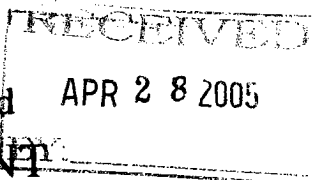




NEW MEXICO ENERGY, MINERALS and
NATURAL RESOURCES DEPARTMENT



BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

*Field Inspection Program
"Preserving the Integrity of Our Environment"*

22-Apr-05

RECEIVED

MAY 19 2005

ODD-ARTESIA

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 | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|---|------------------|---------------|------------|------------------------------|---------------------------|----------------|
| 04/20/2005 | Routine/Periodic | Mike Bratcher | Yes | No | 5/20/2005 | iMLB0511049975 |
| Violations Absent Well Identification Signs (Rule 103) | | | | | | |
| Comments on Inspection: No Well Sign (Rule 103). <i>Corrected 5-2-05</i> | | | | | | |

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. <i>Corrected 5-2-05</i> | | | | | | |