



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

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

November 1, 1999

SDX Resources, Inc.
P. O. Box 5061
Midland, Texas 79704
Attention: Chuck Morgan

Administrative Order NSL-4375(SD)

Dear Mr. Morgan:

Reference is made to the following: (i) your application dated October 25, 1999; and (ii) the New Mexico Oil Conservation Division's ("Division") records in Santa Fe: all concerning SDX Resources, Inc.'s ("SDX") request for an unorthodox infill oil well location within an existing standard 40-acre oil spacing and proration unit comprising the SE/4 SW/4 (Unit N) of Section 32, Township 17 South, Range 28 East, NMPM, Artesia-Queen-Grayburg-San Andres Pool, Eddy County, New Mexico.

This 40-acre unit is currently dedicated to SDX's Northwest Artesia Unit Well No. 13 (API No. 30-015-10834) located at a standard oil well location 990 feet from the South line and 2030 feet from the West line of Section 32.

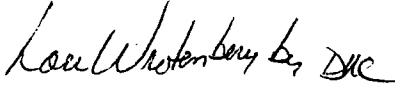
This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

By the authority granted me under the provisions of Division Rule 104.F(2), the following described well to be drilled at an unorthodox infill oil well location within the SE/4 SW/4 (Unit N) of Section 32 is hereby approved:

NW State Well No. 8
1090' FSL & 2126' FWL.

Further, both the existing Northwest Artesia Unit Well No. 13 and the proposed NW State Well No. 8 are to be simultaneously dedicated to the subject 40-acre unit.

Sincerely,


Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Artesia
New Mexico Oil Conservation Division - Santa Fe