

District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
1301 W. Grand Ave., Artesia, NM 88210  
District III  
1000 Rio Brazos Rd., Aztec, NM 87410  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

WELL API NO. 30-015-35050
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. B-5862
7. Lease Name or Unit Agreement Name Enron State
8. Well Number 12
9. OGRID Number 020451
10. Pool name or Wildcat Artesia, GL-YE (96830)

SUNDRY NOTICES AND REPORTS ON WELLS  
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: Oil Well  Gas Well  Other

2. Name of Operator  
SDX Resources, Inc.

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

4. Well Location

Unit Letter D : 330 feet from the North line and 500 feet from the West line  
Section 32 Township 17S Range 28E NMPM Eddy County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)  
3667' GR

Pit or Below-grade Tank Application  or Closure

Pit type \_\_\_\_\_ Depth to Groundwater \_\_\_\_\_ Distance from nearest fresh water well \_\_\_\_\_ Distance from nearest surface water \_\_\_\_\_

Pit Liner Thickness: \_\_\_\_\_ mil Below-Grade Tank: Volume \_\_\_\_\_ bbls; Construction Material \_\_\_\_\_

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK  PLUG AND ABANDON   
TEMPORARILY ABANDON  CHANGE PLANS   
PULL OR ALTER CASING  MULTIPLE COMPL

SUBSEQUENT REPORT OF:

REMEDIAL WORK  ALTERING CASING   
COMMENCE DRILLING OPNS.  P AND A   
CASING/CEMENT JOB

OTHER: Surface Commingle

OTHER:

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

SDX Resources, Inc. proposes to add production from their Enron St #12 well to a common surface battery on their Enron State lease (B5862). The lease is currently covered under PC-1096A. The interest is identical for both pools and all facilities are located on lease. The battery is located on location with the Enron State #1. Production from the Enron St #12 well from the Artesia, GL-YE pool (96830) will be commingled with production from the Enron State #1, #2 & #4 wells which are producing from the NE Red Lake GL-YE (96836) pool, the Artesia, QN-GB-SA (03230) pool and the Red Lake, QN-GB-SA (51300) pool under PC-1096A. Production to be allocated by periodic test.

Attachments:

- Lease Map
- Lease & Pool Information
- Title Statement
- Well & Battery Plat
- Battery & Tester Schematics

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines X, a general permit  or an (attached) alternative OCD-approved plan .

SIGNATURE Bonnie Atwater TITLE Regulatory Tech DATE 10-19-07

Type or print name Bonnie Atwater E-mail address: batwater@sdresources.com Telephone No. 432-685-1761  
**For State Use Only**

