

Submit 3 Copies To Appropriate District Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
Revised June 10, 2003

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

WELL API NO. 30-015-33689
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No.

7. Lease Name or Unit Agreement Name Kersey Williams A Federal
8. Well Number 7
9. OGRID Number 020451
10. Pool name or Wildcat Red Lake, San Andres (97253)

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)	
1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>	RECEIVED NOV 07 2005 OCD-ARTESIA
2. Name of Operator SDX Resources, Inc.	
3. Address of Operator PO Box 5061, Midland, TX 79704	

4. Well Location Unit Letter <u>N</u> : <u>2310</u> feet from the <u>North</u> line and <u>620</u> feet from the <u>East</u> line Section <u>18</u> Township <u>17S</u> Range <u>28E</u> NMPM <u>Eddy</u> County	
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3674' GR	

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data	
NOTICE OF INTENTION TO: PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPLETION <input type="checkbox"/> OTHER: Surface Commingle <input checked="" type="checkbox"/>	SUBSEQUENT REPORT OF: REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> PLUG AND ABANDONMENT <input type="checkbox"/> CASING TEST AND CEMENT JOB <input type="checkbox"/> OTHER: <input type="checkbox"/>

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

SDX Resources, Inc. proposes to commingle production from 2 separate pools into a common surface battery on their Kersey Williams A Federal Battery (NMNM048344). The interest is identical for both pools and all facilities are located on lease. The battery is located on location with the Kersey Williams A Federal #7 well which is producing from the Red Lake, San Andres pool (pool code #97253). It will be commingled with production from the Kersey Williams A Federal #6 well which is producing from the Artesia, Glorietta Yeso pool (pool code #96830).

Attachments:
Lease Map
Lease & Pool Information
Title Statement
Well & Battery Plat
Battery & Tester Schematics

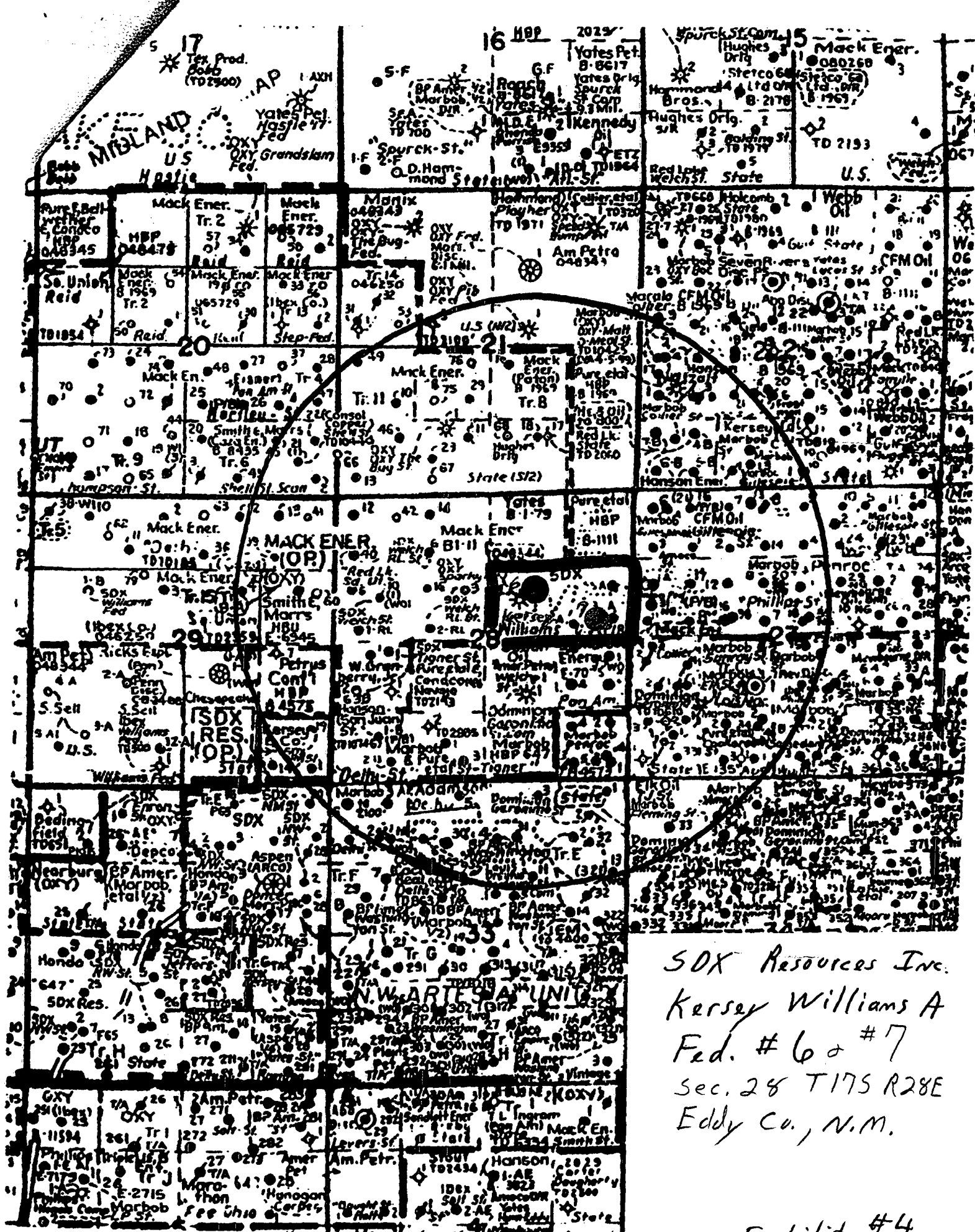
I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Bonnie Atwater TITLE Regulatory Tech DATE 11/3/05

