

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Administrative Order DHC-3962

Application Reference Number: pTDS0729558885

SDX RESOURCES INC
PO BOX 5061,
MIDLAND, TX 79704

NOV 29 2007

OCD-ARTESIA

Attention: Chuck Morgan

ENRON STATE Well No. 002

API No: 30-015-31920

Unit D, Section 32, Township 17 South, Range 28 East, NMPM

Eddy County, New Mexico

Pool: ARTESIA; GLORIETA-YESO (O) Oil 96830

Names: ARTESIA;QUEEN-GRAYBURG-SAN ANDRES Oil 3230

Reference is made to your recent application for an exception to Rule 303.A. of the Division Rules and Regulations to permit the above-described well to commingle production from the subject pools in the wellbore.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of Rule 303.C., and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and any Division Order which authorized the dual completion or otherwise required separation of the zones is hereby placed in abeyance.

In accordance with Division 303C.(1)(f), the production attributed to any commingled pool within the well shall not exceed the allowable applicable to that pool.

Assignment of allowable to the well and allocation of production from the well shall be as follows.

ARTESIA; GLORIETA-YESO (O) Pool	Pct Gas: 64	Pct Oil: 87
ARTESIA;QUEEN-GRAYBURG-SAN ANDRES Pool	Pct Gas: 36	Pct Oil: 13

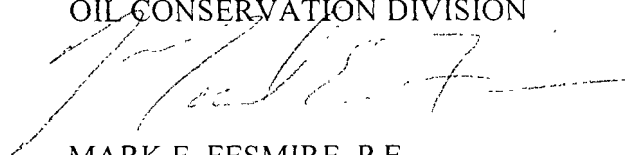
These percentages shall be amended only with written permission of the Division.

REMARKS: The operator shall notify the Artesia District Office of the Division upon implementation of commingling operations.

Pursuant to Rule 303C(2), the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.

Order approved at Santa Fe, New Mexico on 11/9/2007.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



MARK E. FESMIRE, P.E.
Director

cc: Oil Conservation Division – Artesia
State Land Office - Oil, Gas, and Minerals Division