



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson

Governor

Joanna Prukop

Cabinet Secretary

Reese Fullerton

Deputy Cabinet Secretary

Mark Fesmire

Division Director

Oil Conservation Division



Administrative Order DHC-4053

Order Date: 7/24/2008

Application Reference Number: pKVR0818331871

SDX RESOURCES INC

PO BOX 5061,

MIDLAND, TX 79704

Attention: CHUCK MORGAN

PURE FEDERAL Well No. 003

API No: 30-015-35606

Unit A, Section 21, Township 17 South, Range 28 East, NMPM

Eddy County, New Mexico

Pool: Undesignated ARTESIA; GLORIETA-YESO (O) Oil 96830

Names: RED LAKE;QUEEN-GRAYBURG-SA Oil 51300

Reference is made to your recent application for an exception to Rule 303.A. of the Division Rules and Regulations to permit the above-described well to commingle production from the subject pools in the wellbore.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of Rule 303.C., and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and any Division Order which authorized the dual completion or otherwise required separation of the zones is hereby placed in abeyance.

In accordance with Division 303C.(1)(f), the production attributed to any commingled pool within the well shall not exceed the allowable applicable to that pool.

Assignment of allowable and allocation of production from the well shall be as follows:

Undesignated ARTESIA; GLORIETA-YESO (O) Pool	Pct Gas: 14	Pct Oil: 23
RED LAKE;QUEEN-GRAYBURG-SA Pool	Pct Gas: 86	Pct Oil: 77

REMARKS: The operator shall notify the Division's district office upon implementation of commingling operations.


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Pursuant to Rule 303C(2), the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.



MARK E. FESMIRE, ESQ. P.E.
Director

MEF/wvj

cc: Oil Conservation Division – Artesia
Bureau of Land Management - Carlsbad