Type or print name Bonnie Atwater E-mail address: batwater@sdxresources.com Telephone No. 432/685-1761

(This space for State use)

APPROVED BY FOR RECORDS ONLY TITLE DATE NOV 08 2005
Conditions of approval, if any:



SDX Resources Inc.
Kersey Williams A
Fed. # 6 & #7
Sec. 28 T17S R28E
Eddy Co., N.M.

F.L.H. #4

Exhibit # 5

SDX RESOURCES, INC.
KERSEY WILLIAMS A FEDERAL
Sec 28, T17S, R28E
NMNM-048344
LEASE & POOL INFORMATION

WELL #	API #	LEGALS	PERFS	POOL	POOL CODE	ESTIMATED DAILY PRODUCTION
6	30-015-33872	1700 FNL 1700 FEL Unit G	3440 - 3480	Artesia, GL-YE	96830	12 BO 60 BW 17 MCF
7	30-015-33689	2310 FNL 620 FEL Unit H	2339 - 2552	Red Lake, SA	97253	29 BO 51 BW 102 MCF

LEASE DESCRIPTION: Sec 28, T17S, R28E S/2 NE/4 80 acres±
BATTERY DESCRIPTION: Sec 28, T17S, R28E Unit H, 2310' FNL 620' FEL

ROD J. MACDONALD
Attorney at Law

Licensed in Texas
New Mexico and Colorado

511 W. Ohio
Suite 530
Midland, Texas 79701

(432) 688-3939
Fax (432) 685-3700

January 12, 2005

ORIGINAL DIVISION ORDER
TITLE OPINION

SDX Resources, Inc.
P. O. Box 5061
Midland, Texas 79704

Attention: Mr. Steve Sell

Re: SDX Resources, Inc. Kersey Williams Tract - The interest owned in Federal Lease No. NM-048344, insofar as it covers the following-described land situated in Eddy County, New Mexico:

Township 17 South, Range 28 East, N.M.P.M.
Section 28: S/2 NE/4

containing 80 acres, more or less, limited to depths from the surface down to 3,500 feet below the surface.

