

**BEFORE THE
OIL CONSERVATION DIVISION
NEW MEXICO ENERGY, MINERALS AND
NATURAL RESOURCES DEPARTMENT**

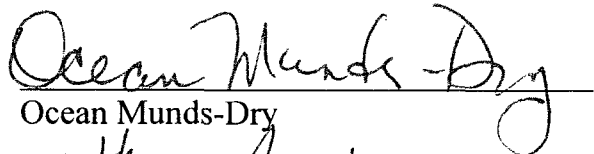
**IN THE MATTER OF THE APPLICATION OF
SDX RESOURCES, INC., FOR APPROVAL OF
A WATERFLOOD PROJECT, EDDY
COUNTY, NEW MEXICO.**

CASE NO. 13923

AFFIDAVIT

STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

Ocean Munds-Dry, attorney in fact and authorized representative of SDX Resources, Inc., the Applicant herein, states that notice of the above-referenced Application was mailed to the interested parties shown on Exhibit "A" attached hereto in accordance with Oil Conservation Division Rules, and that true and correct copies of the notice letter and proof of notice are attached hereto.


Ocean Munds-Dry

SUBSCRIBED AND SWORN to before me this 30th day of April 2007 by Ocean Munds-Dry.


Notary Public

My Commission Expires: 3/28/08

Attn: Rebecca

Affidavit of Publication

NO. 19752

STATE OF NEW MEXICO

County of Eddy:

Gary D. Scott being duly

sworn, says: That he is the Publisher of The
 Artesia Daily Press, a daily newspaper of general
 circulation, published in English at Artesia, said county
 and county and state, and that the here to attached

Legal Notice

was published in a regular and entire issue of the said
 Artesia Daily Press, a daily newspaper duly qualified
 for that purpose within the meaning of Chapter 167 of
 the 1937 Session Laws of the state of New Mexico for

1 Consecutive week/days on the same

day as follows:

First Publication May 18 2007

Second Publication _____

Third Publication _____

Fourth Publication _____

Fifth Publication _____

Subscribed and sworn to before me this

17th Day May 2007Monica K. Lamps
Notary Public, Eddy County, New MexicoMy Commission expires April 5, 2011**Copy of Publication:****LEGAL NOTICE****MEXICO
OIL CONSERVATION
DIVISION****Mark E. Feamire, P.E.,
Director**Published in the Artesia
Daily Press, Artesia,
N.M. May 18, 2007.

Legal 19751

**NOTICE OF
PUBLICATION
STATE OF NEW
MEXICO ENERGY,
MINERALS AND
NATURAL
RESOURCES
DEPARTMENT
OIL CONSERVATION
DIVISION SANTA FE,
NEW MEXICO**

The State of New Mexico through its Oil Conservation Division hereby gives notice pursuant to law and the Rules and Regulations of the Division of the following public hearing to be held at 8:15 A.M. on June 18, 2007, in the Oil Conservation Division Hearing Room at 1220 South St. Francis, Santa Fe, New Mexico, before an examiner duly appointed for the hearing. If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing, please contact: Florene Davidson at 505-476-3458 or through the New Mexico Relay Network, 1-800-659-1779 by May 28, 2007. Public documents including the agenda and minutes, can be provided in various accessible forms. Please contact Florene Davidson if a summary or other type of accessible form is needed.

**STATE OF NEW
MEXICO TO:**

All named parties and persons having any right, title, interest or claim in the following cases and notice to the public.

(NOTE: All land descriptions herein refer to the New Mexico Principal

Meridian whether or not so stated.)

