

[illegible]

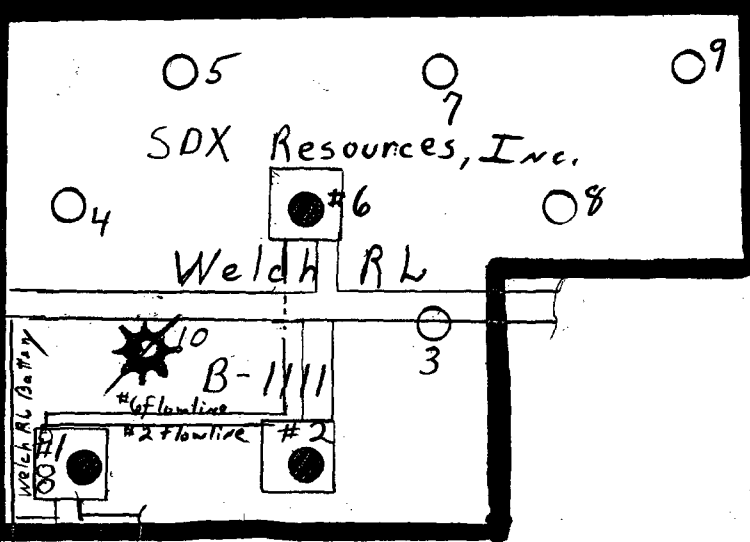
O'Meal St.
TD 10425

TD 2060

T175 R28E

29

28



TD 2151

TD 2198

TD 2116

(San Juan)
(State)
(TD 1014)

(TD

TD 2511

32

33

SDX Resources, Inc.
WELCH RL STATE LEASE:

Welch-Red Lake State Tract:

State of New Mexico Lease No. B-1111 insofar as it covers:

Township 17 South, Range 28 East, N.M.P.M.

Section 28: NW/4; NW/4 NE/4

Containing 200 acres, more or less, limited to depths from the base
of the Unitized Formation of the Red Lake Premier Sand Unit down
to 3,500 feet below the surface.

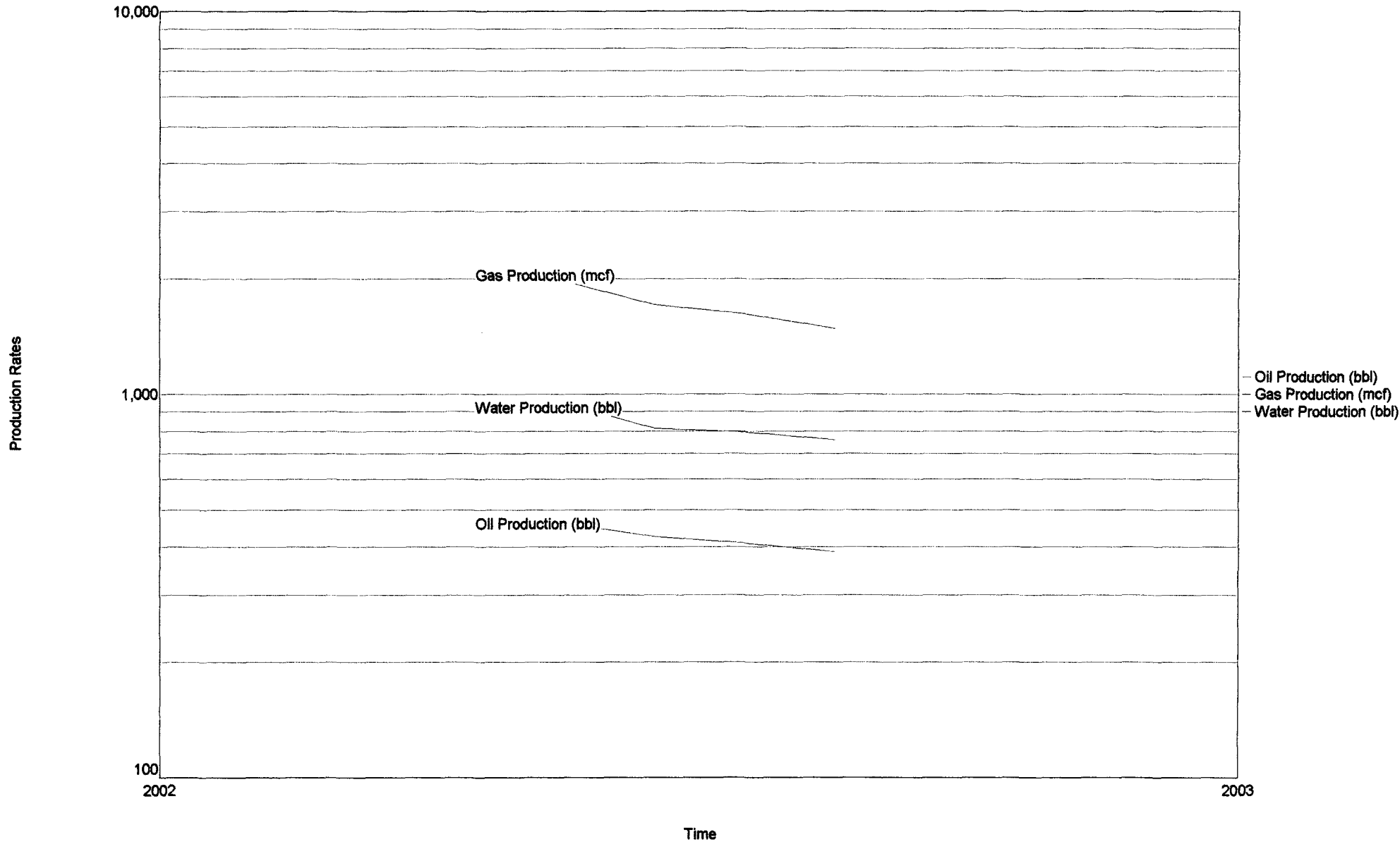
G.H. 5/1/20

Oil Sample Review:

Sample	Field	Source	API Gravity 60°F.	Type
30-015-31916 #1	Artesia Glorietta Yeso	Welch RL # 2	38	Sour
30-015-31917 #2	Red Lake San Andres	Welch RL #1	36	Sour

Lease Name: WELCH RL STATE
County, State: EDDY, NM
Operator: SDX RESOURCES INCORPORATED
Field: RED LAKE
Reservoir: QUEEN-GRAYBURG-SAN A
Location: 28 17S 28E SW SW NW

