

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE HEARING CALLED BY THE
OIL CONSERVATION DIVISION FOR THE PURPOSE OF
CONSIDERING:**

CASE NO. 13923

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

PRE-HEARING STATEMENT

This Pre-Hearing Statement is submitted by Holland & Hart LLP, as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

Mr. Chuck Morgan
SDX Resources, Inc.
P. O. Box 5061
Midland, TX 79704
(432) 685-1761

ATTORNEY

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2007 MAY 17 PM 2:46

13923-5-1534

STATEMENT OF CASE

APPLICANT

Applicant in the above-styled cause, seeks approval of for injection of water into the Queen, Grayburg, San Andres formation, Artesia 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/ 4, SW/4
Section 29: SE/4 SE/4
Section 31: E/2 E/2

TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPM

Section 6: NE/4 NE/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.

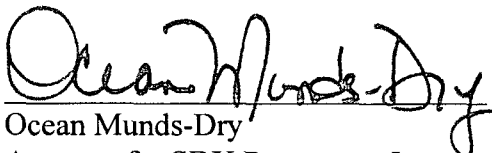
PROPOSED EVIDENCE

APPLICANT

WITNESSES (Name and Expertise)	ESTIMATED TIME	EXHIBITS
Richard Jordan (Petroleum Geologist)	Approx. 10 Minutes	Approx. 3
Chuck Morgan (Petroleum Engineer)	Approx. 30 Minutes	Approx. 10

PROCEDURAL MATTERS

SDX Resources, Inc., has none at this time.


Ocean Munds-Dry
Attorney for SDX Resources, Inc.