APPROVED BY: \_\_\_\_\_ TITLE \_\_\_\_\_ DATE \_\_\_\_\_

Submit To Appropriate District Office State Lease - 6 copies Fee Lease - 5 copies District I 1625 N. French Dr., Hobbs, NM 88240 District II 1301 W. Grand Avenue, Artesia, NM 88210 District III 1000 Rio Brazos Rd., Aztec, NM 87410 District IV 1220 S. St. Francis Dr., Santa Fe, NM 87505	<b>State of New Mexico</b> <b>Energy, Minerals and Natural Resources</b>  <b>Oil Conservation Division</b> <b>1220 South St. Francis Dr.</b> <b>Santa Fe, NM 87505</b>	<b>Form C-105</b> Revised June 10, 2003  <b>WELL API NO.</b> 30-015-31920 <b>5. Indicate Type of Lease</b> STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/> <b>State Oil &amp; Gas Lease No.</b>					
<b>WELL COMPLETION OR RECOMPLETION REPORT AND LOG</b>							
<b>1a. Type of Well:</b> OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> DRY <input type="checkbox"/> OTHER _____  <b>b. Type of Completion:</b> NEW <input type="checkbox"/> WORK <input type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG <input type="checkbox"/> DIFF. WELL OVER BACK RESVR. <input type="checkbox"/> OTHER Re-completion		<b>7. Lease Name or Unit Agreement Name</b>  Enron State					
<b>2. Name of Operator</b>  SDX Resources, Inc.		<b>8. Well No.</b> 2					
<b>3. Address of Operator</b>  PO Box 5061, Midland, TX 79704      432/685-1761		<b>9. Pool name or Wildcat</b>  Artesia, GL-YE 96830					
<b>4. Well Location</b>  Unit Letter <u>  D  </u> : <u>  990  </u> Feet From The <u>  North  </u> Line and <u>  990  </u> Feet From The <u>  West  </u> Line  Section <u>  32  </u> Township <u>  17S  </u> Range <u>  28E  </u> NMPM <u>  Eddy  </u> County							
<b>10. Date Spudded</b> 6-27-07	<b>11. Date T.D. Reached</b>	<b>12. Date Compl. (Ready to Prod.)</b> 10-1-07	<b>13. Elevations (DF&amp; RKB, RT, GR, etc.)</b> 3699' GR	<b>14. Elev. Casinghead</b>			
<b>15. Total Depth</b> 4030	<b>16. Plug Back T.D.</b> 3983'	<b>17. If Multiple Compl. How Many Zones?</b>	<b>18. Intervals Drilled By</b>	<b>Rotary Tools</b>	<b>Cable Tools</b>		
<b>19. Producing Interval(s), of this completion - Top, Bottom, Name</b> 3500 - 3586				<b>20. Was Directional Survey Made on file</b>			
<b>21. Type Electric and Other Logs Run on file</b>			<b>22. Was Well Cored</b> no				
<b>23. CASING RECORD (Report all strings set in well)</b>							
<b>CASING SIZE</b>	<b>WEIGHT LB./FT.</b>	<b>DEPTH SET</b>	<b>HOLE SIZE</b>	<b>CEMENTING RECORD</b>	<b>AMOUNT PULLED</b>		
*8-5/8"	24# J-55	386'	12-1/4"	325 sx C - Circ	-		
*5-1/2"	17 & 15.5# J-55	4010'	7-7/8"	325 sx Lite + 650 sx C	-		
*EXISTING							
<b>24. LINER RECORD</b>			<b>25. TUBING RECORD</b>				
<b>SIZE</b>	<b>TOP</b>	<b>BOTTOM</b>	<b>SACKS CEMENT</b>	<b>SCREEN</b>	<b>SIZE</b>	<b>DEPTH SET</b>	<b>PACKER SET</b>
					2-7/8"	3574'	
<b>26. Perforation record (interval, size, and number)</b> 3500', 02, 04, 12, 14, 16, 24, 28, 30, 39, 41, 48, 50, 62, 73, 77, 82, 86 (2 spf, 36 holes)				<b>27. ACID, SHOT, FRACTURE, CEMENT, SQUEEZE, ETC.</b>			
				<b>DEPTH INTERVAL</b>	<b>AMOUNT AND KIND MATERIAL USED</b>		
				3500 - 3586	3000 gal 15% NEFE		
				20,000 gal heated 20% + 30,000 gal 40# linear gel			
				+ 3,000 gal 15% NEFE cool down			
<b>28. PRODUCTION</b>							
<b>Date First Production</b> 10-1-07		<b>Production Method (Flowing, gas lift, pumping - Size and type pump)</b> 2-1/2" x 1-1/2" x 12' RWAC pmp			<b>Well Status (Prod. or Shut-in)</b> Prod		
<b>Date of Test</b> 10-15-07	<b>Hours Tested</b> 24	<b>Choke Size</b>	<b>Prod'n For Test Period</b>	<b>Oil - Bbl</b>	<b>Gas - MCF</b>	<b>Water - Bbl.</b>	<b>Gas - Oil Ratio</b>
				14	14	108	1000
<b>Flow Tubing Press.</b>	<b>Casing Pressure</b>	<b>Calculated 24-Hour Rate</b>	<b>Oil - Bbl.</b>	<b>Gas - MCF</b>	<b>Water - Bbl.</b>	<b>Oil Gravity - API - (Corr.)</b>	
			14	14	108		
<b>29. Disposition of Gas (Sold, used for fuel, vented, etc.)</b> SOLD						<b>Test Witnessed By</b> Chuck Morgan	
<b>30. List Attachments</b>							
<b>31. I hereby certify that the information shown on both sides of this form as true and complete to the best of my knowledge and belief</b>							
<b>Signature</b> <i>Bonnie Atwater</i>			<b>Printed Name</b> Bonnie Atwater		<b>Title</b> Regulatory Tech		<b>Date</b> 10-19-07
<b>E-mail Address</b> batwater@sdresources.com							

# 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 special 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	T. Miss	T. Cliff House	T. Leadville
T. 7 Rivers	T. Devonian	T. Menefee	T. Madison
T. Queen	T. Silurian	T. Point Lookout	T. Elbert
T. Grayburg	T. Montoya	T. Mancos	T. McCracken
T. San Andres	T. Simpson	T. Gallup	T. Ignacio Otzte
T. Glorieta	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
			ON FILE				

**SDX Resources, Inc.**

P.O. Box 5061

MIDLAND, TX 79704

TEL: (432) 685-1761 FAX: (432) 685-0533

TOLL FREE: (800) 344-1761

RECEIVED

2007 OCT 22 PM 2 15

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

Oct.. 18, 2007

Attention: Mr. Will Jones

RE: Downhole commingling application  
Enron State #2  
Sec. 31 T17S R28E  
Eddy County, New Mexico

Dear Mr. Jones

SDX Resources respectfully request permission to downhole commingle production from the Red Lake Yeso Glorietta pool with production from the Artesia-Qn-Gb- Sa pool in their Enron State #2 well (Previously covered by order # PC1096-A). Ownership is identical for both pools on the lease. The oil from both pools is sour and is close to the same gravity. There should therefore be no difference in revenue to the interest owners including the State Government. Downhole commingling will improve the economics of the lease, extending its life, resulting in the recovery of additional reserves.

The following data is submitted for your information:

Attachment 1-A&B:	PC-1096-A & C-103 (pending)
Attachment 2	C-107
Attachment 3	Production History
Attachment 4:	Well Plat and Completion Data
Attachment 5:	Supporting Data

Sincerely,



Chuck Morgan