WELCH RL STATE - RED LAKE



		INJECTION		PRODUCTION			DISPOSITION OF OIL, GAS, AND WATER									
POOL NO. AND NAME Prop. No. and Name Well No. & ULSTR API No.	C O D E	Volume	Pres.	C O D E	barrels of oil/ cond. prod.	barrels of water prod.	MCF gas prod.	D A Y S	C O D E	Point of Dispos.	Gas BTU or Oil API Gravity	Oil on hand @ BOM	Volume (bbls/ mcf)	Trnsp. OGRID	C O D E	Oil on hand @ EOM
002 O-30-17S-28E 30-015-31285	P				47	1122	204	30	O G W	2827297 2828340 2828355 2827298	1157 1157	126	4364 204 1272	001009 001009 036401		220
026975 BOGGY STATE 001 P-36-17S-26E 30-015-31482	P				94	1272	4568	30	O G W	2828365 2828366 2828367	37.5 1625	70	101 186 1600	034019 36785 036401		58
027511 MALIBU FEDERAL 01 J-05-18S-27E 30-015-31631	P				335	950	820	27	O G W	2831906 2831907 2831908	40.5 1522	125	351 820 950	034019 36785 036401		109
028535 WELCH RL State 001 E-28-17S-28E 30-015-31916	P				265	706	1082	24	O G W	2831706 2831707 2831708	35.1 1290	137	321 1082 706	034019 36785 036401		81
029217 ENRON FEDERAL 03 O-25-17S-27E 30-015-32163	P				960	2683	8679	30								
05 J-26-17S-27E 30-015-32299	P				400	5676	420	30	O O G W	2831902 2831902 2831903 2831904	33.2 1202	282	1379 29 9099 8359	034019 36785 036401	S	234
029723 AID 24P STATE 023 K-24-17S-28E 30-015-31552	P				1360	8359	9099	30	O G W	2828575 2828576 2828577	37.5 1287	187	176 446 472	034019 36785 036401		220

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

JUN 14 2001

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		Pool Code		Pool Name Red Lake, Yeso — San Andres	
Property Code		Property Name WELCH RL STATE			Well Number 1
OGRID No. 020451		Operator Name SDX RESOURCES, INC.			Elevation 3633.

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
E	28	17-S	28-E		2310	NORTH	430	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

2310' 430'					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 7/23/01
						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. JUNE 2001 NEW MEXICO REGISTERED LAND SURVEYOR 5412 PROFESSIONAL ENGINEER DATE OF SURVEY SIGNATURE AND SEAL OF PROFESSIONAL SURVEYOR NM PEAPS NO 5412

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

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811 South First, Artesia, NM 88210

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1000 Rio Brazos Rd., Aztec NM 87410

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State of New Mexico
Energy, Minerals & Natural Resources

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, N M 87505

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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		Pool Code 51300	Pool Name Red Lake, QN-GB-SA
Property Code 28535	Property Name WELCH RL STATE		Well Number 6
OGRID No. 020451	Operation Name SDX RESOURCES, INC.		Elevation 3617

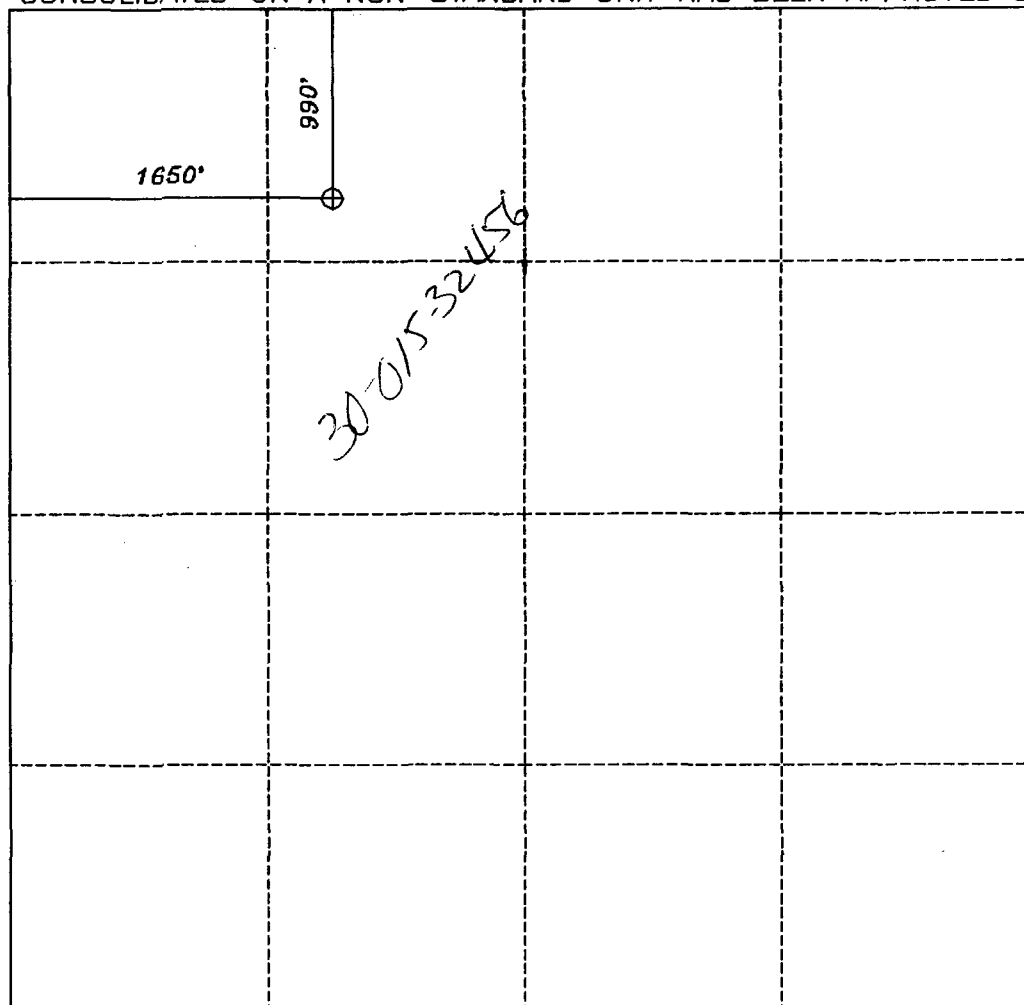
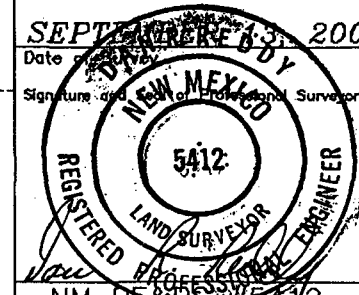
Surface Location

UL or Lot No. C	Section 28	Township 17-S	Range 28-E	Lot Idn.	Feet from the 990	North/South line NORTH	Feet from the 1650	East/West line WEST	County EDDY
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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 INTEREST HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	OPERATOR CERTIFICATION I HEREBY CERTIFY THAT THE INFORMATION HEREIN IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.	
	Signature <i>Bonnie Atwater</i>	
	Printed Name Bonnie Atwater	
	Title Regulatory Tech	
	Date 9/20/02	
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 KNOWLEDGE AND BELIEF.		
Date <i>SEPTEMBER 20, 2002</i>		
Signature and Seal of Professional Surveyor 		
NM PE 55412 Certificate Number		

District I
1625 N. French Dr., Hobbs, NM 88240
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811 South First, Artesia, NM 88210
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1000 Rio Brazos Rd., Aztec, NM 87410
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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

JUN 14 2001

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		Pool Code	Pool Name <i>Artesia, GL-4E</i>
Property Code <i>28535</i>	Property Name WELCH RL STATE		Well Number 2
OGRID No. 020451	Operator Name SDX RESOURCES, INC.		Elevation 3332.

