

**SDX Resources, Inc.**

P.O. Box 5061  
MIDLAND, TX 79704  
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May 7, 2007

John R. Gray LLC & Marbob Energy Corp.  
2208 W. Main  
Artesia, N.M. 88210

RE: NW Waterflood

This letter is intended to serve as notice to **John R. Gray LLC and Marbob Energy Corp.** (hereafter referred to as "Gray") that SDX Resources, Inc. (hereafter referred to as "SDX") intends to implement a waterflood project in the San Andres formation on their NW State lease located in section 32 T17S R28E. The surface is currently owned by John R. Gray, LLC. Marbob Energy Corp. is an offset operator. John Gray has been furnished a copy of the proposed C-108 and has met with SDX to discuss the details of the planned operation. It is our understanding that John R. Gray, LLC or Marbob Energy Corp. have no objections to the proposed waterflood. Please execute in the space provided below indicating your agreement.

By:   
Name: Johnny Gray  
Company: John R. Gray, LLC

Date: 5-14-07

By:   
Name: Johnny Gray  
Company: Marbob Energy, Corp.

Date: 5-14-07