

SDX RESOURCES, INC.

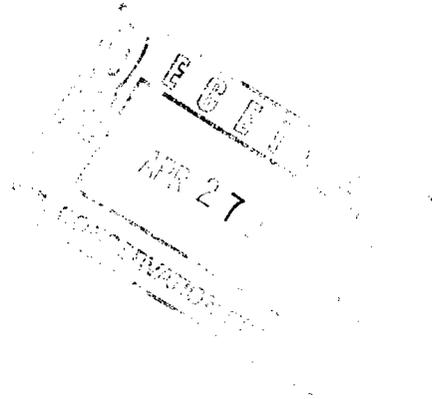
P.O. BOX 5061  
MIDLAND, TEXAS 79704  
(915) 685-1761

March 1<sup>st</sup>, 2000

NMOCD  
2040 South Pacheco Street  
Santa Fe, NM 87505

Attention: Mr. Mike Stogner

RE: Atlantic #1  
Sec. 34, T22S, R36E  
990 FSL, 660 FWL  
Lea County, New Mexico



Dear Mr. Stogner,

SDX Resources, Inc. has acquired the rights to the Jalmat gas interval under a 160 acre proration unit located in the SW/4 of Sec. 34 T22S R36E. This proration unit was previously dedicated to Arco Permian's Hale WN # 1 well located in unit letter K. Arco set a CIBP over the perfs with a cement cap and temporarily abandoned this well in 1993. SDX wishes to drill a new well named the Atlantic # 1 at the above mentioned location and request that this letter serve as application for administrative approval to dedicate this 160 acre proration unit to the new well. A lease map of the surrounding area and copies of the contiguous Jalmat gas proration units are included in this application for your review. A copy of this application has been sent to the contiguous offset operators and a list of these operators along with proof of notice to each accompanies this application. Your assistance on this is greatly appreciated.

Sincerely,

Chuck Morgan

Enclosures

List of offset operators  
Atlantic # 1  
Sec. 34 T22S R36E  
990' FSL & 660' FWL  
Lea Co, N.M.

Arco Permian  
Box 1610  
Midland, Tx. 79702-1610

Conoco Inc.  
10 Desta Drive, Suite 100W  
Midland, Tx. 79705-4500

Gruy Petroleum Management  
Box 416  
Hobbs, N.M. 88240

Raptor Resources, Inc.  
P.O. Box 160430  
Austin, Tx. 78716

Roca Production  
P.O. Box 10139  
Midland, Tx. 79702



DISTRICT I  
P.O. Box 1980, Hobbs, NM 88241-1980

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102  
Revised February 10, 1994  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

DISTRICT II  
P.O. Drawer DD, Artesia, NM 88211-0719

DISTRICT III  
1009 Rio Brazos Rd., Artesia, NM 87410

DISTRICT IV  
P.O. Box 2088, Santa Fe, N.M. 87504-2088

OIL CONSERVATION DIVISION

P.O. Box 2088  
Santa Fe, New Mexico 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 79240	Pool Name Jalmat TN YT SR
Property Code	Property Name ATLANTIC ST.	Well Number 1
OGRID No. 020451	Operator Name SDX RESOURCES, INC.	Elevation 3495

