

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB NO. 1004-0137  
Expires: February 28, 1995

5. LEASE DESIGNATION AND SERIAL NO.

NMNM-56542

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME, WELL NO.

Culwin 35 Federal #3

9. API WELL NO.

30-015-33449 SI

10. FIELD AND POOL, OR WILDCAT

Shugart, YT-7R-QN-GB 56439

11. SEC., T., R., M., OR BLOCK AND SURVEY OR AREA

Sec 35, T18S, R30E, P

12. COUNTY OR PARISH

Eddy

13. STATE

NM

WELL COMPLETION OR RECOMPLETION REPORT AND LOG\*

1a. TYPE OF WELL: OIL WELL ☒ GAS WELL ☐ DRY ☐ Other ☐

b. TYPE OF COMPLETION: NEW WELL ☒ WORK OVER ☐ DEEP-EN ☐ PLUG BACK ☐ DIFF. RESVR. ☐ Other ☐

2. NAME OF OPERATOR

SDX Resources, Inc.

3. ADDRESS AND TELEPHONE NO.

PO Box 5061, Midland, TX 79704 432/685-1761

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements\*)

At surface

424' FSL, 848' FEL

At top prod. interval reported below

At total depth

Same

14. PERMIT NO.

DATE ISSUED

05/28/04

15. DATE SPUDDED

07/12/04

16. DATE T.D. REACHED

07/19/04

17. DATE COMPL. (Ready to prod.)

08/17/04

18. ELEVATIONS (DF, RKB, RT, GE, ETC.)\*

3509' GR

19. ELEV. CASINGHEAD

20. TOTAL DEPTH, MD & TVD

3926'

21. PLUG, BACK T.D., MD & TVD

3847'

22. IF MULTIPLE COMPL., HOW MANY\*

23. INTERVALS DRILLED BY

ROTARY TOOLS

Rotary

CABLE TOOLS

24. PRODUCING INTERVAL(S), OF THIS COMPLETION-TOP, BOTTOM, NAME (MD AND TVD)\*

3186' - 3312'

RECEIVED

OCT 13 2004

ODD: ATE: 10/10/04

25. WAS DIRECTIONAL SURVEY MADE

Yes

26. TYPE ELECTRIC AND OTHER LOGS RUN

LDT-CNL-GR, DLL-GR

27. WAS WELL CORED

Yes

28. CASING RECORD (Report all strings set in well)

CASING SIZE/GRADE	WEIGHT, LB./FT.	DEPTH SET (MD)	HOLE SIZE	TOP OF CEMENT, CEMENTING RECORD	AMOUNT PULLED
8-5/8"	32# K-55	669'	12-1/4"	400 sx Cl C	-
5-1/2"	15.5#-17# J-55	3900'	7-7/8"	500 sx Lite + 375 sx Cl C	-

29. LINER RECORD

SIZE	TOP (MD)	BOTTOM (MD)	SACKS CEMENT*	SCREEN (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)
					2-7/8"	3381'	

30. TUBING RECORD

31. PERFORATION RECORD (Interval, size and number)

3186' - 90, 3294-3300', 3308-12' (1 spf, 17 holes)

32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.

DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED
3186' - 3312'	3000 gal 15% NEFE
	30000 gal Viking 30 + 70000# 16/30 Ottawa
	+ 6000# 14/30 Flexsand

33. \* PRODUCTION

DATE FIRST PRODUCTION 08/20/04		PRODUCTION METHOD (Flowing, gas lift, pumping—size and type of pump) 2-1/2" x 2" x 12' RWAC				WELL STATUS (Producing or shut-in) SI	
DATE OF TEST 08/21/04	HOURS TESTED 24	CHOKE SIZE	PROD'N FOR TEST PERIOD →	OIL—BBL 16	GAS—MCF. 8	WATER—BBL 66	GAS-OIL RATIO 500
FLOW. TUBING PRESS.	CASING PRESSURE	CALCULATED 24-HOUR RATE →	OIL—BBL 16	GAS—MCF. 8	WATER—BBL 66	OIL GRAVITY-API (CORR.)	

34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.)

Sold

TEST WITNESSED BY

Chuck Morgan

35. LIST OF ATTACHMENTS

Deviation Survey, Logs

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records

SIGNED Bonnie C. Wheeler

TITLE Regulatory Tech

DATE 10/06/04

\*(See Instructions and Spaces for Additional Data on Reverse Side)

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

37. SUMMARY OF POROUS ZONES: (Show all important zones of porosity and contents thereof; cored intervals; and all drill-stem tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures, and recoveries):

FORMATION	TOP	BOTTOM	DESCRIPTION, CONTENTS, ETC.
Queen	3186 3294	3190 3312	Produced Water

38. GEOLOGICAL MARKERS			38. GEOLOGICAL MARKERS		
NAME	TOP		NAME	TOP	
	MEAS. DEPTH	TRUE VERT. DEPTH		MEAS. DEPTH	TRUE VERT. DEPTH
Top of Salt	686				
Base of Salt	1840				
Yates	2139				
Seven Rivers	2464				
Queen	3050				
Grayburg	3350				
San Andres	3736				

WELL NAME AND NUMBER Culwin 35 Federal No. 3  
LOCATION 424' FSL & 848' FEL, Section 35, T18S, R30E, Eddy Co. NM  
OPERATOR SDX Resources, Inc.  
DRILLING CONTRACTOR United Drilling, Inc.

The undersigned hereby certifies that he is an authorized representative of the drilling contractor who drilled the above described well and had conducted deviation tests and obtained the following results:

<u>Degrees @ Depth</u>	<u>Degrees @ Depth</u>	<u>Degrees @ Depth</u>
<u>1-1/4° 675'</u>	<u>                    </u>	<u>                    </u>
<u>1-1/2° 1045'</u>	<u>                    </u>	<u>                    </u>
<u>1-1/2° 1521'</u>	<u>                    </u>	<u>                    </u>
<u>2° 1998'</u>	<u>                    </u>	<u>                    </u>
<u>2° 2504'</u>	<u>                    </u>	<u>                    </u>
<u>2° 2982'</u>	<u>                    </u>	<u>                    </u>
<u>1-3/4° 3522'</u>	<u>                    </u>	<u>                    </u>
<u>1-3/4° 3920'</u>	<u>                    </u>	<u>                    </u>

Drilling Contractor United Drilling, Inc.

By: *George A. Aho*  
George A. Aho

Title: Business Manager

Subscribed and sworn to before me this 26<sup>th</sup> day of July,  
2004.

*Carlene Martin*  
Notary Public

My Commission Expires:

Chaves New Mexico  
County State