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
F	28	17-S	28-E		2310	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 40		¹³ Joint or Infill		¹⁴ Consolidation Code		¹⁵ 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 <i>Bonnie Atwater</i> Printed Name Bonnie Atwater Title Regulatory Tech Date 7/24/01	
	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. JUN 14 2001 Date of Survey Signature and Seal of Professional Surveyor 5412 REGISTERED LAND SURVEYOR BONNIE ATWATER NEW MEXICO JUN 14 2001	

original on file

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.
30-015-31916

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

Welch RL 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, OL-VE~~ Red Lake, 5A

4. Well Location

Unit Letter E 2310 Feet From The North Line and 430 Feet From The West Line

Section

28

Township

17S

Range

28E

NMPM

Eddy

County

10. Date Spudded

08/27/01

11. Date T.D. Reached

09/02/01

12. Date Compl. (Ready to Prod.)

10/24/01

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

3633 GR

14. Elev. Casinghead

15. Total Depth

3505

16. Plug Back T.D.

3469

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

2869 - 3055, 2332 - 2654

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	455	12-1/4	350 sx CI C	None
5-1/2"	17# & 15.5# J-55	3499	7-7/8	425 sx CI C + 375 sx CI C	None

24.

LINER RECORD

SIZE	TOP	BOTTOM	SACKS CEMENT	SCREEN

25.

TUBING RECORD

SIZE	DEPTH SET	PACKER SET
2-7/8"	2985	

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

2869, 73, 88, 96, 2904, 22, 32, 40, 47, 57, 68, 74, 3006, 10, 15, 25,
29, 39, 44, 51, 55 (4", 1 spf)
2332, 37, 57, 69, 71, 73, 2411, 22, 43, 53, 55, 2517, 22, 30, 40, 58,
64, 80, 86, 2602, 06, 17, 27, 30, 48 54 (4", 1spf)

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

DEPTH INTERVAL	AMOUNT AND KIND MATERIAL USED
2869 - 3055	70 bbls 15% NEFE
2332-2654	4000 gal 15% NEFE 55000 gal Viking 25 + 99800# 16/30 + 35180# 12/20 Brady

28.

PRODUCTION

Date First Production 10/14/01	Production Method (Flowing, gas lift, pumping - Size and type pump) Pmp 2-1/2" x 2" x 12' RWAC					Well Status (Prod. or Shut-in) Prod	
Date of Test 10/24/01	Hours Tested 24	Choke Size	Prod'n For Test Period	Oil - Bbl. 69	Gas - MCF 110	Water - Bbl. 119	Gas - Oil Ratio 1594
Flow Tubing Press.	Casing Pressure	Calculated 24- Hour Rate	Oil - Bbl. 69	Gas - MCF 110	Water - Bbl. 119	Oil Gravity - API - (Corr.)	

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

Sold

Test Witnessed By

Chuck Morgan

30. List Attachments

Logs, Deviation Survey

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 1-13-02

INSTRUCTIONS

This form is to be filed with the appropriate District Office of the Division not later than 20 days after the completion of any newly-drilled or deepened well. It shall be accompanied by one copy of all electrical and radio-activity logs run on the well and a summary of all specific tests conducted, including drill stem tests. All depths reported shall be measured depths. In the case of directionally drilled wells, true vertical depths shall also be reported. For multiple completions, Items 25 through 29 shall be reported for each zone. The form is to be filed in quintuplicate except on state land, where six copies are required. See Rule 1105.

INDICATE FORMATION TOPS IN CONFORMANCE WITH GEOGRAPHICAL SECTION OF STATE

Southeastern New Mexico

Northwestern New Mexico

T. Anhy _____	T. Canyon _____	T. Ojo Alamo _____	T. Penn. "B" _____
T. Salt _____	T. Strawn _____	T. Kirtland-Fruitland _____	T. Penn. "C" _____
B. Salt _____	T. Atoka _____	T. Pictured Cliffs _____	T. Penn. "D" _____
T. Yates _____ 660.0	T. Miss _____	T. Cliff House _____	T. Leadville _____
T. 7 Rivers _____ 956.0	T. Devonian _____	T. Menefee _____	T. Madison _____
T. Queen _____ 1360.0	T. Silurian _____	T. Point Lookout _____	T. Elbert _____
T. Grayburg _____ 1606.0	T. Montoya _____	T. Mancos _____	T. McCracken _____
T. San Andres _____ 1927.0	T. Simpson _____	T. Gallup _____	T. Ignacio Otzte _____
T. Glorieta _____ 3300.0	T. McKee _____	Base Greenhorn _____	T. Granite _____
T. Paddock _____	T. Ellenburger _____	T. Dakota _____	T. _____
T. Blinebry _____	T. Gr. Wash _____	T. Morrison _____	T. _____
T. Tubb _____	T. Delaware Sand _____	T. Todilto _____	T. _____
T. Drinkard _____	T. Bone Springs _____	T. Entrada _____	T. _____
T. Abo _____	T. _____	T. Wingate _____	T. _____
T. Wolfcamp _____	T. _____	T. Chinle _____	T. _____
T. Penn _____	T. _____	T. Permian _____	T. _____
T. Cisco (Bough C) _____	T. _____	T. Penn. "A" _____	T. _____

OIL OR GAS SANDS OR ZONES

No. 1, from _____ to _____

No. 2, from _____ to _____

No. 3, from _____ to _____

No. 4, from _____ to _____

IMPORTANT WATER SANDS

Include data on rate of water inflow and elevation to which water rose in hole.

