



PATRICK H. LYONS
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

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February 24, 2003

SDX Resources, Inc.
P. O. Box 5061
Midland, Texas 79704

Attn: Mr. Chuck Morgan

Re: Surface Commingling Application
Sec. 28-17S-28E
Welch RL State Well No. 1 (E) Red Lake-SA Pool
Welch RL State Well No. 2 (F) Artesia Glorieta-Yeso Pool
Welch RL State Well No. 6 (C) Red Lake SA Pool
Eddy County, New Mexico

RECEIVED

FEB 27 2003

OIL CONSERVATION
DIVISION

Dear Mr. Morgan:

We are in receipt of your letter of January 17, 2003, requesting permission to commingle the above captioned production from the Artesia Glorieta Yeso pool with production from the Red Lake SA pool at the Welch RL Battery and determine production from each pool by well tests.

It is our understanding that the Welch RL Tank Battery is located in the SW/4NW/4 of Section 28-17S-28E.

Since it appears that all the New Mexico Oil Conservation Division's rules and regulations have been complied with, and there will be no loss of revenue to the State of New Mexico as a result of your proposed operation, your request is hereby approved. Our approval is subject to like approval by the New Mexico Oil Conservation Division.

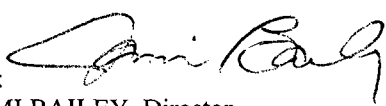
Your \$30.00 dollar filing has been received.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

PATRICK H. LYONS
COMMISSIONER OF PUBLIC LANDS

BY:


JAMI BAILEY, Director
Oil, Gas and Minerals Division
(505) 827-5744

PL/JB/pm

pc: Reader File,
OCD-Attention: David Catanach