

DATE IN 11/27/07	SUSPENSE	ENGINEER	LOGGED IN	PC 1096-C	APP NO. PWJ 0734665024
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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] **OPERATOR/Applicant Name:** _____ **OGRD:** _____
 (If one well) **Lease/Well Name:** _____
Well API No. 30- _____ - _____

[2] **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

[3] **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
U.S. Bureau of Land Management
- [E] ☐ Notification and/or Concurrent Approval by SLO
Commissioner of Public Lands, State Land Office
- [F] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,
- [G] ☐ Waivers are Attached

[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	

Jones, William V., EMNRD

From: Chuck Morgan [cmorgan@sdxresources.com]
Sent: Monday, November 26, 2007 9:12 AM
To: Jones, William V., EMNRD
Subject: PC-1096-B

Will,

I just received DHC-3962 covering SDX's Enron State #2 (API 30-015-31920). All appears OK with it. I also received Surface Commingling Order PC-1096-B which includes the new pool completed in the Enron #2 well. Included in the DHC application was a copy of a C-103 (that we submitted about the same time) that asked to add a new infill well on this lease (Enron State #12 30-015- 35050) to the existing surface commingle permit. I noticed that it was not included in the new surface commingle order. It probably had not been processed yet.

Should we amend PC-1096-B to include it, or would it be better to issue a new PC order. Sorry for the inconvenience, but these two applications were sent in at about the same time. Thanks for your help on this.

Chuck

This inbound email has been scanned by the MessageLabs Email Security System.

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

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
May 27, 2004

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



2007 OCT 22

WELL API NO. 30-015-25000
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)
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3667' GR
Pit or Below-grade Tank Application <input type="checkbox"/> or Closure <input type="checkbox"/>
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 _____

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 ☐ NOV 05 2007

2. Name of Operator
SDX Resources, Inc. OCD-ARTESIA

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

<p>NOTICE OF INTENTION TO:</p> <p>PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/></p> <p>TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/></p> <p>PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPL <input type="checkbox"/></p> <p>OTHER: Surface Commingle <input checked="" type="checkbox"/> X</p>	<p>SUBSEQUENT REPORT OF:</p> <p>REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/></p> <p>COMMENCE DRILLING OPNS. <input type="checkbox"/> P AND A <input type="checkbox"/></p> <p>CASING/CEMENT JOB <input type="checkbox"/></p> <p>OTHER: <input type="checkbox"/></p>
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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 NMOC 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@sdxresources.com Telephone No. 432-685-1761

For State Use Only

NOV 06 2007

APPROVED BY: FOR RECORDS ONLY TITLE _____ DATE _____

SDX Resources, Inc.
Enron State
Section 32, T17S, R28E
Lease & Pool Information

<u>Well #</u>	<u>API</u> <u>30-015-</u>	<u>Legals</u>	<u>Perfs</u>	<u>Pool</u>	<u>Pool</u> <u>Code</u>	<u>Est Daily Production</u>		
						<u>Oil</u>	<u>Gas</u>	<u>Wtr</u>
1	31530	530' FNL 1650' FWL	2420 - 2549	Artesia, Q-G-S	03230	1	17	0
2	31920	990' FNL 990' FWL	2268 - 2647 3500 - 3586	Artesia, Q-G-S Artesia, G-Y	03230 96830	2 14	8 14	0 108
4	32162	460' FNL 990' FWL	2080 - 2298 3281 - 3399	Red Lake, Q-G-S NE Red Lake, G-Y	51300 96836	8 2	27 6	34 12
12	35050	330' FNL 550' FWL	3429 - 3520	Artesia, G-Y	96830	13	42	64
						40	114	218

Lease Description: Section 32, T17S, R28E N/2 NW/4 ±80 acres
Section 31, T17S, R28E NW/4 NW/4 ±40 acres

Battery Description: Section 32, T17S, R28E, Unit C NE/4 NW/4

Steve Sell
P. O. Box 5061
Midland, TX 79704
432-685-1761, 1-800-344-1761
Fax 432-685-0110

October 18, 2007

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


Re: Ownership Certification
Enron State #1, #2, #4 & #12
Sec. 31-32; T17S-R28E
Eddy County, New Mexico

Dear Gentlemen:

After reviewing the associated land files for the captioned wells, this is to inform you that the ownership is identical in all of the producing horizons to be commingled.

If you should have any questions or comments, please contact me at the letterhead address. Thank you for your consideration and prompt attention to this matter.