No. 1, from to feet

No. 2, from to feet

No. 3, from to feet

LITHOLOGY RECORD (Attach additional sheet if necessary)

From	To	Thickness in Feet	Lithology	From	To	Thickness in Feet	Lithology
0.0	150.0	150.0	Rdbd/Gravel/Cal				
150.0	200.0	50.0	Sd				
200.0	520.0	320.0	Anhy				
520.0	660.0	140.0	Salt/Anhy				
660.0	1360.0	700.0	Sd/Anhy/Dolo				
1360.0	1927.0	567.0	Sandy Dolo/Sd/Anhy				
1927.0	3300.0	1373.0	Dolo				
3300.0	3505.0	205.0	Sd/Dolo				

**SDX Resources, Inc. - WELCH RL STATE #2 - Eddy Co., NM - API #30-015-31917,
United Drlg Rig #4 - New Well.**

- 11/12/02 - 355' - Day #1. Anhy. MW 8.9, Vis 29, PP 500, GPM 327, SPM 14. Bit #1: 12-1/4", Jets 13-13-13, 40'/Hr, WOB all, RPM 75. Spud 12-1/4" hole @ 8:00 am 11/11/02. Hit tight spot @ 19'. WO 17-3/4" bit. Ream w/17-3/4" bit to 59'. TOH & PU 12-1/4" bit. TIH & cont drlg. Work thru tight spot. Drill to 355'. Circ. TOH. Run csg to 230'. Could not wash down. TOH LD csg. Repair rig. TIH & wash to bottom. Mix FWG & WO more FWG.
DWC: \$21,962 CWC: \$21,962
- 11/13/02 - 355' - Day #2. Bit #2: 7-7/8", Jets 13-13-13, WOB 35, RPM 60. Mix mud up & circ. TOH. RU csg crew & run 8-5/8" 24# csg. Set @ 304'. Cmt w/325 sx Cl C + CaCl2 & 1/4# flocele. PD 12:30 pm. Circ 72 sx. WOC. TIH. Take off landing jt & NU hydrill & TIH & test hydrill to 1000 psi 15 min - ok. Presently WOC.
DWC: \$15,762 CWC: \$37,724
- 11/14/02 - 1002' - Made 647'. Day #3. Anhy/Shale. MW 9.2, Vis 29, Ph 11, PP 700, GPM 317, SPM 60. Bit #2: 7-7/8", Jets 13-13-13, 29'/Hr, WOB 35, RPM 60. Dev: 1° @ 517'. WOC total of 20 hrs. Tag cmt @ 250' & drill cmt & insert float. Start drlg 7-7/8" hole.
DWC: \$10,342 CWC: \$48,066
- 11/15/02 - 1609' - Made 607'. Day #4. MW 10, Vis 30, WL 30, Ph 10.2, PP 800, GPM 317, SPM 60. Bit #2: 7-7/8", Jets 13-13-13, 28'/Hr, WOB 35, RPM 60. Dev: 1° @ 1032', 1° @ 1518'. Continue drlg formation.
DWC: \$9,082 CWC: \$57,148
- 11/16/02 - 2001' - Made 392'. Day #5. MW 9, Vis 31, WL 30, Ph 10.5, PP 800, GPM 317, SPM 60. Bit #2: 7-7/8", Jets 13-13-13, 16'/Hr, WOB 35, RPM 60. Continue drlg formation.
DWC: \$5,904 CWC: \$63,052
- 11/17/02 - 2424' - Made 423'. Day #6. MW 9.8, Vis 32, WL 30, Ph 10.4, PP 900, GPM 317, SPM 60. Bit #2: 7-7/8", jets 13-13-13, 18'/Hr, WOB 35, RPM 60. Dev: 3/4° @ 2001'. Continue drlg formation.
DWC: \$6,632 CWC: \$69,684
- 11/18/02 - 2910' - Made 486'. Day #7. MW 9.9, Vis 30, WL 30, Ph 10.4, PP 800, GPM 317, SPM 60. Bit #2: 7-7/8", Jets 13-13-13, 20'/Hr, WOB 35, RPM 60. Dev: 1° @ 2484'. Continue drlg formation.
DWC: \$7,762 CWC: \$77,446
- 11/19/02 - 3367' - Made 457'. Day #8. Yeso/Sd. MW 9.9, Vis 30, WL 30, Ph 10, PP 900, GPM 317, SPM 60, Bit #2: 7-7/8", Jets 13-13-13, 21'/Hr, WOB 35, RPM 60. Dev: 3/4° @ 2972'. Continue drlg formation.
DWC: \$8,085 CWC: \$85,531
- 11/20/02 - 3535' TD - Made 168'. Day #9. Dolo. MW 9.2, Vis 39, WL 10, Ph 11, PP 900, GPM 317, SPM 60. Bit #2: 7-7/8", Jets 13-13-13, 21'/Hr, WOB 60. Dev: 1/4° @ 3535'. Reached TD 3535' 5:15 pm 11/19/02. TOH. Run OH logs. RU csg crew & run 87 jts 5-1/2" 14# csg. Set @ 3526'. PBTD 3495'. RU cmt truck.
DWC: \$32,498 CWC: \$118,029

- 11/21/02 - 3535' TD - WO cmt bulk trucks. RU BJ & start cement job. SD for pump truck failure. Circ hole & WO pump truck repairs. Cmt w/375 sx 35/65 "C" POZ (12.8) & 375 sx "C" tail slurry. PD 11:00 am 11/20/02. Circ 50 sx. ND, set slips & jet pits. RR 1:00 pm 11/20/02.
DWC: \$7,878 CWC: \$125,907
- 11/22/02 - WO Completion.
12/16/02 CWC: \$125,907
- 12/17/02 - MIRU. Tally 106 jts 2-7/8" tbg = 3494.31'. NU BOP & TIH. Tag PBTD @ 105 + 15' @ 3477'. Roll csg w/2% KCL. Test csg & BOP 1000#. TOH w/tbg. RU Computalog WL PBTD 3477'. Run GR & CCL 3477 - 1800'. TIH w/4" csg guns & perf 3422 - 28', 3438-44 & 3452 - 54 (2 spf, 32 holes). TIH w/5-1/2" BJ HD pkr 10K w/bypass & 101 jts to 3345'. Set pkr & SDON.
DWC: \$32,920 CWC: \$158,827
- 12/18/02 - TIH. Break circ. Test tbg & pkr 4500#. Spot 3 bbls acid & 18-1/2 bbls 2%. Pull up to 3345'. Set pkr & acidize perfs w/3000 gal 15% NEFE & 60 ball sealers @ 3-5 bpm. Balled out 4500#. Surged balls off & let fall. Flush to bottom perf. Avg treating psi = 1900#, ISIP = 1070#, 15 min = 730#. Flow back to pit. Swbd to 3000'. Left tbg cracked to pit. SDON. High winds.
DWC: \$6,938 CWC: \$165,765
- 12/19/02 - FL @ 700' w/25' free oil. Swbd to 2000' in 6 runs w/10% oil cut & very good gas. Swbd continuously & fl stayed @ 20000' w/10% oil cut & very good gas. TIH knocking off balls. TOH & set pkr @ 3345' w/8' L-80 sub through BOP. Load csg w/2%, load frac tks & leave FW for hot acid job. SDON.
DWC: \$4,450 CWC: \$170,215
- 12/20/02 - RU BJ Hughes & treat well w/11000 gal 20% heated HCL acid. Staged w/15,600 gal of heated 40# linear gall & followed w/5000 gal 15% HCL cool down acid. Initial rate 1.5 - 2 bpm. Inc rate 1/2 bpm w/ec acid stage to a max of 5 bpm. ISIP 1004#, 5 min sip = 1004#, 10 min sip = 967#, 15 min sip = 935#. Max treating press 1433#. Flow back acid to pit.
DWC: \$34,850 CWC: \$205,065
- 12/21/02 - Swbd continuously until noon w/FL staying @ 2000'. Treating fl w/acid gas & 5% oil cut. TIH knocking off balls. TOH w/tbg & pkr. TIH w/tbg. ND BOP. Set TAC w/12K tension land off tbg & build wellhead. Prep rods to run. Tbg & csg open to battery. SDON.
DWC: \$13,700 CWC: \$218,765

