



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

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

November 2, 1999

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

Administrative Order SD-99-11

Dear Mr. Morgan:

Reference is made to your application submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe on October 12, 1999. SDX Resources, Inc. ("SDX") is hereby authorized to simultaneously dedicate gas production from the Jalmat Gas Pool to the previously approved non-standard 160.25-acre gas spacing and proration unit ("GPU") comprising Lots 1 and 2 and the S/2 NW/4 (NW/4 equivalent) of Section 5, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico (approved by Division Administrative Order NSP-370, dated May 9, 1957) from the: (i) existing Wells "B-5" Well No. 1 (**API No. 30-025-11460**) located 330 feet from the North line and 990 feet from the East line (Lot 1/Unit A) of Section 5, which was this units initial well and the subject of Division Administrative Orders NSP-14 and NSP-370; (ii) existing Wells "B-5" Well No. 2 (**API No. 30-025-28155**) located at an unorthodox infill gas well location (approved by Division Administrative Order NSL-1597, dated November 5, 1982) 1552 feet from the North line and 2230 feet from the East line (Unit G) of Section 5; and (iii) proposed Wells "B-5" Well No. 3 to be drilled at a standard gas well location 1860 feet from the North line and 660 feet from the East line (Unit H) of Section 5.

SDX is hereby authorized to simultaneously dedicate Jalmat gas production from the proposed Wells "B-5" Well No. 3 with the existing Wells "B-5" Wells No. 1 and 2. Furthermore, SDX is hereby permitted to produce the allowable assigned the subject 160.25-acre GPU from these three wells in any proportion

Further, all provisions of Division Administrative Orders NSP-370 and NSL-1597 shall remain in full force and affect until further notice.

Sincerely,

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
U. S. Bureau of Land Management - Carlsbad
File: NSP-14
NSP-370
NSL-1597 ✓