Surface Location

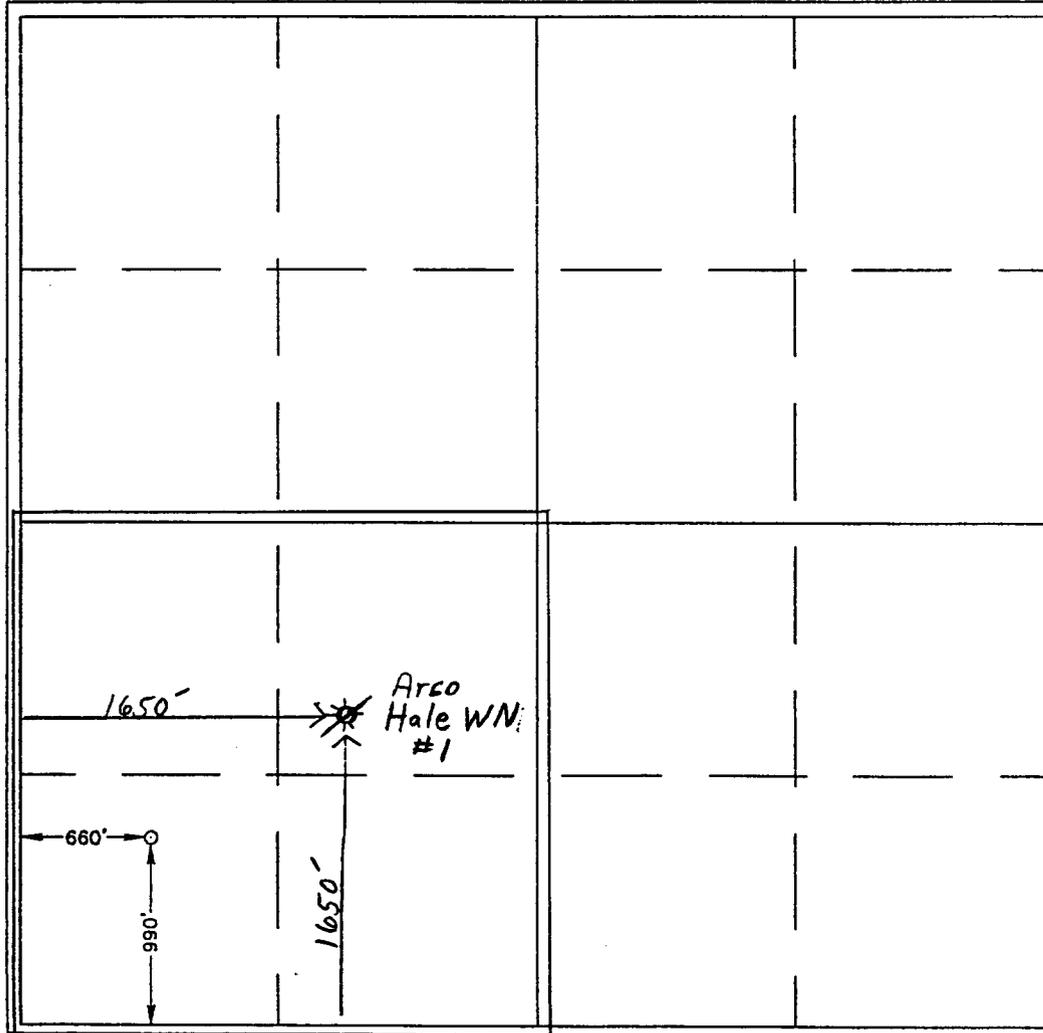
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	34	22 S	36 E		990	SOUTH	660	WEST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres 160	Joint or Infill Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



**OPERATOR CERTIFICATION**

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

*Chuck Morgan*  
Signature  
Chuck Morgan  
Printed Name  
Engineer  
Title  
3/1/00  
Date

**SURVEYOR CERTIFICATION**

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief.

FEBRUARY 17, 2000

Date Surveyed \_\_\_\_\_ LMP  
Signature of Seal Exp. Professional Surveyor  
*Ronald J. Edison* 2/18/00  
60-11-0222

Certificate No. RONALD J. EDISON 3239  
GARY EDISON 12641  
MACON-McDONALD 12185

SDX RESOURCES, INC.

P.O. BOX 5061  
MIDLAND, TEXAS 79704  
(915) 685-1761

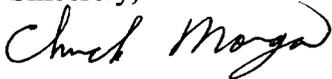
March 1<sup>st</sup>, 2000

Re: Atlantic # 1  
Sec. 34, T22S R36E  
990 FSL & 660 FWL  
Lea County, N.M.

