



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

May 8, 1996

SDX Resources, Inc.
P. O. Box 5061
Midland, Texas 79704
Attn: John Pool, Vice-President

Administrative Order NSP-1759

Administrative Order NSL-3670

Dear Mr. Pool:

Reference is made to your applications dated February 12 and April 8, 1996 for re-dedication of acreage and for two unorthodox oil well locations in the Jalmat Gas Pool on SDX Resources's Meyers Federal Lease located in the NE/4 of Section 22, Township 24 South, Range 36 East, NMPM, Lea County, New Mexico.

Currently, a non-standard **160-acre** gas spacing and proration unit comprising the NE/4 is dedicated to the Meyers Well No. 1 (API No. **30-025-09604**), located 1650 feet from the North line and 330 feet from the East line (Unit H) of said Section 22. Said gas well location and 160-acre gas spacing and proration unit were authorized by Division Order No. R-520, dated August 12, 1954, and by **Rule 2(b)2** of the "*General Rules for the Prorated Gas Pools of New Mexico/Special Rules and Regulations for the Jalmat Gas Pool*", as promulgated by Division Order No. R-8170, as amended.

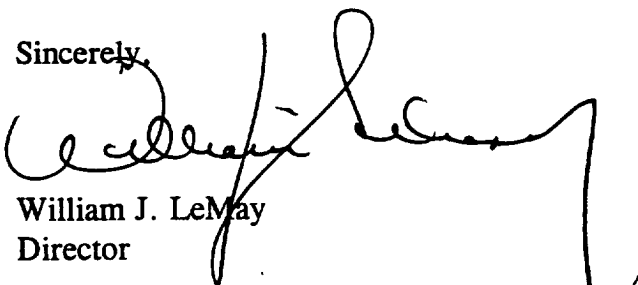
It is our understanding at this time that SDX Resources, Inc. now seeks to form a non-standard **40-acre** gas spacing and proration unit comprising the **SE/4 NE/4 (Unit H)** of said Section 22 to be dedicated to said Meyers Well No. 1. Further, the remaining 120 acres in the NE/4 of said Section 22 would be developed as follows:

- (a) the **NE/4 NE/4 (Unit A)**, being a standard 40-acre oil spacing and proration unit, pursuant to **Rule 2(a)2** of said special Jalmat Gas Pool rules, is to be dedicated to the proposed Meyers Federal Well No. 6 (API No. **30-025-33363**), to be drilled at a **standard** Jalmat oil well location 330 feet from the North and East lines of said Section 22;

- (b) the NW/4 NE/4 (Unit B), being a standard 40-acre oil spacing and proration unit, pursuant to **Rule 2(a)2** of said special Jalmat Gas Pool rules, is to be dedicated to the proposed Meyers Federal Well No. 8 (API No. 30-025-33362), to be drilled at an **unorthodox** Jalmat oil well location 330 feet from the North line and 1400 feet from the East line of said Section 22; and,
- (b) the SW/4 NE/4 (Unit G), being a standard 40-acre oil spacing and proration unit, pursuant to **Rule 2(a)2** of said special Jalmat Gas Pool rules, is to be dedicated to the proposed Meyers Federal Well No. 7 (API No. 30-025-33361), to be drilled at an **unorthodox** Jalmat oil well location 1400 feet from the North line and 1650 feet from the East line of said Section 22.

By authority granted me under the provisions of **Rule 2(d)** of said special Jalmat Gas Pool rules the above-described acreage rededication and formation of the **40-acre** non-standard gas spacing and proration unit, to be dedicated to the Meyers Well No. 7, and the two unorthodox Jalmat oil well locations for the Meyers Federal Well Nos. 7 and 8 are hereby approved.

Sincerely,



William J. LeMay
Director

cc: Oil Conservation Division - Hobbs
U. S. Bureau of Land Management - Carlsbad
Tenison Oil Company - Dallas, Texas