

SDX Resources, Inc.

P. O. Box 5061
Midland, TX 79704

915-685-1761
Fax 915 685-0533

TO: NMOC DDATE: 8/24/99ATTENTION: Mike Stegner 827-8177FROM: Chuck MorganRe: NSL - 4378TOTAL PAGES INCLUDING THIS PAGE 3

IF YOU HAVE ANY PROBLEMS OR QUESTIONS, PLEASE CALL US AT
(915) 685-1761.

☐ PER YOUR REQUEST☐ PER OUR PHONE CONVERSATION☒ FOR YOUR INFORMATION☐ PLEASE PHONE ME TO DISCUSS☐ PLEASE REVIEW & ADVISE☐ PLEASE ADVISE WHEN RECEIVEDCOMMENTS: Mr. Stegner,

I guess I got in to
big a hurry to get this out.
There is a 3" error in where
I reported the location. Hope this
doesn't create too much trouble.
Hard copy to be mailed ASAP.

Thanks
Chuck

SDX RESOURCES, INC.

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

August 24, 1999

NMOCD
2040 S Pacheco St
Santa Fe, NM 87505

Attn: Mr. Mike Stogner

Re: NSL-4348 /
Location Correction
NW State #4
Eddy Co., NM

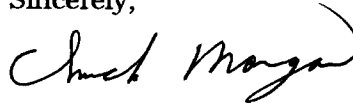
Mr. Stogner:

This is to correct the location on the above referenced Administrative Order. The location was incorrectly reported as 1140' FNL & 2274' FEL. The correct location according to the plat is 1140' FNL & **2277' FEL.**

SDX Resources Inc. is requesting the Administrative Order NSL-4348 be amended to reflect this correction.

We apologize for any inconvenience that this error may have caused. If we can be of further assistance, please call us at the letterhead number.

Sincerely,



Chuck Morgan
Engineer

CM:bj

cc: Brian w/OCD in Aresia

Stogner, Michael

To: Arrant, Bryan
Subject: RE: NSL-4348

Their application to be specifically said 2274' FEL. Therefore their C-102 must be wrong or they need to write me for an amendment.

From: Arrant, Bryan
Sent: Tuesday, August 24, 1999 9:14 AM
To: Stogner, Michael
Subject: NSL-4348

Hello Mike,

SDX's NW State #4 legal location is 1140' FNL & 2277' FEL.
The NSL reads ".....1140 feet from the North line and 2274 feet from the East line...".

Bryan

Stogner, Michael

From: Arrant, Bryan
Sent: Tuesday, August 24, 1999 9:14 AM
To: Stogner, Michael
Subject: NSL-4348

Hello Mike,

SDX's NW State #4 legal location is 1140' FNL & 2277' FEL.
The NSL reads ".....1140 feet from the North line and 2274 feet from the East line...".

Bryan



NEW MEXICO ENERGY, MINERALS & NATURAL RESOURCES DEPARTMENT

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

August 20, 1999

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

Telefax No. (915) 685-0533

Administrative Order NSL-4348

Dear Mr. Morgan:

Reference is made to the following: (i) your application dated August 18, 1999; (ii) your telephone conversations with Mr. Michael E. Stogner, Engineer/Chief Hearing Officer with the New Mexico Oil Conservation Division in Santa Fe ("Division") on Wednesday, August 18, 1999 and on Friday, August 20, 1999; and (iii) the records of the Division: all concerning SDX Resources, Inc.'s ("SDX") request for an unorthodox San Andres oil well location for the proposed N. W. State Well No. 4 to be drilled 1140 feet from the North line and 2274 feet from the East line (Unit B) of Section 32, Township 17 South, Range 28 East, NMPM, Eddy County, New Mexico. The NW/4 NE/4 of Section 32 is to be dedicated to this well in order to form a standard 40-acre oil spacing and proration unit for the Artesia-Queen-Grayburg-San Andres Pool.

This application has been duly filed under the provisions of Division Rule 104.F.

From the explanation provided the requested unorthodox oil well location is being sought for topographical reasons. Further, the NE/4 of Section 32 is a part of a single State Lease (Lease No. X-00647-0394) in which SDX is the leasehold operator; therefore, there are no effected offsets to the subject 40-acre tract within the San Andres interval other than SDX.

By the authority granted me under the provisions of Division Rule 104.F(2), the above-described unorthodox oil well location is hereby approved.

Sincerely,

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe