

SDX RESOURCES, INC.

P.O. BOX 5061
MIDLAND, TEXAS 79704
(915) 685-1761

July 6, 1998

NMOCD
2040 South Pacheco Street
Santa Fe, NM 87505

Chris Williams

Attention: Mr. Mike Stogner

RE: Enco State #1
Sec. 32, T24S, R37E
660 FNL, 660 FEL
Lea County, New Mexico

Dear Mr. Stogner:

SDX has recently completed their Enco State #1 well mentioned above. The well will be classified as a gas well in the Jalmat Gas Pool. Order R-488 dedicated 120 acres to the Humble L #3 gas well located in unit "I" of Sec. 32, T24S, R37E which included unit letter A and H as shown on the attached map and survey plats.

This letter will serve as an application to abolish R-488 and dedicate the 40 acre tract of unit "I" to the Humble L #3 well and the 80 acres of tracts A and H to the Enco State #1 gas well.

Accompanying this letter is a statement from M-T Petroleum demonstrating their agreement with this request, survey plats with outlined proration units of all offset operators in the Jalmat Gas Pool and proof of notification of each offset operator. Should you have any questions or need any additional information please contact Chuck Morgan at (915) 685-1761. Your assistance on this matter is greatly appreciated.

Sincerely,

Chuck Morgan

Chuck Morgan

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Enclosures