

RECEIVED

APR 14 2003

BY:

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

NEW MEXICO ENERGY, MINERALS and
NATURAL RESOURCES DEPARTMENT

Lori Wrotenbery

Director

Oil Conservation Division

Field Inspection Program

"Preserving the Integrity of Our Environment"

11-Apr-03

SDX RESOURCES INC

PO BOX 5061

MIDLAND, TX 79704-0000



Dear Operator:

The following inspection(s) indicate one or more violations as described in the detail section below. The inspection(s) indicates that the well, equipment, location or operational status failed to meet standards of the New Mexico Oil Conservation Division. To comply with standards imposed by Rules and Regulations of the Division, corrective action must be taken immediately and the situation brought into compliance. The detail section below indicates preliminary findings and/or probable nature of the violation. This determination is based on an inspection of your well or facility by an inspector employed by the Oil Conservation Division.

Please notify the proper district office of the Division of the date corrective actions are scheduled to be made so that arrangements can be made to reinspect the well and/or facility.

INSPECTION DETAIL SECTION

EAST MILLMAN UNIT 158

G-22-19S-28E

30-015-02289-00-00

| Inspection Date | Type Inspection | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|-------------------------|-----------------|---|------------|------------------------------|---------------------------|----------------|
| 04/10/2003 | MIT Witnessed - | Gerry Guye | Yes | No | 7/14/2003 | iGEG0310041568 |
| Comments on Inspection: | | Records this office indicate a bradenhead exists on this well however is not visible at the surface. Bradenhead must be dug out and plumbed to the surface. | | | | |

Thank you for your prompt attention to this matter and your efforts in helping to protect our environment and the infra-structure of the oil and gas industry.

Sincerely,

Artesia OCD District Office

Note: Information in Detail Section comes directly from field inspector data entries - not all blanks will contain data.

*Significant Non-Compliance events are reported directly to the EPA, Region VI, Dallas, Texas.

4/24/03

Braden head dug out. Field personnel will contact Mr. Guye For re-inspection.