



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

November 8, 1999

SDX Resources, Inc.
P. O. Box 5061
Midland, Texas 79704

Attention: Chuck Morgan

Re: Administrative application submitted to the Division on October 12, 1999 for an exception to the well location requirements provided within the "*Special Rules and Regulations for the Jalmat Gas Pool*", as promulgated by Division Order No. R-8170, as amended, for an unorthodox Jalmat infill gas well location within an existing non-standard 114.41-acre gas spacing and proration unit (approved by Division Order No. R-6245, dated January 16, 1980) comprising Lots 3 and 4 (W/2 SW/4 equivalent) of Section 31, Township 24 South, Range 37 East, NMPM and Lot 4 (NE/4 NE/4 equivalent) of Section 6, Township 25 South, Range 37 East, NMPM, all in Lea County, New Mexico. The proposed Jalmat Federal Com. Well No. 2 is to be drilled 1650 feet from the South line and 760 feet from the West line (Lot 3/Unit L) of Section 31. This unit is currently dedicated to SDX Resources, Inc.'s Jalmat Federal Com. Well No. 1 (API No. 30-025-26701) located at an unorthodox gas well location (also approved by Division Order No. R-6245) 590 feet from the North line and 660 feet from the West line (Lot 4/Unit D) of Section 6.

Dear Mr. Morgan:

On October 15, 1999 the Division received an objection from Doyle Hartman, Oil Operator to the subject application (I believe you were provided a copy of this letter).

This application will therefore be set for hearing before a Division Hearing Examiner on the next available docket scheduled for December 2, 1999. Please provide adequate notice pursuant to Rule 1207.A(5) of the Division's Rules and Regulations.

Should you have any questions concerning this matter, please contact me in Santa Fe at (505) 827-8185.

Sincerely,

A handwritten signature in dark ink, appearing to read "Michael E. Stogner", written over a horizontal line.

Michael E. Stogner
Chief Hearing Officer/Engineer

MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
U. S. Bureau of Land Management - Carlsbad
Kathy Valdes - OCD, Santa Fe
Doyle Hartman - Midland, Texas
J. E. Gallegos, Legal Counsel for Doyle Hartman - Santa Fe