CASE 13928 Application of SDX Resources, Inc. for Approval of a Waterflood Project, Eddy County, New Mexico. Applicant in the above-styled cause, seeks approval for injection of up to 500 barrels of produced water per day with a maximum pressure of 500 psi into the Queen, Grayburg, San Andres formation, at an approximate depth of 2523 feet to 2859 feet, Artesia Queen-Grayburg-San Andres Pool through the NW State Well No. 8 located 1090 feet from the South line and 2126 feet from the West line of Section 32, Township 17 South, Range 28 East, NMPM. The proposed project area is located in the following described area: Section 29, 31 and 32 in Township 17 South, Range 28 East and Section 6 in Township 18 South, Range 28 East, NMPM, Eddy County, New Mexico. Applicant may be contacted at 511 W. Ohio, Ste 601, Midland, Texas 79701, attn: Chuck Morgan, (432) 685-1761. The applicant requests that the Division

establish procedures for the administrative approval of additional injection wells within the project area without the necessity of further hearings and the adoption of such other provisions as are necessary for said waterflood operations. Said unit is located approximately 12 miles east of Artesia, New Mexico.

**Given under
the
Seal of the State of
New Mexico Oil
Conservation Com-
mission at Santa Fe,
New Mexico on this
17th day of May 2007.**

**STATE OF NEW
MEXICO
OIL CONSERVATION
DIVISION
Mark E. Feamire, P.E.,
Director**

Published in the Artesia
Daily Press, Artesia,
N.M. May 18, 2007.

Legal 19752

Affidavit of Publication

NO. 19715

STATE OF NEW MEXICO

County of Eddy:

Gary D. Scott being duly

sworn, says: That he is the Publisher of The

Artesia Daily Press, a daily newspaper of general circulation, published in English at Artesia, said county and county and state, and that the here to attached

Legal Notice

was published in a regular and entire issue of the said Artesia Daily Press, a daily newspaper duly qualified for that purpose within the meaning of Chapter 167 of the 1937 Session Laws of the state of New Mexico for

1 Consecutive week/days on the same

day as follows:

First Publication April 29 2007

Second Publication

Third Publication

Fourth Publication

Fifth Publication

Subscribed and sworn to before me this

3rd Day May 2007

Amanda K Lamb
Notary Public, Eddy County, New Mexico

My Commission expires April 5, 2011

Copy of Publication:

NOTICE OF PUBLICATION STATE OF NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION DIVISION SANTA FE, NEW MEXICO

The State of New Mexico through its Oil Conservation Division hereby gives notice pursuant to law and the Rules and Regulations of the Division of the following public hearing to be held at 8:15 A.M. on May 24, 2007, in the Oil Conservation Division Hearing Room at 1220 South St. Francis, Santa Fe, New Mexico, before an examiner duly appointed for the hearing. If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing, please contact Florene Davidson at 505-476-3458 or through the New Mexico Relay Network 1-800-659-1779 by May 14, 2007. Public documents including the agenda and minutes, can be provided in various accessible forms. Please contact Florene Davidson if a summary or other type of accessible form is needed.

STATE OF NEW MEXICO TO:

All named parties and persons having any right, title, interest or claim in the following cases and notice to the public.

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian, whether or not so stated.)

CASE 13923:
Application of SDX Resources, Inc. for Approval of a Waterflood Project, Eddy County, New Mexico. Applicant in the above-styled cause seeks approval of

for injection of water into the Queen Grayburg San Andres formation, Artesia, a Queen-Grayburg-San Andres Pool through one injection well located in the following described area:

TOWNSHIP 17 SOUTH,
RANGE 28 EAST

NMPM

Section 32: NE 1/4

SW 1/4

Section 29: SE 1/4

Section 31: E 1/2

E 1/2

TOWNSHIP 18 SOUTH,

RANGE 28 EAST

NMPM

Section 6: NE 1/4

NE 1/4

The applicant requests that the Division establish procedures for the administrative approval of additional injection wells within the project area without the necessity of further hearings and the adoption of such other provisions as are necessary for said waterflood operations. Said unit is located approximately 12 miles east of Artesia, New Mexico.

Given under the Seal of the State of New Mexico Oil Conservation Commission at Santa Fe, New Mexico on this 27th day of April 2007.