Gentlemen:

BASIS OF EXAMINATION

At your request, we have examined the following:

Prior Title Opinion

Copy of our Original Drilling Title Opinion dated April 19, 2004, addressed to SDX Resources, Inc., covering captioned land, based upon the prior title opinion, examination of records and instruments described therein, which taken together cover the federal records from inception of the records to February 28, 2004 at 8:00 a.m. and the county records from inception of the records to February 26, 2004 at 8:00 a.m.

Examination of the Records

We have examined the Plat Book Records, Historical Index Records, Serial Record and Case File for Federal Lease NM-048344, insofar as it covers captioned land, in the Bureau of Land Management State Office at Santa Fe, New Mexico, from February 28, 2004 at 8:00 a.m. to January 5, 2005 at 8:00 a.m. We have examined the records in the Office of the County Clerk of Eddy County, New Mexico, pertaining to the mineral estate only in captioned land, from February 26, 2004 at 8:00 a.m. to December 22, 2004 at 8:00 a.m., based upon the indices of Caprock Title Company.

Instruments

1. Copy of federal counterparts to Assignment Nos. 27, 28 and 29.
2. Copy of Completion Report for the captioned well.

OWNERSHIP OF PRODUCTION

Based upon examination of the foregoing and subject to the title requirements hereinafter made, we find the oil and gas produced and saved from captioned land to be vested as follows:

OWNERSHIP OF OIL PRODUCTION

Ownership of OIL PRODUCTION from captioned land during the Stripper Rate Royalty Program, in accordance with the Code of Federal Regulations, Title 43, Part 3103.4-1, with the royalty being credited herein to the Bureau of Land Management at 0.5% as per original application by Kersey and Donahue and approval by the Bureau of Land Management.

Royalties:

United States of America0050000
------------------------------------	----------

Overriding Royalty Interests:

Nearburg Exploration Company, L.L.C.0025000
--------------------------------------	-----------	----------

Working Interests:

Steve Sell, a single man4207543

John D. Pool, whose wife is Stacy Pool4207543
---	----------

William S. Montgomery, Jr.0060937

Eram Ali, whose wife is	
Vicky Ali0362077

Fred C. Corey, whose wife
is Deborah Corey 0439618

Charles M. Morgan, whose wife
is Monica Morgan 0439618

**William Scott Ramsey, whose wife
is Ellen Ramsey0207664**

Note: Upon termination of the Stripper Rate Royalty Program (as set forth in the Code of Federal Regulations, Title 43, Part 3103.4-1), the federal royalty on oil production shall be sliding scale, commencing with 12.5%, as set forth in our lease analysis.

Ownership of GAS PRODUCTION from captioned land:

Note: The royalty on gas production is based upon a sliding scale commencing at 12.5%, as set forth in our lease analysis. The following ownership is based upon the royalty being 12.5%. Should production increase to the extent that the royalty on gas production increases, then the working interest ownership shall bear such increased royalty, proportionately.

Royalties:

United States of America1250000
------------------------------------	----------

Overriding Royalty Interests:

Nearburg Exploration Company, L.L.C.0025000

Working Interests:

[illegible]

John D. Pool, whose wife is Stacy Pool3698879
---	----------

William S. Montgomery, Jr.0053437

Eram Ali, whose wife is
Vicky Ali0318304

Fred C. Corey, whose wife
is Deborah Corey0386471

Charles M. Morgan, whose wife
is Monica Morgan0386471

William Scott Ramsey, whose wife
is Ellen Ramsey0182559

Note: The above ownership interests do not reflect the ownership for any casinghead gasoline extracted from the gas produced and sold. Since the royalty on casinghead gasoline extracted from the gas produced and sold is 16-2/3%, the royalty to the United States of America will increase accordingly and there will be an equivalent reduction in the working interest owners.

EXISTING OIL, GAS AND MINERAL LEASE

Serial No.: NM-048344 [out of LC 046250(b)].

Date: November 1, 1991.

Recorded: Lease No. NM-048344 is unrecorded; however, it is not necessary to record the lease in the county records. (We note that LC 046250(b) is recorded in Book 52, page 223, Oil and Gas Records and re-filed in Book 57, page 432, Oil and Gas Records.)

