

August 25, 1999

**SDX Resources, Inc.
P. O. Box 5061
Midland, Texas 79704**

Telefax No. (915) 685-0533

Attention: Chuck Morgan

Amended Administrative Order NSL-4348

Dear Mr. Morgan:

Per your letter dated August 24, 1999, the incorrect unorthodox oil well location description of the proposed N. W. State Well No. 4 approved by Division Administrative Order NSL-4348, dated August 20, 1999, shall be amended at this time to read as follows:

*“1140 feet from the North line and 2277 feet from the
East line (Unit B) Section 32, Township 17 South,
Range 28 East, NMPM, Eddy County, New Mexico”.*

Further, all other provisions of Division Administrative Order NSL-4348 shall remain in full force and effect until further notice.

Sincerely,

Lori Wrotenbery
Director

LW/MES/kv

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

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

Brian

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

Chuck Morgan
Engineer

CM:bja

cc: Brian w/OCD in Aresia

August 23, 1999

**SDX Resources, Inc.
P. O. Box 5061
Midland, Texas 79704**

Telefax No. (915) 685-0533

Attention: Chuck Morgan

4348

Administrative Order NSL-*****

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 36 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