

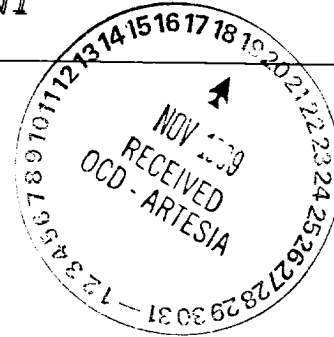


**NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT**

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

November 15, 1999

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



***Administrative Order NSL-4378(SD)***

Dear Mr. Morgan:

Reference is made to the following: (i) your initial application dated September 30, 1999; (ii) the New Mexico Oil Conservation Division's ("Division") initial response by letter dated October 15, 1999 from Mr. Michael E. Stogner, Chief Hearing Officer/Engineer in Santa Fe withdrawing this application; (iii) your re-submittal of this application to the Division on October 25, 1999; and (iv) the Division's records in Santa Fe: all concerning SDX Resources, Inc.'s ("SDX") requests for an unorthodox oil well location within a standard 40-acre oil spacing and proration unit comprising the NE/4 SE/4 (Unit I) of Section 31, Township 17 South, Range 28 East, NMPM, Artesia-Queen-Grayburg-San Andres Pool, Eddy County, New Mexico.

This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

By the authority granted me under the provisions of Division Rule 104.F(2), the following described well to be drilled at an unorthodox infill oil well location within the NE/4 SE/4 (Unit I) of Section 31 is hereby approved:

**NW State Well No. 9  
2310' FSL & 270' FEL.**

Sincerely,

Lori Wrotenbery  
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Artesia /  
New Mexico Oil Conservation Division - Santa Fe