Lessor: United States of America.

Lessee: Fina Oil & Chemical Company; and PC Ltd.

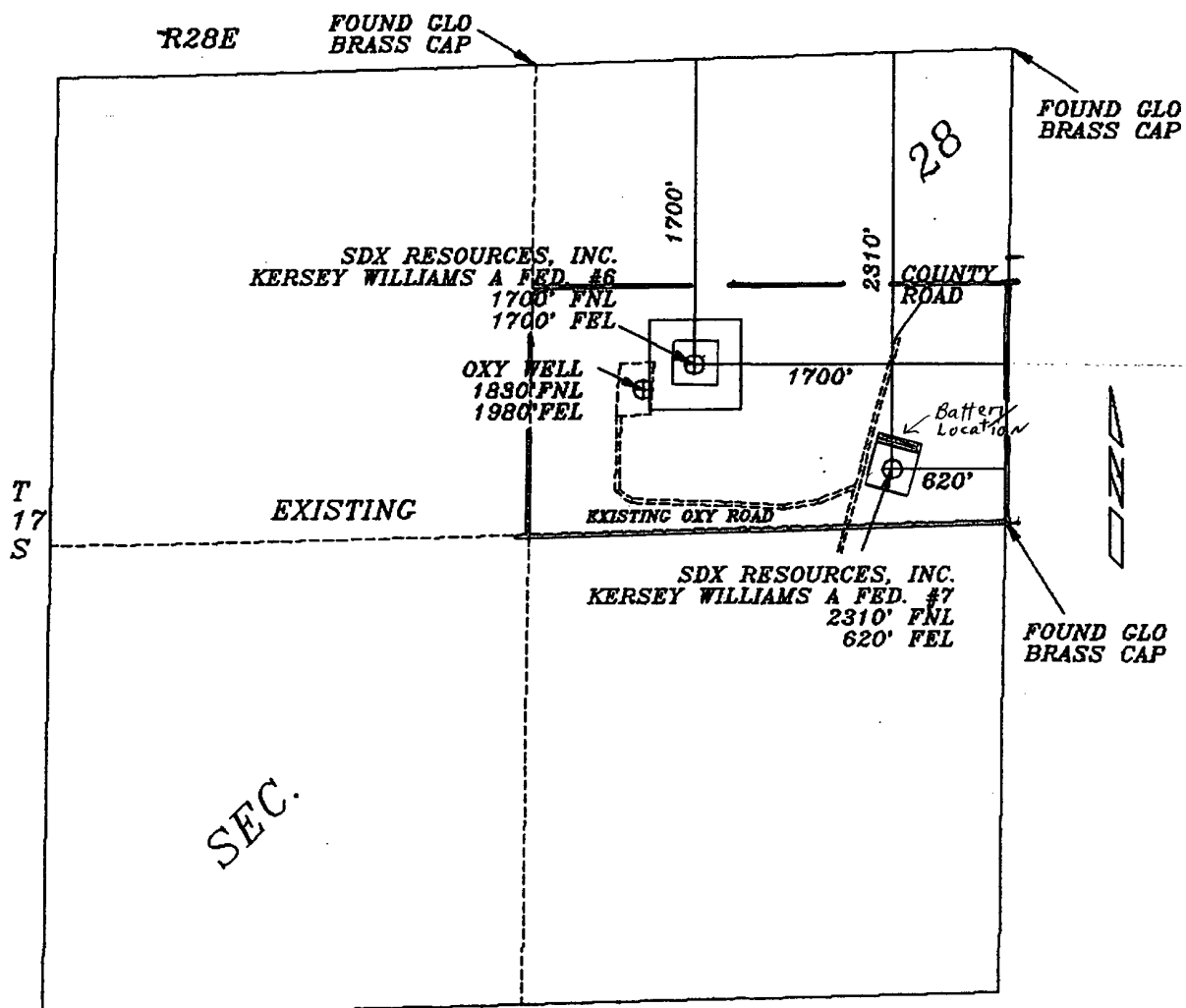
Term: 20 years, with preferential right of Lessee to renew the lease for successive periods upon such reasonable terms and conditions as may be prescribed by Lessor, unless otherwise provided by law at the expiration of such periods, pursuant to PL-101-567.

