



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

POST OFFICE BOX 1980
HOBBS, NEW MEXICO 88241-1980
(505) 393-6161

August 16, 1995

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

Re: Northeast Pearl Queen Unit

Gentlemen:

According to our records, your Northeast Pearl Queen Unit Well No 8 located in Unit B and No. 20 located in Unit J, both in Section 23, Township 19 South, Range 35 East, have been shut in for an extended period of time.

To confirm the integrity of the casing and to insure that the affected formations and the surrounding surface area is not adversely affected, the following options are available:

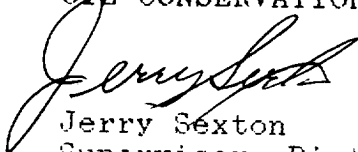
- 1> Make any repairs necessary to bring the well into a satisfactory condition, conduct a pressure test, and return to the wells to active injection.
- 2> Temporarily abandon the well as outlined in Division Rule 203, and request a TA status.
- 3> Plug and abandon the wells, after submitting and receiving approval for the proposal to P&A, in a timely fashion.

We have scheduled Well No. 14 for a pressure test on September 22, 1995, and request that you advise this office of your plans for #8 and #20 no later than this date.

We request 24 hours notice prior to any of the procedures in order to witness the operation.

Very truly yours

OIL CONSERVATION DIVISION


Jerry Sexton
Supervisor, District I

JS:bp

cc: Ron Merritt
File