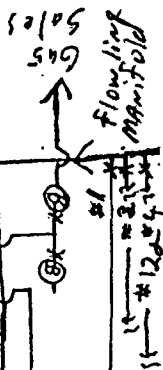
Sincerely,


Steve Sell
Landman

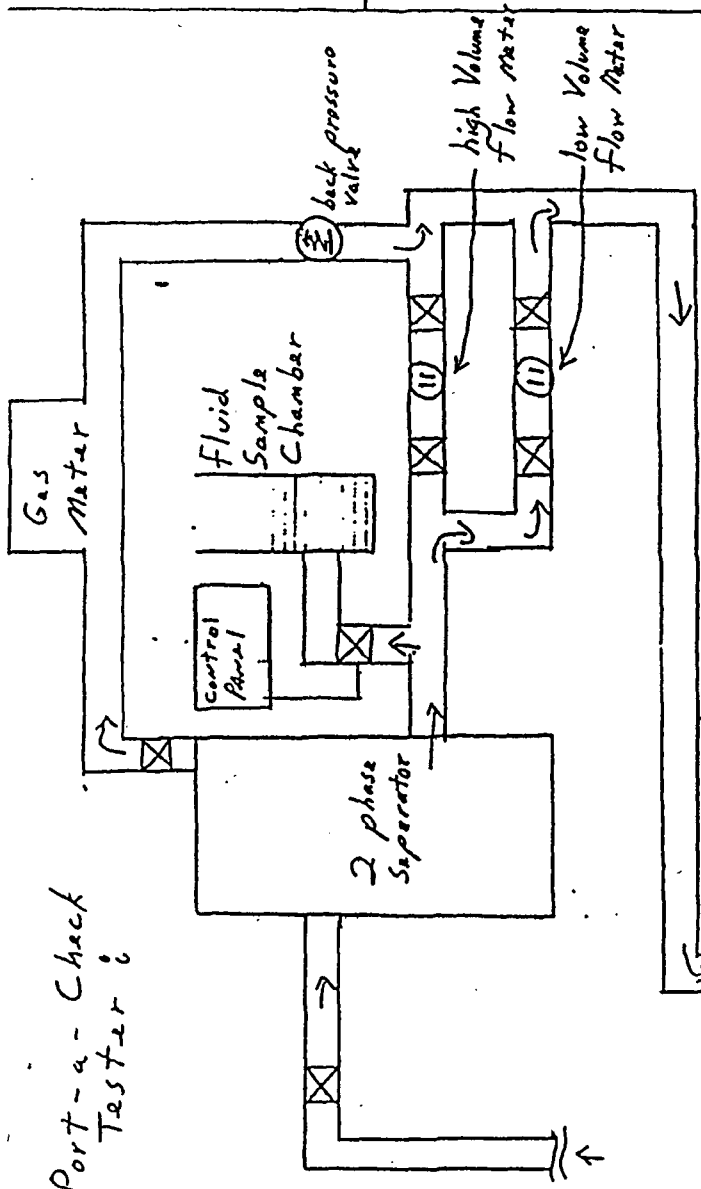
\bw

cc: New Mexico State Land Office
310 Old Santa Fe Trail
Santa Fe, NM 87501

SDX Resources, Inc.
Enron State Battery
Sec. 32 T175 R28E

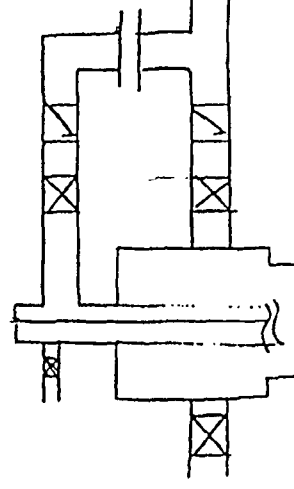


Port-a-Check
Tester



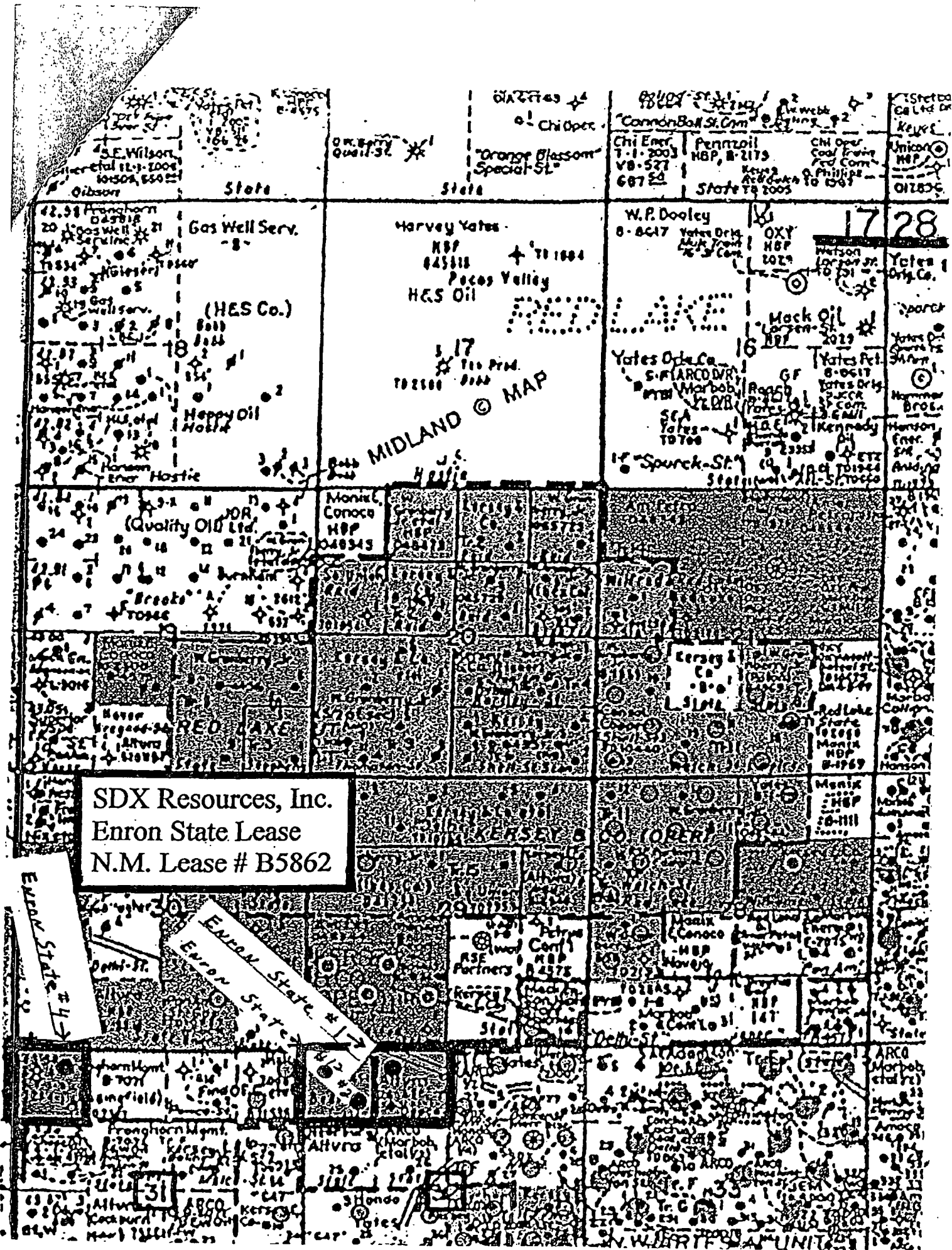
Tester Inlet

Standard Well Head



Flow line to battery

Attachment



SDX Resources, Inc.
Enron State Lease
N.M. Lease # B5862

Enron State #4

Enron State #1

17 28

MIDLAND © MAP

Well Selection Criteria Quick Print

(Field_No = 27087)

API Well #	Well Name and No.	Operator Name	Typ	Stat	County	Surf	UL	Sec	Twp	Rng	Ft N/S	Ft E/W	UICPrmt	Lst Insp Dt
30-015-32162-00-00	ENRON STATE	SDX RESOURCES INC	O	A	Eddy	S	D	31	17 S	28 E	460 N	990 W	PC-1096	11/2/2007
30-015-32162-00-00	ENRON STATE	SDX RESOURCES INC	O	A	Eddy	S	D	31	17 S	28 E	460 N	990 W	PC-1096	11/2/2007