Land Covered: T-17-S, R-28-E, N.M.P.M.
Section 21: NE/4
Section 28: S/2 NE/4
Section 29: SW/4

Eddy County, New Mexico, containing 400 acres, more or less.

Royalties: Oil: The royalty on oil production shall be 0.5% during the term of the Stripper Rate Royalty Program, in accordance with the Code of Federal Regulations, Title 43, Part 3103.4-1, effective October 1, 1992. Upon termination of the above program, the royalties on the oil shall be as follows:

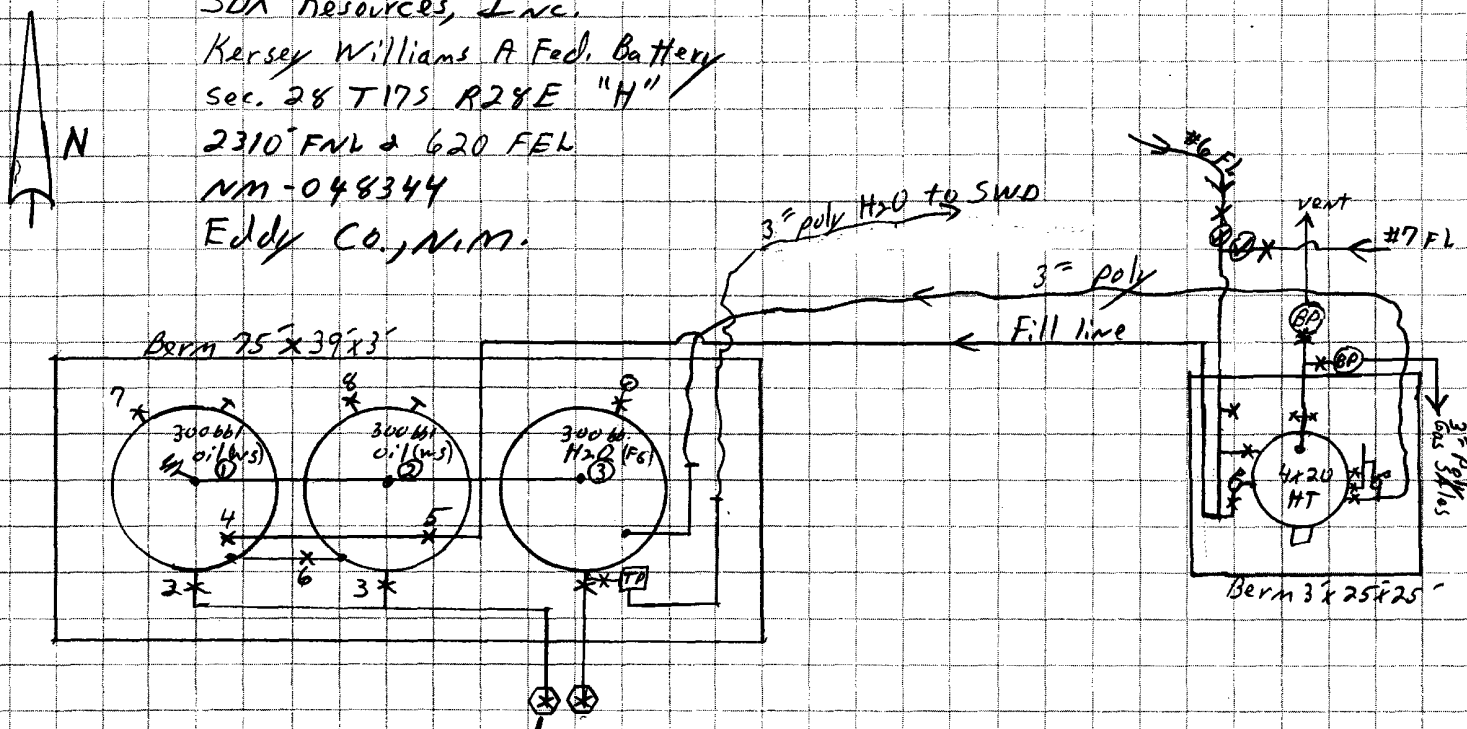
WELL LOCATION SKETCH



