



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

Bill Richardson
Governor
Joanna Prukop
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

May 21, 2003

SDX Resources, Inc.
P. O. Box 5061
Midland, Texas 79704
Attention: Kay Maddox

Administrative Order NSP-1865

Dear Ms. Maddox:

Reference is made to the following: (i) your application submitted to the New Mexico Oil Conservation Division ("Division") on April 29, 2003 (*administrative application reference No. pKRV0-311953234*); and (ii) the Division's records in Santa Fe: all concerning SDX Resources, Inc.'s ("SDX") request to reinstate a previously approved non-standard 160-acre gas spacing unit in the Jalmat Gas Pool (79240) comprising the NW/4 of Section 33, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico, and to dedicate this unit to its proposed Selby Well No. 1 to be drilled at a standard Jalmat gas well location 660 feet from the North line and 990 feet from the West line (Unit D) of Section 33.

Your application has been duly filed under the provisions of the "*Special Pool Rules for the Jalmat Gas Pool*," as promulgated by Division Order No. R-8170-P, issued in Case No. 12563 on December 14, 2001.

From the Division's records and from the information provided in your application, it is our understanding that by Division Order No. R-520, dated August 12, 1954, this 160-acre non-standard gas spacing and proration unit was initially established for Jalmat gas production from The Atlantic Refining Company's J. L. Selby Well No. 1 located at a standard gas well location 1980 feet from the North and West lines (Unit F) of Section 33. The Division's records indicate that by letter from the Division's Director dated August 7, 1964 The Atlantic Refining Company was authorized to complete its J. L. Selby Well No. 5 (API No. 30-025-09118), located at a standard Jalmat gas well location 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 33, as an infill gas well for this 160-acre unit. The J. L. Selby well No. 1 was plugged and abandoned in 1971 and the No. 5 well was plugged and abandoned in 1994.

By the authority granted me under the provisions of Rules 4 (C) and (D) of the special rules now governing the Jalmat Gas Pool, the above-described 160-acre non-standard gas spacing unit is hereby restored for SDX's proposed Selby well No. 1.

Jurisdiction of this matter shall be further retained for the entry of any such subsequent

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orders, as the Division may deem necessary.

Sincerely,

A handwritten signature in cursive script that reads "Lori Wrotenbery". The signature is written in black ink and is positioned below the word "Sincerely,".

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division – Hobbs