



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

Bill Richardson
Governor
Joanna Prukop
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

COMMINGLING ORDER PC-1087

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

Attention: Mr. Chuck Morgan

LEASE: Welch "RL" State Lease (State Lease No. B-1111)
DESCRIPTION: NW/4, NW/4 NE/4 of Section 28, Township 17 South, Range 28 East, NMPM, Eddy County, New Mexico

WELLS: Welch "RL" State No. 1 (API No. 30-015-31917)
Unit E, Section 28, T-17S, R-28E, NMPM,
Red Lake-San Andres Pool

Welch "RL" State No. 2 (API No. 30-015-31916)
Unit F, Section 28, T-17S, R-28E, NMPM,
Artesia Glorieta-Yeso Pool

Welch "RL" State No. 6 (API No. 30-015-32456)
Unit C, Section 28, T-17S, R-28E, NMPM,
Red Lake-San Andres Pool

The above-named company is hereby authorized to commingle commonly owned Red Lake-San Andres (Oil - N/A) and Red Lake Glorieta-Yeso (Oil - 51120) Pool production from the above-mentioned lease and to determine production from each pool by well tests.

NOTE: This installation shall be installed and operated in accordance with the applicable provisions of Rule 303 of the Division Rules and Regulations and the Division "Manual for the Installation and Operation of Commingling Facilities." It is the responsibility of the producer to notify the transporter of this commingling authority.

REMARKS: The commingled production shall be stored at the Welch "RL" Tank Battery located within the SW/4 NW/4 of Section 28, Township 17 South, Range 28 East, NMPM, Eddy County, New Mexico.

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

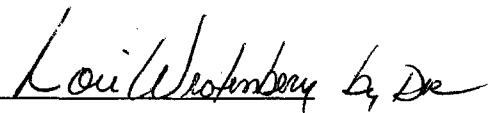
Administrative Order PC-1087

SDX Resources, Inc.

January 29, 2003

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DONE at Santa Fe, New Mexico, on this 29th day of January 2003.


LORI WROTENBERY,
Division Director

LW/DRC

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