

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

FORM APPROVED
OMB No. 1004-0137
Expires: March 31, 2007

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE- Other instructions on reverse side.

1. Type of Well
☐ Oil Well ☐ Gas Well ☒ Other

2. Name of Operator SDX Resources, Inc.

3a. Address
PO Box 5061, Midland, TX 797043b. Phone No. (include area code)
432-685-1761

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

2310' FNL 330' FEL
Sec 21, T17S, R28E, H

5. Lease Serial No.

NMNM-048344

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No. Pure Federal #1
Pure Federal Site Facility

9. API Well No.

30-015-35132 - pm

10. Field and Pool, or Exploratory Area
Red Lake, QN-GB-SA

11. County or Parish, State

Eddy Co., NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input checked="" type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Water Analysis Attached.

Produced water will be transferred from the Pure Federal wells by truck to SDX's NorthWest Artesia Unit for disposal into approved injection wells NWAU #3, #6 & #15 (NMOCD R#4727) or if necessary to an alternate approved SWD.

Accepted for record

NMOCD

MAR 19 2007

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Bonnie Atwater

Title Regulatory Tech

Signature

Bonnie Atwater

Date

02/22/2007

APPROVED

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Title

Office

Date

MAR 15 2007

WESLEY W. INGRAM
PETROLEUM ENGINEER

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make 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.

(Instructions on page 2)

REC'D FEB 21 2007

Pro-Kem, Inc.

WATER ANALYSIS REPORT

SAMPLE

Oil Co. : SDX Resources

Lease : Pure Fed.

Well No.: 1

Location:

Attention:

Date Sampled : 07-February-2007

Date Analyzed: 14-February-2007

Lab ID Number: Feb1507.001- 2

Salesperson :

File Name : Feb1507.001

ANALYSIS

- | | | | |
|------------------------------|-------|-------|--------|
| 1. Ph | 6.660 | | |
| 2. Specific Gravity 60/60 F. | 1.124 | | |
| 3. CACO3 Saturation Index | @ 80F | 0.417 | Mild |
| | @140F | 1.377 | Severe |

Dissolved Gasses

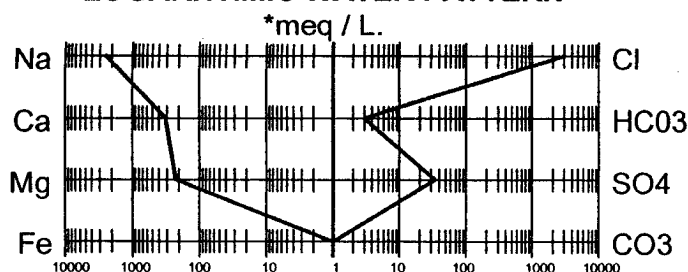
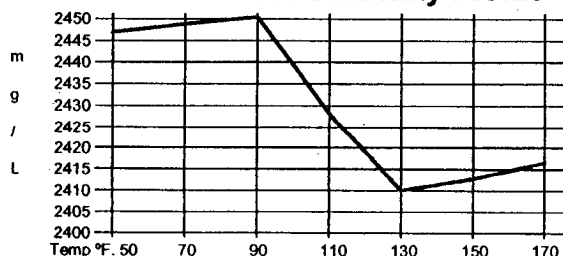
- | | |
|---------------------|----------------|
| 4. Hydrogen Sulfide | Not Present |
| 5. Carbon Dioxide | Not Determined |
| 6. Dissolved Oxygen | Not Determined |

Cations

- | | | | | |
|--------------|--------------------|----------------|----------|----------|
| 7. Calcium | (Ca++) | 6,148 | / 20.1 = | 305.87 |
| 8. Magnesium | (Mg++) | 2,655 | / 12.2 = | 217.62 |
| 9. Sodium | (Na+) (Calculated) | 55,546 | / 23.0 = | 2,415.04 |
| 10. Barium | (Ba++) | Not Determined | | |

Anions

- | | | | | |
|--------------------------------------|---------|--------------------|----------|----------|
| 11. Hydroxyl | (OH-) | 0 | / 17.0 = | 0.00 |
| 12. Carbonate | (CO3=) | 0 | / 30.0 = | 0.00 |
| 13. Bicarbonate | (HCO3-) | 176 | / 61.1 = | 2.88 |
| 14. Sulfate | (SO4=) | 1,625 | / 48.8 = | 33.30 |
| 15. Chloride | (Cl-) | 102,977 | / 35.5 = | 2,900.76 |
| 16. Total Dissolved Solids | | 169,127 | | |
| 17. Total Iron | (Fe) | 16.50 | / 18.2 = | 0.91 |
| 18. Manganese | (Mn++) | Not Determined | | |
| 19. Total Hardness as CaCO3 | | 26,283 | | |
| 20. Resistivity @ 75 F. (Calculated) | | 0.021 Ohm · meters | | |

LOGARITHMIC WATER PATTERN**Calcium Sulfate Solubility Profile****PROBABLE MINERAL COMPOSITION**

COMPOUND	*meq/L	X	EQ. WT. =	mg/L.
Ca(HCO3)2	2.88		81.04	233
CaSO4	33.30		68.07	2,267
CaCl2	269.69		55.50	14,968
Mg(HCO3)2	0.00		73.17	0
MgSO4	0.00		60.19	0
MgCl2	217.62		47.62	10,363
NaHCO3	0.00		84.00	0
NaSO4	0.00		71.03	0
NaCl	2,413.45		58.46	141,090

* milliequivalents per Liter

Kevin Byrne, Analyst

**Bureau of Land Management
Carlsbad Field Office
620 E. Greene Street
Carlsbad, New Mexico 88220
505-234-5972**

Guidelines for Approval of Water Disposal Methods

PURE FEDERAL #1 30-015-35132

The following information must be included with any application for approval of your method of water disposal:

- 1) A formal request (Sundry Notice Form 3160-5 or letter) for approval to dispose of water.
- 2) Name(s) of formation(s) producing water on the lease. GRAYBURG
- 3) Amount of water produced from each formation in barrels per day. 20 BWPD
- 4) How water is stored on the lease 500 BBL BRINE STORAGE TANK
- 5) How water is moved to the disposal facility. TRUCK
- 6) Operator's name; lease name or well name and number of disposal well; location by $\frac{1}{4}$ $\frac{1}{4}$.
Section, Township, and Range of the disposal system. NWAU #3 NW/4NE/4
NWAU #6 SE/4NE/4
NWAU #15 SE/4SE/4
Sec 32, T17S, R28E
- 7) The appropriate NMOCD permit number.
R4727

The following information is needed for pit approvals:

- 1) The pit size and location.
- 2) Evaporation rate of the area compensated for annual rainfall.
- 3) Estimated percolation rate based on the soil characteristics under and adjacent to the pit.
- 4) Depth and areal extent of all useable water aquifers in the area (i.e., less than 10,000 ppm total dissolved solids).
- 5) A water analysis of produced water from each zone showing at least the total dissolved solids, pH, and the concentrations of chlorides and sulfates.