30-015-32162-00-00	ENRON STATE	SDX RESOURCES INC	O	A	Eddy	S	D	31	17 S	28 E	460 N	990 W	PC-1096	11/2/2007
30-015-32162-00-00	ENRON STATE	SDX RESOURCES INC	O	A	Eddy	S	D	31	17 S	28 E	460 N	990 W	PC-1096	11/2/2007
30-015-31530-00-00	ENRON STATE	SDX RESOURCES INC	O	A	Eddy	S	C	32	17 S	28 E	530 N	1650 W	PC-1096	11/15/2007
30-015-31530-00-00	ENRON STATE	SDX RESOURCES INC	O	A	Eddy	S	C	32	17 S	28 E	530 N	1650 W	PC-1096	11/15/2007
30-015-35050-00-00	ENRON STATE	SDX RESOURCES INC	O	A	Eddy	S	D	32	17 S	28 E	330 N	500 W		11/15/2007
30-015-35050-00-00	ENRON STATE	SDX RESOURCES INC	O	A	Eddy	S	D	32	17 S	28 E	330 N	500 W		11/15/2007
30-015-31920-00-00	ENRON STATE	SDX RESOURCES INC	O	A	Eddy	S	D	32	17 S	28 E	990 N	990 W	PC-1096	11/15/2007
30-015-31920-00-00	ENRON STATE	SDX RESOURCES INC	O	A	Eddy	S	D	32	17 S	28 E	990 N	990 W	PC-1096	11/15/2007