



**NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT**

OIL CONSERVATION DIVISION  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505  
(505) 827-7131

November 8, 1999

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

#12302

Attention: **Chuck Morgan**

Re: Administrative application submitted to the New Mexico Oil Conservation Division ("Division") on October 12, 1999 for an exception to the well location requirements provided within the "*Special Rules and Regulations for the Jalmart Gas Pool*", as promulgated by Division Order No. R-8170, as amended, for an unorthodox Jalmart infill gas well location within an existing non-standard 120-acre gas spacing and proration unit (approved by Division Order No. R-369-A, dated September 28, 1953) comprising the N/2 SW/4 and SW/4 SW/4 of Section 5, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico. The proposed E. J. Wells Well No. 25 is to be drilled 2180 feet from the South line and 1980 feet from the West line (Unit K) of Section 5. This unit is currently dedicated to SDX Resources, Inc.'s: (i) E. J. Wells Well No. 13 (API No. 30-025-11458), located at a standard gas well location 1980 feet from the South line and 660 feet from the West line (Unit L) of Section 5; and (ii) E. J. Wells Well No. 16 (API No. 30-025-28768), located at an unorthodox infill gas well location (approved by Division Administrative Order NSL-1823, dated June 22, 1984) 2310 feet from the South line and 610 feet from the West line (Unit L) of Section 5.

Dear Mr. Morgan:

On October 15, 1999 the Division received an objection from Doyle Hartman, Oil Operator to the subject application (I believe you were provided a copy of this letter).

This application will therefore be set for hearing before a Division Hearing Examiner on the next available docket scheduled for December 2, 1999. Please provide adequate notice pursuant to Rule 1207.A(5) of the Division's Rules and Regulations.

Should you have any questions concerning this matter, please contact me in Santa Fe at (505) 827-8185.

Sincerely,

Michael E. Stogner  
Chief Hearing Officer/Engineer

MES/kv

cc: New Mexico Oil Conservation Division - Hobbs  
U. S. Bureau of Land Management - Carlsbad  
Kathy Valdes - OCD, Santa Fe  
Doyle Hartman - Midland, Texas  
J. E. Gallegos, Legal Counsel for Doyle Hartman - Santa Fe