12/22/02 - TIH w/rods & pump. Space out rods. Well pumped up good. Set BP reg.
 Pmpg to battery. RD & clean location.
 1 - 2-7/8" crimped MA @ 3437.8'
 1 - 2-7/8" API SN @ 3405.96'
 2 jts - 2-7/8" tbg
 1 - 2-7/8" TAC @ 3340.61'
 101 jts - 2-7/8" tbg
 1 - 1-1/4" x 12" strainer nipple
 1 - 2-1/2" x 2" x 12' RWAC
 1 - 7/8" x 2' lift sub
 135 - 7/8" rods
 1 - 7/8" x 4' sub
 1 - 1-1/4" x 22' polish rod w/1-1/2" x 12' liner
 DWC: \$3,925 CWC: \$222,690

12/24/02 - Prod for 12/23/02: 0 BO, 10 MCF, 277 BW
 12/25/02 - Prod for 12/24/02: 14 BO, 13 MCF, 248 BW
 12/26/02 - Prod for 12/25/02: 28 BO, 24 MCF, 252 BW
 12/27/02 - Prod for 12/26/02: 44 BO, 30 MCF, 234 BW
 12/28/02 - Prod for 12/27/02: 42 BO, 47 MCF, 271 BW
 12/29/02 - Prod for 12/28/02: 39 BO, 48 MCF, 224 BW
 12/31/02 - Prod for 12/29/02: 45 BO, 47 MCF, 199 BW
 1/2/03 - Prod for 12/30/02: 37 BO, 61 MCF, 184 BW
 1/3/03 - Prod for 12/31/02: 50 BO, 75 MCF, 189 BW
 Prod for 1/1/03: 31 BO, 62 MCF, 154 BW
 1/6/03 - Prod for 1/2/03: 42 BO, 65 MCF, 180 BW
 Prod for 1/3/03: 40 BO, 65 MCF, 150 BW
 Prod for 1/4/03: 35 BO, 65 MCF, 100 BW
 1/7/03 - Prod for 1/5/03: 38 BO, 65 MCF, 110 BW
 1/8/03 - Prod for 1/6/03: 30 BO, 65 MCF, 100 BW. Reset back press reg.
 1/9/03 - Prod for 1/7/03: 28 BO, 65 MCF, 100 BW. 99 jts to FL, 10 jts to SN
 1/10/03 - Prod for 1/8/03: 22 BO, 33 MCF, 68 BW. (Tester #3)
 1/11/03 - Prod for 1/9/03: 22 BO, 37 MCF, 57 BW. (Tester #3)
 1/12/03 - Prod for 1/10/03: 22 BO, 37 MCF, 62 BW
 1/13/03 - Prod for 1/11/03: 22 BO, 37 MCF, 62 BW
 1/14/03 - Prod for 1/12/03: 20 BO, 37 MCF, 67 BW

