Last Twelve Months Historic Production Report

Project: H:\Program Files\IHS Energy\PowerTools v7.0\Projects\Kersey State.MDB

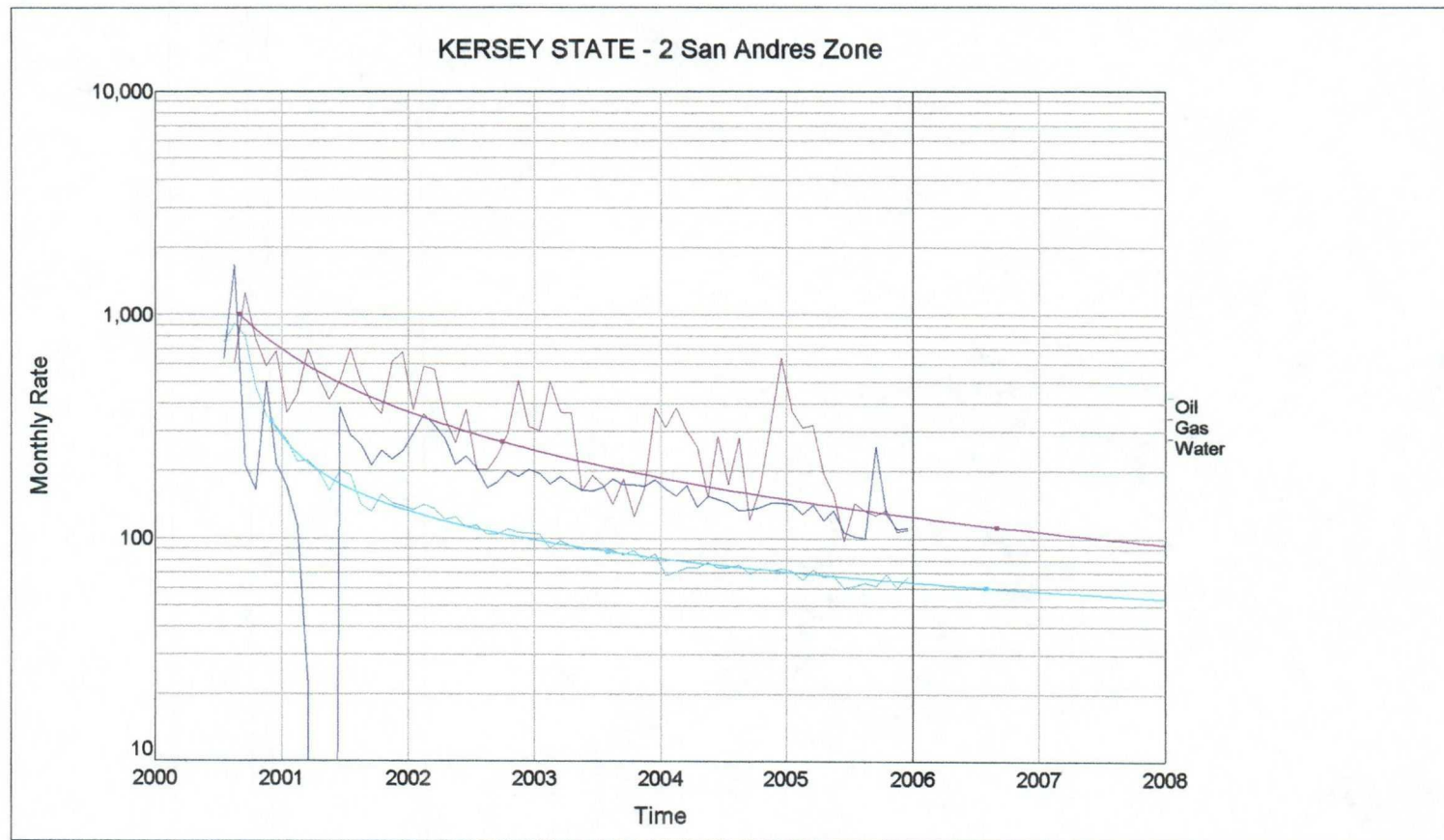
Lease Name: KERSEY STATE (2)

Operator: SDX RESOURCES INCORPORATED

County, ST: EDDY, NM

Field Name: ARTESIA

Location: 32P 17S 28E NE SE SE



Date	Well Count	Oil (bbl)	Gas (mcf)	Water (bbl)	Injection (bbl)
Previous		9,133	20,799	12,250	0
01/2005	1	71	370	142	0
02/2005	1	65	312	128	0
03/2005	1	72	319	141	0
04/2005	1	67	194	120	0
05/2005	1	68	158	133	0
06/2005	1	60	97	106	0
07/2005	1	61	144	102	0
08/2005	1	63	132	100	0
09/2005	1	61	126	257	0
10/2005	1	69	134	128	0
11/2005	1	60	107	110	0
12/2005	1	67	109	111	0
Total:		9,917	23,001	13,828	0

Submit to Appropriate
District Office
State Lease - 6 copies
Fee Lease - 5 copies
DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