STATE OF NEW
MEXICO
OIL CONSERVATION
DIVISION

Mark E. Fesmire, P.E.,
Director

Published in the Artesia
Daily Press, Artesia,
N.M. April 29, 2007.

Legal 19715

EXHIBIT B

SDX RESOURCES, INC.
WATERFLOOD PROJECT
EDDY COUNTY, NEW MEXICO

SURFACE OWNERS

Marbob Energy Corporation
P.O. Box 227
Artesia, New Mexico 88211

OFFSET OPERATORS

BP Amoco (Altura/Arco Permian)
200 N. Loraine Suite 1220
Midland, Texas 79701

Marbob Energy Corporation
P.O. Box 227
Artesia, New Mexico 88211

Hanson Energy
P.O. Box 1348
Artesia, New Mexico 88210

Mewbourne oil Co.
P.O. Box 5270
Hobbs, New Mexico 88241



April 24, 2007

CERTIFIED MAIL
RETURN RECEIPT REQUESTED**AFFECTED INTEREST OWNERS**

Re: Application of SDX Resources Inc. for Approval of a Waterflood Project, Eddy County, New Mexico.

Ladies and Gentlemen:

This letter is to advise you that SDX Resources, Inc. has filed the enclosed application with the New Mexico Oil Conservation Division seeking authority to implement secondary recovery operations in its proposed project waterflood area. A copy of this application with attached Oil Conservation Division Form C-108 is enclosed for your information.

This application has been set for hearing before a Division Examiner at 8:15 a.m. on May 24, 2007. The hearing will be held in Porter Hall in the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 1208.B to file a Pre-hearing Statement four days in advance of a scheduled hearing. This statement must be filed at the Division's Santa Fe office at the above specified address and should include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

Very truly yours,

Ocean Munds-Dry
Ocean Munds-Dry
ATTORNEY FOR SDX RESOURCES, INC.

Enclosures

U.S. Postal Service
CERTIFIED MAIL RECEIPT
 (Domestic Mail Only - No Insurance Coverage Provided)
 For delivery information visit our website at www.usps.com

OFFICIAL USE

QMD
 SDX

Postage	\$ 1.85
Return Receipt Fee (Certified Fee)	340
Restricted Delivery Fee (Endorsement Required)	1.85
Total Postage & Fees	\$

Sent To: Mewbourne Oil Co.
 Street, Apt. No.,
 or PO Box No. P. O. Box 5270
 City, State, ZIP+4 Hobbs, NM 88241

APR 25 2004
 USPS
 87501

2006 0922 0000 9669 4658

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Mewbourne Oil Co.
 P. O. Box 5270
 Hobbs, NM 88241

2. Article Number

(Transfer from service label)

7006 2760 0001 6391 4598

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

☒ Agent

☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

Misty Williams 043007

D. Is delivery address different from item 1? ☐ Yes

If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail

☐ Express Mail

☐ Registered

☐ Return Receipt for Merchandise

☐ Insured Mail

☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

U.S. Postal Service
CERTIFIED MAIL, RECEIPT
(Domestic Mail Only, No Insurance Coverage Provided)
 For delivery information, visit our website at www.usps.com

OFFICIAL USE

Postage \$ 1.85
 Certified Fee 2.40
 Return Receipt Fee (Endorsement Required) 1.85
 Restricted Delivery Fee (Endorsement Required) 6.10
 Total Postage & Fees 12.20

Sent To
 Street, Apt. No., or PO Box No.
 City, State, Zip

Marbob Energy Corporation
 P. O. Box 227
 Artesia, NM 88211

APR 25 2007
 SANTA FE NM 87501
 USPS

2954 16E9 T000 0922 9002

U.S. Postal Service
CERTIFIED MAIL, RECEIPT
(Domestic Mail Only, No Insurance Coverage Provided)
 For delivery information, visit our website at www.usps.com

OFFICIAL USE

Postage \$ 1.85
 Certified Fee 2.40
 Return Receipt Fee (Endorsement Required) 1.85
 Restricted Delivery Fee (Endorsement Required) 6.10
 Total Postage & Fees 12.20