FINAL REPORT

**SDX Resources, Inc. - WELCH RL STATE #6 - Eddy Co., NM -
API #30-015-32456 - United Drilling Rig #4 - New Drill.**

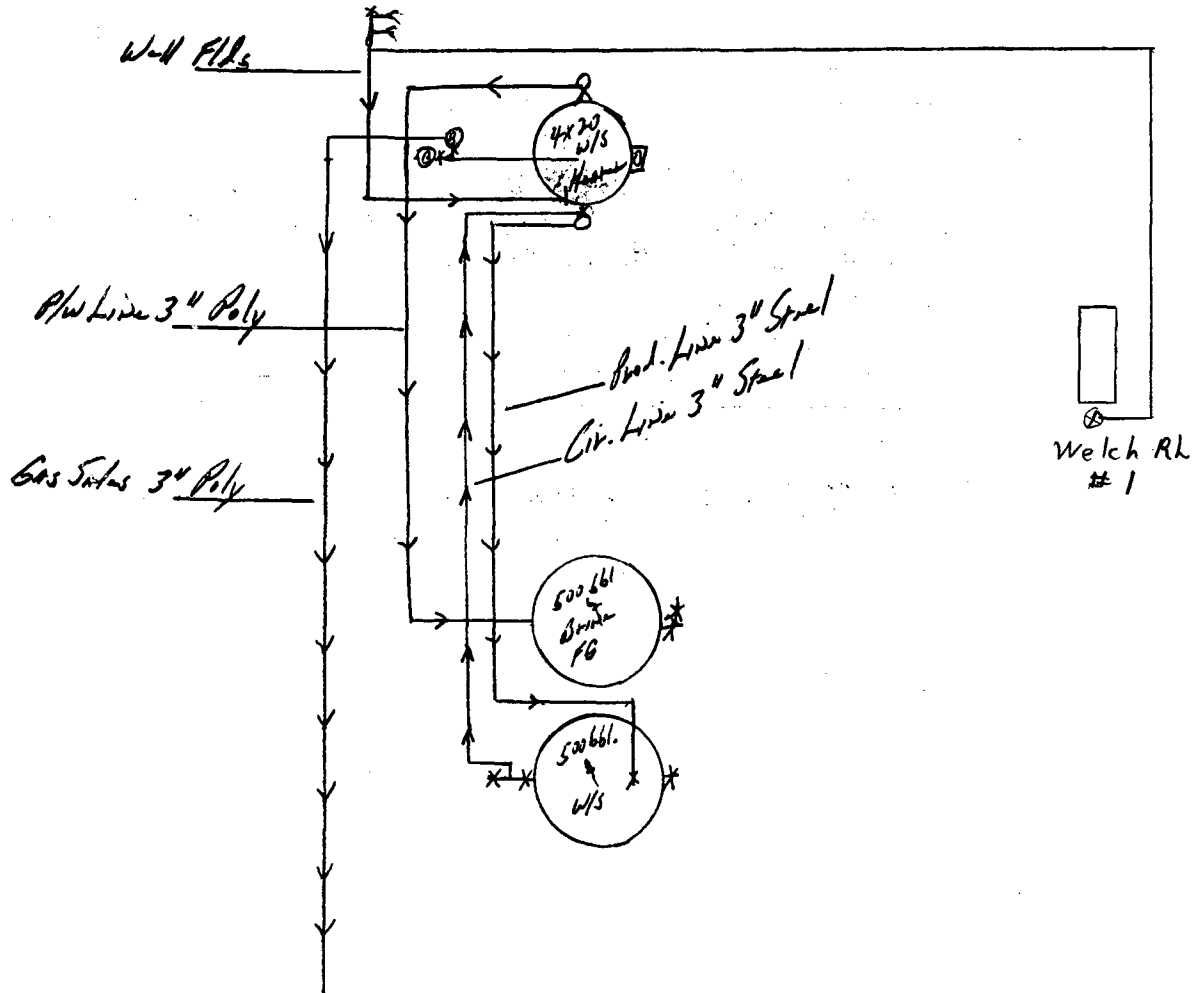
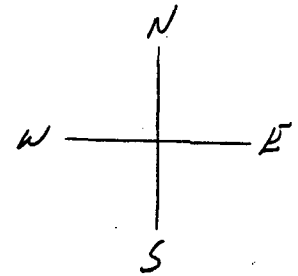
- 11/21/02 - 455' - Day #1. MW FW, PP 500, GPM 327, SPM 64. Bit #1: 12-1/4", Jets 13-13-13, 41'/Hr, WOB all, RPM 70. MIRU. Spud 12-1/4" hole @ 8:00 pm 11/20/02. (Lost circ @ 70'. Dry drill. 50% returns @ 355')
DWC: \$25,798 CWC: \$25,798
- 11/22/02 - 455' - Day #2. Circ. TOH & LD 3 - 8" DC & shock sub. Tight spot @ 176'. WO csg crew. RU csg crew & run csg (csg didn't go). Pull jts out. PU 1 - 8" DC & TIH w/17-1/2" bit. TOH & LD 2 - 8" DC & shock sub. Reaming w/12-1/4" bit from 0' - 355'. TOH w/DC & DP to see if csg goes. RU csg crew & run 3 jts 8-5/8" csg & csg didn't go. Tagged @ 150' & LD csg & csg crew. TIH w/5 jts DP to set a plug @ 150'. RU cmtrs & cmt w/400 sx "C". TOH w/DP. Cmt @ 10'. WOC.
DWC: \$10,798 CWC: \$36,596
- 11/23/02 - 455' - Day #3. Anhy. MW 9, Vis 60, PP 500, GPM 327, SPM 64. Bit #1: 12-1/4", Jets 13-13-13. WOC. Mix 112 sx FWG & cond pits. Drill cmt plug w/12-1/4" bit & wash to bottom. Circ & cond hole. TOH. Run 10 jts 24# 8-5/8" J-55 csg. Land off @ 428'. RU & cmt w/400 sx Cl C w/24 CaCl & 1/4#/sx cellophane. PD 6:00 am 11/23/02. Circ 105 sx. WOC.
DWC: \$16,106 CWC: \$52,702
- 11/24/02 - WOC. Take off landing jt. NU hydrill & flow line. Test hydrill 500# - 30 min. SD. Will resume drlg 11/30/02 @ 7:00 am.
DWC: \$3,150 CWC: \$55,852
- 11/25/02 - SD till 11/30/02.
11/29/02 CWC: \$55,852
- 11/30/03 - 1090' - Made 635'. Day #10. Anhy. PP 800, GPM 317, SPM 62, Bit #2: 7-7/8", Jets 13-13-13, 36'/Hr, WOB 35, RPM 60. Dev: 1° @ 517', 3/4° @ 1029'. Drill cmt & insert float. Tag @ 380'. Start drlg formation.
DWC: \$10,924 CWC: \$66,776
- 12/1/02 - 1727' - Made 637'. Day #11. MW 10, Vis 32, WL 30, Ph 9.9, PP 850, GPM 327, SPM 62. Bit #2: 7-7/8", Jets 13-13-13, 28'/Hr, WOB 35, RPM 60. Dev: 3/4° @ 1513'. Continue drlg formation.
DWC: \$10,250 CWC: \$77,026
- 12/2/02 - 2090' - Made 363'. Day #12. MW 9.4, Vis 29, WL 30, Ph 11, PP 900, GPM 327, SPM 62. Bit #2: 7-7/8", Jets 13-13-13, 16'/Hr, WOB 35, RPM 60. Dev: 1/2° @ 1999'. Continue drlg formation.
DWC: \$6,046 CWC: \$83,072

