



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

March 12, 1999

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

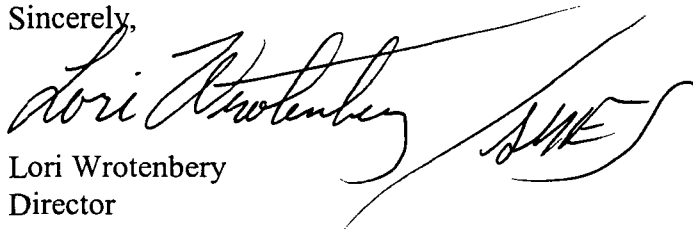
Administrative Order SD-99-3

Dear Mr. Morgan:

Reference is made to your application dated March 4, 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-acre gas spacing and proration unit ("GPU") comprising the SE/4 of Section 17, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico (approved by Division Order No. R-520, dated August 12, 1954) from the: (i) existing Langlie "A" Federal Well No. 1 (API No. 30-025-11631) located at an unorthodox gas well location (which was "grand-fathered" by the provisions of Rule 2(a) of the "*Special Rules and Regulations for the Jalmat Gas Pool*", as promulgated by Division Order No. R-8170, as amended) 2310 feet from the South and East lines (Unit J) of Section 17; and (ii) proposed Langlie "A" Federal Well No. 2 to be drilled at a standard gas well location 660 feet from the South line and 1980 feet from the East line (Unit O) of Section 17.

SDX is permitted to produce the allowable assigned this existing non-standard 160-acre GPU from both wells in any proportion.

Sincerely,



Lori Wrotenbery
Director

LW/MES/kv

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