



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-4054

Order Date: 7/24/2008

Application Reference Number: pKVR0818332016

SDX RESOURCES INC
PO BOX 5061,
MIDLAND, TX 79704

Attention: CHUCK MORGAN

JEFFERS 36 STATE Well No. 003
API No: 30-015-31541
Unit B, Section 36, Township 17 South, Range 27 East, NMPM
Eddy County, New Mexico

| | | |
|--------|---|-----------|
| Pool: | RED LAKE; GLORIETA YESO, NORTHEAST | Oil 96836 |
| Names: | Undesignated 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:

| | | |
|--|-------------|-------------|
| RED LAKE; GLORIETA YESO, NORTHEAST Pool | Pct Gas: 51 | Pct Oil: 53 |
| Undesignated RED LAKE;QUEEN-GRAYBURG-SA Pool | Pct Gas: 49 | Pct Oil: 47 |

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



Pursuant to Rule 303C(2), the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.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

cc: Oil Conservation Division – Artesia
State Land Office - Oil, Gas, and Minerals Division