

APR 2 8 2005 NEW MEXICO ENERGY, MINERALS NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Cleid Justiection Program

Preserving the integrity of that Espironwest"

22-Apr-05

RECEIVED MAY 1 9 2005

SDX RESOURCES INC

PO BOX 5061

MIDLAND TX 79704

NOTICE OF VIOLATION - Inspection

Dear Operator:

The following inspection(s) indicate that the well, equipment, location or operational status of the well(s) failed to meet standards of the New Mexico Oil Conservation Division as described in the detail section below. 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 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 on the date(s) indicated.

Please notify the proper district office of the Division, in writing, 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

FEATHERSTONE FEDERAL No.001

D-22-19S-28E

30-015-02286-00-00

Inspection Date

Type Inspection

Inspector

*Significant Violation?

Corrective

Non-Compliance?

Action Due By:

Inspection No.

04/20/2005

Routine/Periodic

Mike Bratcher

Yes

Violations

No

5/20/2005

iMLB0511049975

Absent Well Identification Signs (Rule 103)

Comments on Inspection:

No Well Sign (Rule 103).

FEATHERSTONE WELCH No.001

E-22-19S-28E

30-015-02295-00-00

Inspection Date

Type Inspection

Inspector

Violation?

*Significant Non-Compliance?

Corrective Action Due By:

Inspection No.

04/20/2005

Routine/Periodic

Mike Bratcher

Yes

No

5/20/2005

iMLB0511049407

Violations

Surface Leaks/Spills

Comments on Inspection:

Area at wellhead is oil saturated from ongoing leak at stuffing box. Repair and cleanup required.

Violation Rule 13.