



State of New Mexico
Commissioner of Public Lands

RAY POWELL, M.S., D.V.M.
COMMISSIONER

310 OLD SANTA FE TRAIL. P.O. BOX 1148

(505) 827-5760
FAX (505) 827-5766

January 4, 1994

SANTA FE, NEW MEXICO 87504-1148

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

Attention: Mr. Chuck Morgan

Re: Commingling Request
BN State Well Nos. 1, 3, 4, 5 and 6 East Millman Qn.,
Gb., Sa. Pool
BN State Well No. 7, East Millman 7-Rivers Pool
Section 11-19S-28E
Eddy County, New Mexico

Dear Mr. Morgan:

This office is in receipt of your application dated December 20, 1993, wherein you have requested our approval to commingle the production from the above-captioned wells in Section 11, Township 19 South, Range 28 East, Eddy County, New Mexico.

It is our understanding that the commingled production from the above-mentioned wells will be stored in a tank battery located on Lease No. E-1051-4.

Since it appears that there will be no loss of revenue to the State of New Mexico's beneficiaries from your proposed operation, the Commissioner of Public Lands, this date approves your request. Our approval is given with the understanding that the Commissioner of Public Lands reserves the right to amend or withdraw his approval should this operation prove to be unprofitable to the State at any time in the future. Our approval is subject to like approval by the New Mexico Oil Conservation Division.

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

Very truly yours,

RAY B. POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

BY: *Floyd O. Prando*

FLOYD O. PRANDO, Director
Oil/Gas and Minerals Division
(505) 827-5744
RBP/FOP/pm

cc: Reader File
OCD - Dave Catanach, Ben Stone
E-1051-4