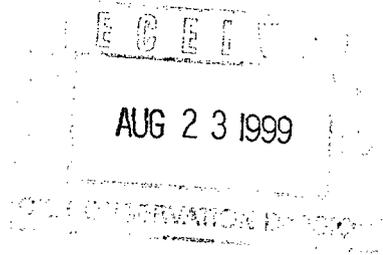


SDX RESOURCES, INC.

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



August 20, 1999

NMOCD
2040 S. Pacheco
Santa Fe, NM 87505

Attention: Mr. Michael Stogner

Re: NW State #4
Non Standard Location Permit

Mr. Stogner:

The NW State #4 will be completed in the San Andres formation. The well is located within the boundaries of the Northwest Artesia Unit. The Northwest Artesia Unit's rights end at the top of the San Andres.

In addition, SDX Resources Inc. is currently assuming operations of the Northwest Artesia Unit.

Sincerely,

Chuck Morgan
Engineer

CM:bj