



NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

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

March 31, 1999

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

*Administrative Order NSL-4248(SD)*

Dear Mr. Morgan:

Reference is made to your applications dated March 4, 1999 for two unorthodox Jalmat gas well locations in an existing non-standard 200-acre gas spacing and proration unit ("GPU") for the Jalmat Gas Pool comprising the SE/4 SW/4 and SE/4 of Section 5, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico. This non-standard GPU was established by Division Administrative Order NSP-400, dated November 11, 1957 and had dedicated thereon the Wells Federal Well No. 1 (API No. 30-025-11462), located 1980 feet from the South line and 660 feet from the East line (Unit I) of Section 5.

By amendment to Division Administrative Order NSP-400 (L) (SD), dated August 17, 1984, a second well, the Wells Federal Well No. 17 (API No. 30-025-28850), located at an unorthodox gas well location 1980 feet from the South line and 1450 feet from the East line (Unit J) of Section 5 was approved for this GPU.

By authority granted me under the provisions of Rule 2(d) of the "*Special Rules and Regulations for the Jalmat Gas Pool*", as promulgated by Division Order No. R-8170, as amended, and Division Rule 104.F (2) the following two wells to be drilled at unorthodox Jalmat gas well locations in Section 5 are hereby approved:

**Wells Federal Well No. 20**  
**820' FSL & 1238' FEL (Unit P)**

**Wells Federal Well No. 21**  
**660' FSL & 2310' FEL (Unit O)**

Also, you are hereby authorized to simultaneously dedicate Jalmat gas production from the proposed Wells Federal Wells No. 20 and 21 with the existing Wells Federal Wells No. 1 and 17.

Administrative Order NSL-4248(SD)

SDX Resources, Inc.

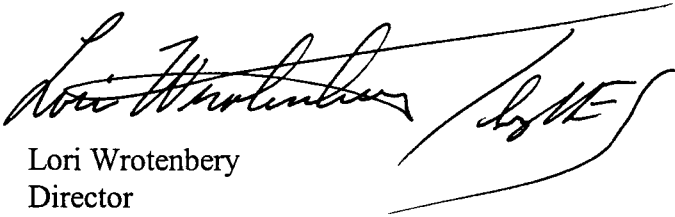
March 31, 1999

Page 2

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Furthermore, you are hereby permitted to produce the allowable assigned the subject 200-acre GPU from all four wells in any proportion.

Sincerely,

A handwritten signature in black ink, appearing to read "Lori Wrotenberg", followed by a large, stylized flourish or signature mark.

Lori Wrotenberg  
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs  
U. S. Bureau of Land Management - Carlsbad  
File: NSP-400