Sent To
 Street, Apt. No., or PO Box No.
 City, State, Zip

Marbob Energy Corporation
 P. O. Box 227
 Artesia, NM 88211

APR 25 2007
 SANTA FE NM 87501
 USPS

0954 16E9 T000 0922 9002

SENDER: COMPLETE THIS SECTION

Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
 Print your name and address on the reverse so that we can return the card to you.
 Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:
 Marbob Energy Corporation
 P. O. Box 227
 Artesia, NM 88211

2. Article Number
 (Transfer from service label) 7006 2760 0001 6391 4567

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature [Signature] ☐ Agent ☐ Addressee
 B. Received by (Printed Name) [Name] C. Date of Delivery [Date]
 D. Is delivery address different from item 1? ☐ Yes ☐ No
 If YES, enter delivery address below:

3. Service Type
☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

SENDER: COMPLETE THIS SECTION

Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
 Print your name and address on the reverse so that we can return the card to you.
 Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:
 Marbob Energy Corporation
 P. O. Box 227
 Artesia, NM 88211

2. Article Number
 (Transfer from service label) 7006 2760 0001 6391 4550

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature [Signature] ☐ Agent ☐ Addressee
 B. Received by (Printed Name) [Name] C. Date of Delivery [Date]
 D. Is delivery address different from item 1? ☐ Yes ☐ No
 If YES, enter delivery address below:

3. Service Type
☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

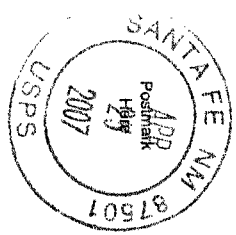
4. Restricted Delivery? (Extra Fee) ☐ Yes

U.S. Postal Service
CERTIFIED MAIL RECEIPT
 (Domestic Mail Only. No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

OFFICIAL USE

CHD	Postage	\$ 1.85
SDX	Certified Fee	240
	Return Receipt Fee (Endorsement Required)	1.85
	Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees		\$ 6.10



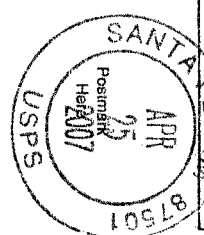
Sent To: **BP Amoco (Altura/Arco Permian)**
 Street, Apt. No.: **200 N. Loraine, Suite 1220**
 or PO Box No.:
 City, State, ZIP+4: **Midland, Texas 79701**

U.S. Postal Service
CERTIFIED MAIL RECEIPT
 (Domestic Mail Only. No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

OFFICIAL USE

CHD	Postage	\$ 1.85
SDX	Certified Fee	240
	Return Receipt Fee (Endorsement Required)	1.85
	Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees		\$ 6.10



Sent To: **Hanson Energy**
 Street, Apt. No.: **P. O. Box 1348**
 or PO Box No.:
 City, State, ZIP+4: **Artesia, NM 88210**

7006 2760 0001 6391 4581

Return Mail

SENDER COMPLETE THIS SECTION

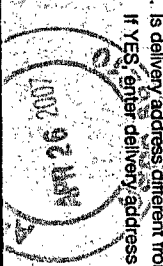
- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Hanson Energy
P. O. Box 1348
Artesia, NM 88210

COMPLETE THIS SECTION ON DELIVERY

- A. Signature: *[Signature]* ☐ Agent
- B. Received by (Printed Name): *KATHIE HANSON* ☐ Addressee
- C. Date of Delivery: *APR 25 2007*
- D. Is delivery address different from item 1? ☐ Yes
 If YES, enter delivery address below: ☐ No



3. Service Type: ☒ Certified Mail ☐ Express Mail
- ☐ Registered ☐ Return Receipt for Merchandise
- ☐ Insured Mail ☐ C.O.D.
4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number: **7006 2760 0001 6391 4581**

PS Form 3811, February 2004 Domestic Return Receipt

102595-02-M-15-0