



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
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December 14, 1999

VIA FAX AND MAIL

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RE: Cases No. 12301 and 12302 ---Applications of SDX Resources, Inc. for
unorthodox infill gas well locations in the Jalmat Gas Pool
Cases No. 12303 and 12304---Applications of Raptor Resources, Inc. for
unorthodox infill gas well locations in the Jalmat Gas Pool

Gentlemen:

The above-referenced cases have been consolidated and continued to the January 6, 2000 Examiner Hearing with Michael Stogner as Hearing Examiner. The response date for responding to Hartman's subpoenas was extended to December 6, 1999. The Division has received SDX's Motion to Quash and Raptor's Response and Motion to Quash in Part, both dated December 6, 1999. The Division has not yet received Hartman's responses to the Motions to Quash and Quash in Part, if in fact responses are forthcoming.

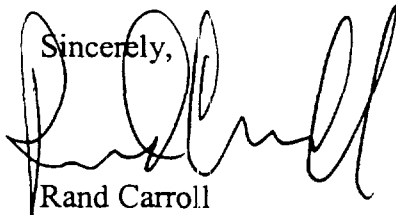
The Division has also received Hartman's letter dated November 9, 1999 requesting the Division reconsider Administrative Orders SD-99-14 and SD-99-15 issued to SDX,

vacate those orders and set the SDX applications for public hearing, as well as the response of SDX from Mr. Kellahin dated December 6, 1999.

With the holidays approaching and these cases set for January 6, 2000, it appears that a prehearing conference is necessary to hear arguments on the Motions to Quash and to discuss how best to proceed. The issue has been raised regarding whether these cases are the appropriate forums for addressing how the Jalmat Gas Pool should be developed. At the prehearing conference, we will discuss whether a new case should be docketed to address amending the Jalmat Special Pool Rules and whether the referenced cases should be stayed, and the administrative orders vacated and those applications stayed, pending the outcome of the possible case to amend the Special Pool Rules.

Please let me know if your schedules for either Monday, December 21 or Tuesday, December 22, permit time for a prehearing conference. I will be out of the office from December 22 to January 3, 2000. Mr. Stogner is out until December 21. It could be that the January 6 hearing date will have to be continued further.

If you have any questions, please feel free to call me at 827-8156.

Sincerely,

Rand Carroll

c: Michael E. Stogner, OCD Hearing Examiner