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PATRICK H. LYONS
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State of New Mexico
Commissioner of Public Lands

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COMMISSIONER'S OFFICE
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November 2, 2007

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

Attn: Mr. Chuck Morgan

Re: Downhole Commingling Application
Enron State Well No. 2 (API # 30-015-31920)
Unit Letter D, Section 32-17S-28E
Artesia, QN-GB-SA and Artesia, GL-YE Pools
Eddy County, New Mexico

Dear Mr. Morgan:

Thank you for your application to downhole commingle the Artesia, QN-GB-SA and Artesia, GL-YE pools from the referenced well in Eddy County, New Mexico.

Since it appears that all the New Mexico Oil Conservation's (OCD) 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 application is approved. Any deviation from the substance of your application will be cause for rescinding our approval, and approval is subject to like approval by the OCD.

Please submit a filing fee in the amount of \$30.00.

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
PL/JB/jm
Enclosure
xc: Reader File

OCD--David Catanach,

-State Land Office Beneficiaries -

Carrie Tingley Hospital • Charitable Penal & Reform • Common Schools • Eastern NM University • Rio Grande Improvement • Miners' Hospital of NM • NM Boys School • NM Highlands University • NM Institute of Mining & Technology • New Mexico Military Institute • NM School for the Deaf • NM School for the Visually Handicapped • NM State Hospital • New Mexico State University • Northern NM Community College • Penitentiary of New Mexico • Public Buildings at Capital • State Park Commission • University of New Mexico • UNM Salina Lands • Water Resources • Western New Mexico University