



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

ADMINISTRATIVE ORDER OLS-182

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

Attention: Mr. Chuck Morgan

As an exception to the requirements of Rule 309-A of the Division Rules and Regulations, and pursuant to the provisions of Rule 309-C, the above named company is hereby authorized off-lease storage for Undesignated Loving Delaware (No Pool IDN assigned yet.) Pool production from the following leases:

Lease: J.B. State Well No.1
Description: SW/4 NW/4 of Section 32,

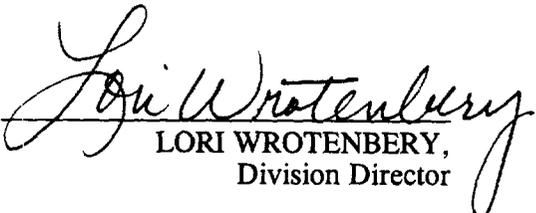
located in Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico.

The aforementioned production is to be transported prior to measurement to its own tank battery facility located in Unit Letter 'A' of Section 31, Township 23 South, Range 28 East, NMPM, on the Watts Federal lease in Eddy County, New Mexico.

NOTE: This installation shall be installed and operated in accordance with the applicable provisions of Rule 303 of the Division Rules and Regulations and there shall be no intercommunication of the handling, separating, treating or storage facilities designated to the above lease.

FURTHER: The operator shall notify the Artesia district office of the Division prior to implementation of the commingling process.

DONE at Santa Fe, New Mexico, on this 10th day of February, 1998.


LORI WROTENBERY,
Division Director

LW/BES

cc: Oil Conservation Division - Artesia
State Land Office - Oil & Gas Division
Bureau of Land Management - Carlsbad