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RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

March 8, 2000

Ms. Lori Wrotenbery, Director
Oil Conservation Division
2030 South Pacheco
Santa Fe, New Mexico 87505

Re: NMOCD Cases 12301 and 12302--Applications of SDX Resources, Inc. for unorthodox infill gas well locations, Jalmat Gas Pool, Lea County, New Mexico.

Re: NMOCD Cases 12361 and 12362 Objections of Doyle Hartman to Division Administrative Orders SD 99-14 and SD-99-15 (SDX Resources, Inc.)

Dear Ms. Wrotenbery:

The reference cases now pending hearing before the Division involve various applications by SDX Resources, Inc. for the following five (5) proposed wells in the Jalmat Gas Pool:

(a) OCD Case 12361: SDX's State A-32 Well No. 6, to be drilled at a standard location in Unit E, Section 32, T24S, R37E which was approved by the Division on November 8, 1999 by Administrative Order SD-99-14;

(b) OCD Case 12362: SDX's Wells Federal Well No. 22 and Well No. 23, both to be drilled at standard locations in Unit C and E, respectively, Section 5, T25S, R37E which were approved by the Division on November 8, 1999 by Administrative Order SD-99-15;

(c) OCD Case 12301: SDX's E. J. Wells No 25, in Unit K of Section 5, T25S, R37E to be drilled at an unorthodox location but not encroaching towards Hartman's GPU; and

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(d) OCD Case 12302: SDX's Jalmat Federal Com Well No. 2, in Unit L of Section 31, T25S, R37E to be drilled at an unorthodox location encroaching some 62 feet towards Hartman's GPU.

On behalf of SDX Resources, Inc. I wish to inform you that SDX Resources, Inc. does not intend to pursue the drilling of these wells at this time. Accordingly, please vacate Administrative Orders SD-99-14 and 99-15 and dismiss cases 12301 and 12302.

Very truly yours,

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written in a cursive style.

W. Thomas Kellahin

cc: David R. Catanach,
Division Examiner
Lyn Hebert, Esq.
Attorney for the Division
J. E. Gallegos, Esq.
Attorney for Doyle Hartman
William F. Carr, Esq.
Attorney for Raptor Resources Inc.
SDX Resources Inc.
Attn: Steve Sell