Gentleman,

SDX Resources has acquired the rights to the Jalmat gas interval in the above mentioned 160 acre tract . Our records indicate that you are the operator of a lease contiguous to our acreage. This letter is intended to serve as notification of our intentions to drill the Atlantic # 1 well on this acreage and to dedicate this 160 acre proration unit in the Jalmat gas pool to this well. Accompanying this letter is a copy of our application to the NMOCD office in Santa Fe. If you have any objections to the drilling of this well or to the dedication of the proration unit, you should file your objection with the NMOCD within 20 days of the receipt of this notice. If you have any questions or need any additional information please feel free to contact me at the above number.

Sincerely,



Chuck Morgan

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

**Conoco Inc**  
**10 Desta Dr, Ste 100W**  
**Midland, TX 79705-4500**

Article Number (Copy from service label)  
**2470 968 176**  
 Form 3811, July 1999

**COMPLETE THIS SECTION ON DELIVERY**

A. Received by (Please Print Clearly) **PHANNA WILLIAMS** B. Date of Delivery **3-06-00**  
 C. Signature *Phanna Williams*  Agent  Addressee

D. Is delivery address different from item 1?  Yes  No  
 If YES, enter delivery address below:  
**RECEIVED**  
**MAR 08 2000**

3. Service Type  
 Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

**Raptor Resources, Inc.**  
**PO Box 160430**  
**Austin, TX 78716**

Article Number (Copy from service label)  
**2470 968 174**  
 Form 3811, July 1999

**COMPLETE THIS SECTION ON DELIVERY**

A. Received by (Please Print Clearly) B. Date of Delivery **3-8-00**  
 C. Signature *Emily Austin*  Agent  Addressee

D. Is delivery address different from item 1?  Yes  No  
 If YES, enter delivery address below:  
**901 Rio Grande St**  
**78701**

3. Service Type  
 Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Insured Mail

4. Restricted Delivery? (Extra Fee)  Yes

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

**Gruy Petroleum Management**  
**PO Box 416**  
**Hobbs, NM 88240**

Article Number (Copy from service label)  
**2470 968 175**  
 Form 3811, July 1999

**COMPLETE THIS SECTION ON DELIVERY**

A. Received by (Please Print Clearly) B. Date of Delivery **3-8-00**  
 C. Signature *Bekky Nagelmeier*  Agent  Addressee

D. Is delivery address different from item 1?  Yes  No  
 If YES, enter delivery address below:  
**RECEIVED**  
**MAR 13 2000**

3. Service Type  
 Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none"> <li>Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>	A. Received by (Please Print Clearly)	B. Date of Delivery 3-3-00
	C. Signature <input checked="" type="checkbox"/> Agent <input checked="" type="checkbox"/> Addressee	
	D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If YES, enter delivery address below:	
	<div style="border: 1px solid black; padding: 5px; text-align: center;"> <b>RECEIVED</b>              MAR 06 2000           </div>	
1. Article Addressed to:  <b>Roca Production</b> <b>PO Box 10139</b> <b>Midland, TX 79702</b>		
3. Service Type <input type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.		
4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes		
Article Number (Copy from service label) <b>470 968 173</b>		
Form 3811, July 1999                      Domestic Return Receipt                      102595-99-M-1789		

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none"> <li>Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>	A. Received by (Please Print Clearly)	B. Date of Delivery MAR 06 2000
	C. Signature <input type="checkbox"/> Agent <input checked="" type="checkbox"/> Addressee	
	D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If YES, enter delivery address below:	
	<div style="border: 1px solid black; padding: 5px; text-align: center;"> <b>RECEIVED</b>              MAR 06 2000              BY:           </div>	
1. Article Addressed to:  <b>Arco Permian</b> <b>PO Box 1610</b> <b>Midland, TX 79702-1610</b>		
3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.		
4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes		
Article Number (Copy from service label) <b>470 968 177</b>		
Form 3811, July 1999                      Domestic Return Receipt                      102595-99-M-1789		