



NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

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

January 26, 1999

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

*Administrative Order SD-99-1*

Dear Mr. Morgan:

Reference is made to your application dated January 14, 1999. SDX Resources, Inc. ("SDX") is hereby authorized to simultaneously dedicate Jalmat Gas Pool production to the previously approved non-standard 120-acre gas spacing and proration unit ("GPU") comprising the NW/4 NW/4 and S/2 NW/4 of Section 32, Township 24 South, Range 37 East, NMPM, Lea County, New Mexico (approved by Division Administrative Order NSP-1087, dated March 13, 1978) from the: (i) existing State "A-32" Well No. 4 (**API No. 30-025-25845**) located at an unorthodox gas well location (also approved by Division Administrative Order NSP-1087) 1780 feet from the North line and 1400 feet from the West lines (Unit F) of Section 32; and (ii) proposed State "A-32" Well No. 5 (**API No. 30-025-34555**) to be drilled at a standard gas well location 710 feet from the North line and 660 feet from the West line (Unit D) of Section 32.

SDX is permitted to produce the allowable assigned this existing non-standard 120-acre GPU from both wells in any proportion.

Sincerely,

Lori Wrotenbery  
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs  
New Mexico State Land Office - Santa Fe  
File: NSP-1087