- 12/3/02 - 2573' - Made 483'. Day #13. Dolo. MW 9.4, Vis 30, WL 30, Ph 12, PP 900, GPM 327. Bit #2: 7-7/8", Jets 13-13-13, 31'/Hr. Dev: 1/2° @ 2512'. Continue drlg formation. DWC: \$7,726 CWC: \$90,798
- 12/4/02 - 2907' - Made 334'. Day #14. Dolo. MW 9.4, Vis 30, WL 35, pH 12, PP 900, GPM 327, SPM 62. Bit #2: 7-7/8", Jets 13-13-13, 18'/Hr, WOB 35, RPM 60. Drill to 2907'. Circ to trip for bit. TOH for 7-7/8" bit. (All 3 cones run off bit, at least 2 magnet runs & hauling out new #1 pump.) DWC: \$5,576 CWC: \$96,374
- 12/5/02 - 2907'. Day #15. Bit #3: 7-7/8", Jets 13-13-13, RPM 60. TOH for 7-7/8" bit. TIH w/fishing tool. Work on pump. TOH w/fishing tool & circ. WO wireline. Run wireline w/fishing tools to try to get bit cones & RD wireline. TIH w/magnet to try fishing bit cones. Break circ w/magnet to work fish (2 bit cones). TIH w/7-7/8" bit & junk basket. DWC: \$900 CWC: \$97,274
- 12/6/02 - 3398' - Made 491'. Day #16. Dolo/Sd. MW 10, Vis 30, WL 30, Ph 10.5, PP 1000, GPM 317, SPM 60. Bit #2: 7-7/8", Jets 13-13-13, 20'/Hr, WOB 35, RPM 60. Dev: 1° @ 2992'. Continue drlg formation. DWC: \$8,371 CWC: \$105,645
- 12/7/02 - 3520' TD - Made 122'. Day #17. MW 9.7, Vis 30, WL 30, Ph 11, PP 1000, SPM 60. Bit #3: 7-7/8", Jets 13-13-13, 27'/Hr, WOB 35. Dev: 1/4° @ 3520'. Reached TD 3520' 11:30 am 12/6/02. Circ. TOH. Run LDT-CNL-GR, DLL-GR & cut 22 cores. RU Bull Rogers & run 86 jts 5-1/2" J-55 14# csg. Land off @ 3514'. RD csg crew & RU BJ. Circ cmt w/400 sx 35/65 POZ "C" lead & 400 sx "C" w/2% CaCl tail. PD 4:15 am 12/7/02. Circ 68 sx to pit. ND BOP & set slips. Pack off head & jet pits. RR 7:00 am 12/7/02. DWC: \$45,985 CWC: \$151,630
- 12/8/02 - WO Completion.
12/21/02 CWC: \$151,630
- 12/22/02 - MIRU. NU BOP. Tally 111 jts 2-7/8" tbg = 3519.40'. SD for weekend. DWC: \$27,575 CWC: \$179,205
- 12/23/02 - SD for weekend. CWC: \$179,205
- 12/24/02 - TIH w/110 jts + 15'. Tag PBTD @ 3500'. Roll csg w/2% KCL. Test csg & BOP 1000#. TOH w/tbg. SD for Holidays. DWC: \$1,800 CWC: \$181,005

- 12/25/02 - SD for Holidays.
12/26/02 CWC: \$181,005
- 12/27/02 - RU Computalog & run GR-CCL log. PBD (3468') to 1800'. Perf
1 spf: 2271', 80, 92, 2319, 30, 2334, 36, 40, 48, 55, 61,
74, 78, 82, 92, 2400, 17, 2422, 26, 34, 39, 46, 58, 86 2500
10 (26 holes by LDT-CNL-GR OH log depth). TIH w/PPI tool
and set to ~2200'. SDON.
DWC: \$6,150 CWC: \$187,155
- 12/28/02 - TIH. Hang collar & get on depth. Spot acid across perfs &
load tbg. Break down perfs 2271 - 2510 in 12 settings w/1
bbl ec. Avg break = 2853#. Pull up to 2180'. Fish acid bar.
Reverse annulus. Set pkr & acidize w/65 bbls & 50 ball
sealers @ 6 bpm. Balled out 4302#. Surged balls off. Put
away remaining acid & flush to bottom perf. ISIP = 907#, 15
min = 771#. Flow back & swab dry in 9 runs, treating fl, 1
hr = 50' entry, treating fl 2nd hr = 100' entry, treating
fl, left cracked to pit & SDON. Total Acid: 3500 gal 15%
NEFE 11 gal Ferrotral 270, 4 gal Ferrotral 271, 4 gal NE13
& 4 gal C1-27 + 50 ball sealers.
DWC: \$9,137 CWC: \$196,292
- 12/29/02 - 980' entry overnight. Swab dry in 3 runs w/trace of oil &
sm gas. TIH knocking off balls. Pull back to 2180'. Reset
pkr & swab dry. Wait 1 hr w/100' entry w/2% oil cut & sm
gas. TOH w/tbg & pkr. ND BOP. NU frac valve. Fill 2 frac
tanks & prep to frac 12/30/02 morning.
DWC: \$2,100 CWC: \$198,392
- 12/30/02 - SD for weekend.
CWC: \$198,392
- 12/31/02 - RU BJ & frac down 5-1/2" csg w/40,000 gal Viking 25 &
55,000# 16/30 & 55,000# 12/20 Brady. Staged 1-5# w/5# hold
on 12/20 @ 30 bpm. Avg treating psi = 1446#, ISIP = 1627#,
15 min = 1113#. SI csg overnight. RU flow back line. Get
rods & wellhead ready. Consolidate all fl to 1 tk w/1load
2% KCL. SDON.
DWC: \$29,658 CWC: \$228,050

- 1/1/03 - Csg dead. NU BOP & TIH. Tag sd @ 3302'. Wash sd to 3390'. LD 29 jts. Pull 35 stands, install TAC. TIH w/35 stands. ND BOP. Set TAC. Pack off tbg head, assemble wellhead. TIH w/pump & rods. Space out rods. Began pmpg back load @ 4:00 pm to pit.
Cabot 160D SN 2194027 w/Square D size 2 control panel, 62" st @ 8 spm = 230 bbls.
1 - 2-7/8" crimped MA @ 2590'
1 - 2-7/8" API SN @ 2557'
11 jts - 2-7/8" tbg
1 - 2-7/8" x 5-1/2" TAC @ 2210'
70 jts - 2-7/8" tbg
1 - 1-1/4" x 1' strainer nipple
1 - 2-1/2" x 2" x 12' RWAC
1 - 1" x 1' lift sub
101 - 7/8" rods
1 - 7/8" x 8' sub
1 - 1-1/4" x 22' polish rod w/12' liner
DWC: \$11,325 CWC: \$239,375
- 1/2/03 - Put on line 4:00 pm 12/31/02. Prod 180 BLW to pit.
- 1/3/03 - Prod for 12/31/02: 180 LW to pit.
Prod for 1/1/03: Trace of oil, ~10 MCF, 220 BW. Turned to battery 4:00 pm 12/31/02.
- 1/6/03 - Prod for 1/2/03: 0 BO, 46 MCF, 320 BW
Prod for 1/3/03: 16 BO, 97 MCF, 285 BW
Prod for 1/4/03: 17 BO, 126 MCF, 235 BW
- 1/7/03 - Prod for 1/5/03: 21 BO, 146 MCF, 250 BW
- 1/8/03 - Prod for 1/6/03: 15 BO, 153 MCF, 184 BW. Reset back press reg.
- 1/9/03 - Prod for 1/7/03: 8 BO, 161 MCF, 146 BW. 5 jts to FL, 94 jts to SN
- 1/10/03 - Prod for 1/8/03: 7 BO, 176 MCF, 62 BW. Gas locked - lowered rods, pumping again.
- 1/11/03 - Prod for 1/9/03: 15 BO, 161 MCF, 217 BW
- 1/12/03 - Prod for 1/10/03: 24 BO, 186 MCF, 186 BW
- 1/13/03 - Prod for 1/11/03: 24 BO, 196 MCF, 172 BW
- 1/14/03 - Prod for 1/12/03: 11 BO, 198 MCF, 163 BW. 39 jts to FL, 60 jts to SN
- 1/15/03 - Prod for 1/13/03: 20 BO, 201 MCF, 160 BW
- 1/16/03 - Prod for 1/14/03: 28 BO, 193 MCF, 143 BW
- 1/17/03 - Prod for 1/15/03: 19 BO, 193 MCF, 147 BW. 69 jts to FL, 30 jts to SN

