

STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION  
ARTESIA DISTRICT OFFICE

GARY E. JOHNSON  
GOVERNOR

JENNIFER SALISBURY  
CABINET SECRETARY

March 13, 1997

Oil Conservation Division  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505  
Attn: Mr. David Catanach

Re: CASE # 11746

Application of SDX Resources, Inc. to abolish the East Millman; Seven Rivers Pool and the Palmillo; Seven Pool and to extend the vertical and horizontal limits of the East Millman; Queen-Grayburg-San Andres Pool, Eddy County and to redesignate said pool as the East Millman; Yates-Seven Rivers-Queen-Grayburg- San Andres Pool, New Mexico.

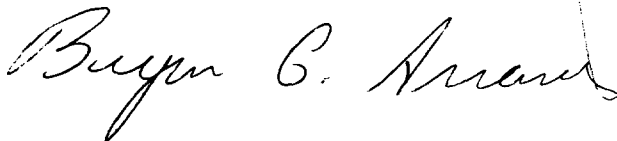
Dear David,

We have reviewed the geological information brought to us by SDX to our office and have no objection of SDX's request regarding the above referenced case.

Please note the revised sequence of how the East Millman Pool should read.

If we can be of further assistance or if you have any questions, please feel free to call.

Sincerely Yours,



Bryan G. Arrant