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

DISTRICT III
1000 Rio Brazos Rd, Aztec, NM 87410

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

2040 Pacheco St.
Santa Fe, NM 87505

Form C-105
Revised 1-1-89

WELL API NO.
30-015-30889

5. Indicate Type of Lease
STATE ☒ FEE ☐

6. State Oil & Gas Lease No.

7. Lease Name or Unit Agreement Name

Kersey State

8. Well No.
2

9. Pool name or Wildcat
Artesia (QN-GB-SA)

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

1a. Type of Well:
OIL WELL ☒ GAS WELL ☐ DRY ☐ OTHER ☐
b. Type of Completion:
NEW WELL ☒ WORK OVER ☐ DEEPEN ☐ PLUG BACK ☐ DIFF RESVR ☐ OTHER ☐

2. Name of Operator
SDX Resources, Inc.

3. Address of Operator
PO Box 5061, Midland, TX 79704

4. Well Location
Unit Letter P 844 Feet From The South Line and 330 Feet From The East Line
Section 32 Township 17S Range 28E NMPM Eddy County

10. Date Spudded 05/25/00 11. Date T.D. Reached 06/03/00 12. Date Compl. (Ready to Prod.) 07/12/00 13. Elevations (DF & RKB, RT, GR, etc.) 3670 14. Elev. Casinghead

15. Total Depth 4104 16. Plug Back T.D. 4051 17. If Multiple Compl. How Many Zones? 18. Intervals Drilled By Rotary Tools ☒ Cable Tools

19. Producing Interval(s), of this completion - Top, Bottom, Name 2514-2718 20. Was Directional Survey Made Yes

21. Type Electric and Other Logs Run LDT-CNL-GR, DLL-GR 22. Was Well Cored No

CASING RECORD (Report all strings set in well)

CASING SIZE	WEIGHT LB/FT.	DEPTH SET	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
8-5/8"	24#	511'	12-1/4"	350 sx CI C	None
5-1/2"	15.5# & 14#	4096'	7-7/8"	400 sx Lite + 450 sx CI C	None

24. LINER RECORD				25. TUBING RECORD		
SIZE	TOP	BOTTOM	SACKS CEMENT	SIZE	DEPTH SET	PACKER SET
				2-3/8"	2799'	

26. Perforation record (interval, size, and number)				27. ACID, SHOT, FRACTURE, CEMENT, SQUEEZE, ETC.	
3643', 46, 54, 57, 63, 65, 72, 86, 90, 92, 3721, 23, 35, 41, 70, 78, 82, 91, 93, 3805, 07, 12, 14, 19 CIBP 3570 2514', 16, 21, 32, 41, 48, 50, 56, 58, 64, 72, 80, 82, 2635, 37, 45, 60, 74, 86, 98 2709, 18				DEPTH INTERVAL	AMOUNT AND KIND MATERIAL USED
				3643-3819	A: 3822 gal 15% NEFE
				2514-2718	A: 8 bbls acid spot across perfs
					F: 60,000 gal:35,000# 12/20 + 95,000# 16/30

28. PRODUCTION

Date First Production		Production Method (Flowing, gas lift, pumping - Size and type pump)				Well Status (Prod. or Shut-in)	
07/16/00		Pmp 2-3/8"x1-3/4"x16				Prod	
Date of Test	Hours Tested	Choke Size	Prod'n For Test Period	Oil - Bbl.	Gas - MCF	Water - Bbl.	Gas - Oil Ratio
08/16/00	24			31	45	41	1452
Flow Tubing Press.	Casing Pressure	Calculated 24-Hour Rate	Oil - Bbl.	Gas - MCF	Water - Bbl.	Oil Gravity - API - (Corr.)	
			31	45	41		

29. Disposition of Gas (Sold, used for fuel, vented, etc.) Sold Test Witnessed By Chuck Morgan

30. List Attachments
Deviation Survey, Logs

31. I hereby certify that the information shown on both sides of this form is true and complete to the best of my knowledge and belief

Signature Bonnie Atwater Printed Name Bonnie Atwater Title Regulatory Tech Date 09/19/00

NOV 15 1999

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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		Pool Code	Pool Name
		03230	Artesia (QN-GB-SA)
Property Code	Property Name		Well Number
	KERSEY STATE		2
OGRID No.	Operator Name		Elevation
020451	SDX RESOURCES, INC.		3670.

¹⁰ Surface Location

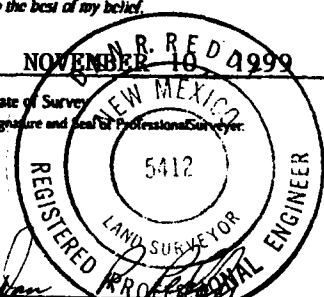
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	32	17-S	28-E		844	SOUTH	330	EAST	EDDY

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			

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16					¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief Signature <u>Bonnie Atwater</u> Printed Name Bonnie Atwater Title Regulatory Tech Date 12/27/99 ¹⁸ SURVEYOR CERTIFICATION 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. NOVEMBER 16 1999 Date of Survey Signature and Seal of Professional Engineer  NM PR&PS NO. 5412