SDX Resources
 Welch R.L. St. Batt.
 Sec. 28 T17S R28E
 2310' FNL - 430' FWL

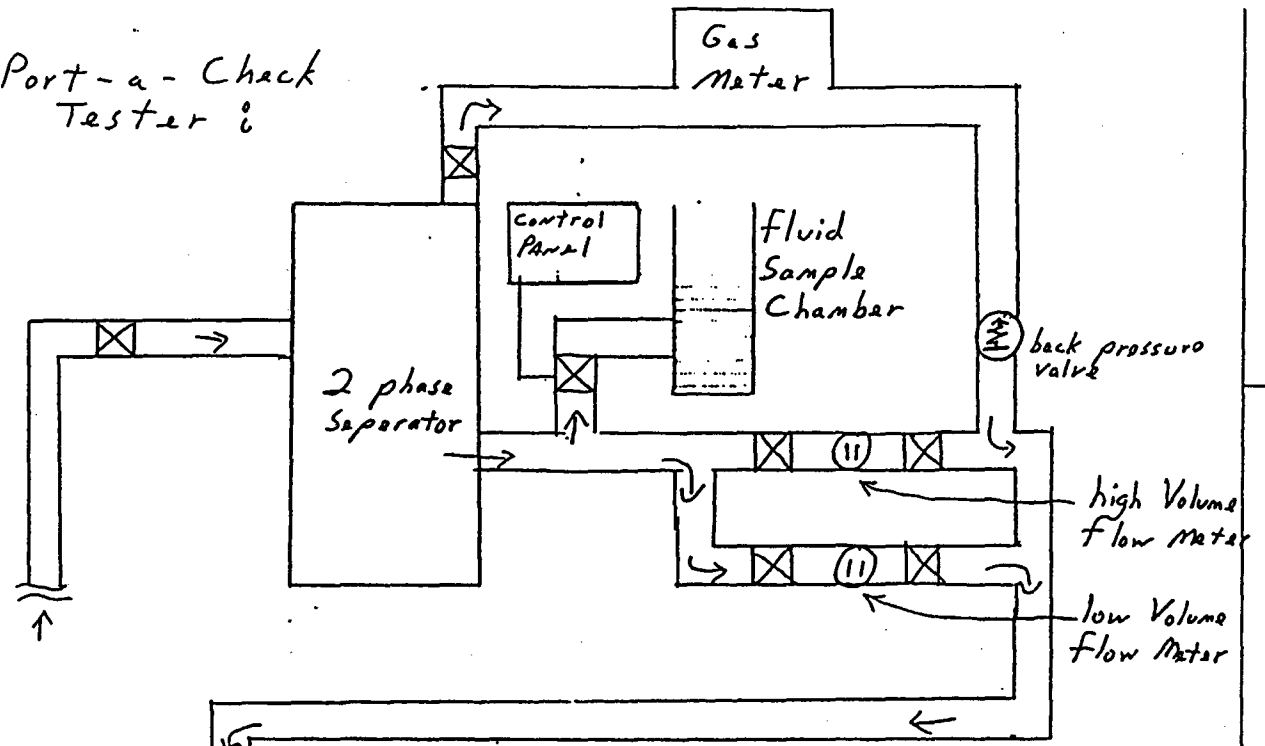


Drainage Northeast to Chaw

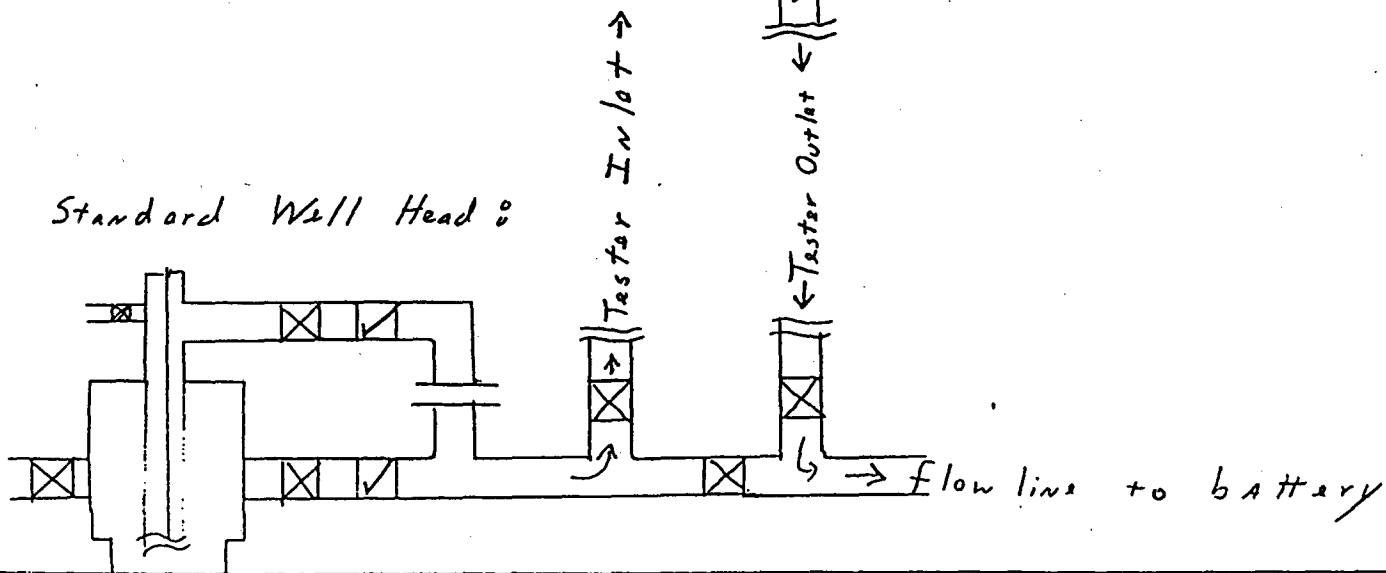


42-381 50 SHEETS 5 SQUARE
42-382 100 SHEETS 5 SQUARE
42-383 200 SHEETS 5 SQUARE

Port-a-Check
Tester :



Standard Well Head :



Attachment 6