

SDX RESOURCES, INC.

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

Jan. 14, 1999

NMOCD
2040 South Pacheco Street
Santa Fe, NM 87505

Attention: Mr. Mike Stogner

RE: State A 32 # 5
Sec. 32, T24S, R37E
710 FNL, 660 FWL
Lea County, New Mexico

Dear Mr. Stogner,

SDX Resources, Inc. is the operator of the State A 32 # 4 well located in unit F of sec. 32 T24S R37E of Lea Co., N.M.. This well is dedicated to a 120 acre non-standard proration unit consisting of the NW/4 NW/4 and the S/2 NW/4 of sec. 32 created by administrative order NSP-1087. SDX is planning to drill the State A 32 # 5 well on the same 120 acre non-standard proration unit at the above-mentioned location. SDX request that this letter serve as application to simultaneously dedicate this 120 acre NSP unit to the State A 32 # 4 and #5 wells. Information detailing NSP-1087, a C-101 & 102 for the #5 well, an outlined lease map, and other pertinent information is attached to this application. All offset operators have been notified and proof of notification is attached. Your assistance on this is appreciated.

Sincerely,



Chuck Morgan

Enclosures