



NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

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

January 5, 2000

W. Thomas Kellahin, Esq.  
Kellahin & Kellahin  
P.O. Box 2265  
Santa Fe, NM 87504-2265

Attorneys for SDX Resources, Inc.

J.E. Gallegos, Esq.  
Michael J. Condon, Esq.  
Gallegos Law Firm  
460 St. Michael's Drive  
Santa Fe, NM 87505

Attorneys for Doyle Hartman, Oil Operator

William F. Carr, Esq.  
Campbell, Carr, Berge & Sheridan, P.A.  
P.O. Box 2208  
Santa Fe, NM 87504-2208

Attorneys for Raptor Resources, Inc.

RE: Clarification of December 22, 1999 letter from Rand Carroll

Gentlemen:

Paragraph (i) of the above-referenced letter refers to Division actions regarding SDX and Raptor wells. This letter clarifies which wells and/or applications are affected by that letter and what actions will be taken by the Division.

Cases No. 12301, 12302, 12303 and 12304 will be continued to the March 16, 2000 docket, the docket after the docket at which the Division's application to review the Jalmat Special Pool Rules will be heard.

Hartman's objections/protests to Orders No. SD 99-14 and SD 99-15 will be set for hearing as an application of Hartman for rescission of those orders. This application will also be set for hearing on March 16, 2000.

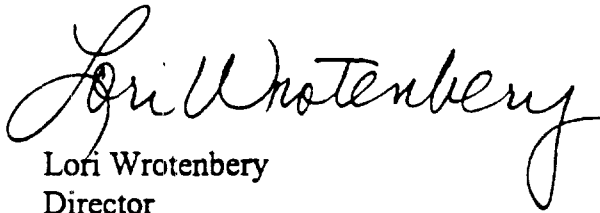
The NSL orders issued to Raptor in which notice should have been given to Hartman as an offset operator but was not are reopened pursuant to Rule 1207.D. and will also be set for hearing on March 16, 2000. Such NSL orders include Orders No. NSL 2872-C(SD), NSL 2723-D(SD), NSL 2723-E and NSL 2816-C(SD). Hartman must notify the Division of any additional NSL applications in this category.

No wells other than the wells that are the subject of the above-referenced cases and orders are affected by the December 22, 1999 letter.

Approvals for all Jalmat infill wells on a density of less than 160 acres per well have been held since December 23, 1999 and will continue to be held pending the March 2, 2000 hearing.

The Division trusts that the parties will actively participate at the Jalmat Pool operators meeting on January 25, 2000 at the OCD District Office in Hobbs and that an agreeable solution can be worked out regarding further development of the Jalmat Pool.

Sincerely,



Lori Wrotenbery  
Director

c: Don Kane, Esq., Gorsuch & Kirgis LLP  
Rand Carroll, OCD Legal Counsel  
Michael E. Stogner, OCD Hearing Examiner  
David Catanach, OCD Hearing Examiner  
Mark Ashley, OCD Hearing Examiner  
Chris Williams, OCD Hobbs District Supervisor