



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

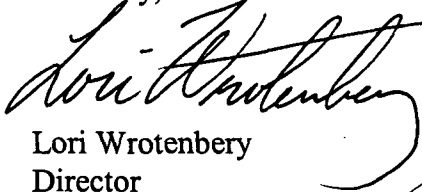
Administrative Order SD-99-4

Dear Mr. Morgan:

Reference is made to your application dated March 5, 1999. SDX Resources, Inc. ("SDX") is hereby authorized to simultaneously dedicate gas production from the Jalmat Gas Pool to the previously approved non-standard 160.45-acre gas spacing and proration unit ("GPU") comprising Lots 3 and 4 and the S/2 NW/4 (NW/4 equivalent) of Section 4, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico (approved by Division Administrative Order NSP-1209, dated August 21, 1980) from the: (i) existing El Paso Wells Federal Well No. 1 (API No. 30-025-26951) located at a standard gas well location 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 4; and (ii) proposed El Paso Wells Federal Well No. 2 to be drilled at a standard gas well location 660 feet from the North line and 1980 feet from the West line (Lot 3/Unit C) of Section 4.

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
File: NSP-1209 /