Scale 1" = 1000 ft

PREPARED FOR: SDX RESOURCES, INC.
 PREPARED BY: DAN R. REDDY NM PE&PS #5412
 SEPTEMBER 7, 2004, REVISED SEPTEMBER 17, 2004

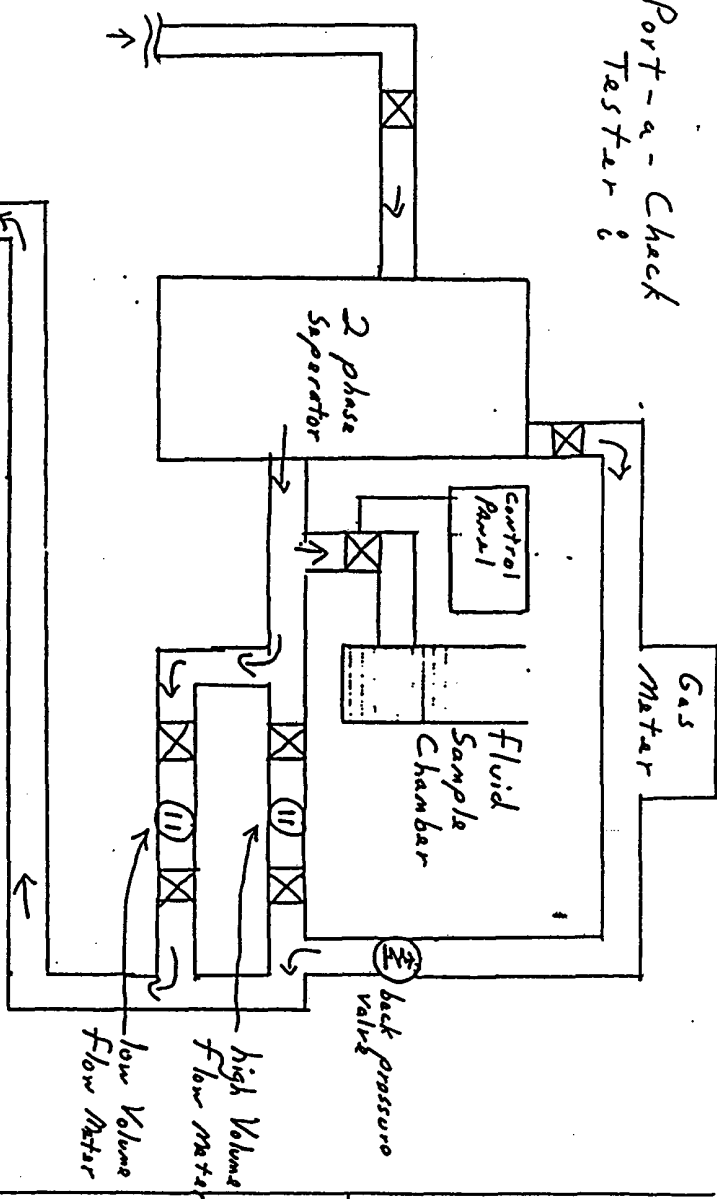
SDX Resources, Inc.
 Kersey Williams A Fed. Battery
 Sec. 28 T17S R28E "H"
 2310 FNL & 620 FEL
 NM-048344
 Eddy Co., N.M.



Valve Positions

Production		Sales	
open	closed	open	closed
4/5	5/4	1, 2/3	6, 3/2
6	1, 2, 3, 7, 8	4/5	5/4
			7, 8

Port-a-Check
Tester?



Standard Well Head?

Tester Inlet

Tester Outlet

Flow line to battery

Attachment