

**DOYLE HARTMAN**

*Oil Operator*

500 NORTH MAIN

P.O. BOX 10426

MIDLAND, TEXAS 79702

(915) 684-4011

(915) 682-7616 FAX

**Via Facsimile (915) 685-0533 and Certified Mail, Return Receipt Requested**

December 13, 1999

SDX Resources, Inc.  
511 W. Ohio Ave., Suite 601 (79701)  
P.O. Box 5061  
Midland, Texas 79704

SDX Natural Gas Partners, LLC  
511 W. Ohio Ave., Suite 601 (79701)  
P.O. Box 5061  
Midland, Texas 79704

Attn: Stephen G. Sell, Manager/President  
Chuck Morgan, Petroleum Engineer

Attn: Stephen G. Sell, Manager/President  
John D. Pool, Manager

Re: Drainage Area Calculations  
Federal Jalmat Com No. 1  
590' FNL & 660' FWL  
Section 6 T-24-S, R-37-E  
Lea County, New Mexico  
(120-acre Jalmat proration unit)

*Case 12301*

Gentlemen:

Reference is made to SDX Resources, Inc.'s (SDX's) letter of December 13, 1999, regarding the drainage area of SDX's Federal Jalmat Com No. 1 well, in which letter it was stated:

"We have our own data and do not concur with your calculations."

As you will recall, in our second letter to SDX of December 10, 1999, we did not ask SDX if it had its own drainage area data, or if SDX concurred with our computed drainage area value of 217 acres for the Federal Jalmat Com No. 1 well. We very well realize that it is SDX's position that SDX does not concur with our estimated drainage area value of 217 acres for the Federal Jalmat Com No. 1 well.

In our second letter of December 10, 1999, we asked SDX for its computed drainage area value for the Federal Jalmat Com No. 1 well, since a second well on the 120-acre Federal Jalmat Com

SDX Resources, Inc.  
SDX Natural Gas Partners, LLC  
December 13, 1999  
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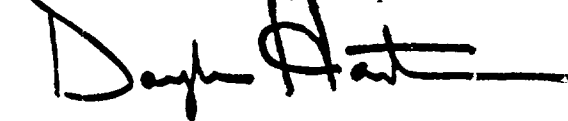
proration unit is not necessary, if the demonstrated drainage area of the current well is in excess of the 120-acre proration unit size, which appears to be the case for the Federal Jalmat Com No. 1 well.

Obviously, if SDX's Federal Jalmat Com No. 1 well has been draining more than its assigned proration unit, potential waste has not been occurring, but the drilling of a second well on the subject 120-acre proration unit would most certainly negatively impact upon the correlative rights of offset operators. In light of SDX's proposed Federal Jalmat Com No. 2 well, I would think that SDX would want to make known its computed drainage area value for the Federal Jalmat Com No. 1 well, unless SDX's computed drainage area value for the Federal Jalmat Com No. 1 well is also in excess of the 120 acres that is assigned by SDX to the subject well.

As stated in our first letter of December 10, 1999, "...it is essential that infill drilling applications go through a public hearing process, when opposition exists, with a finding of fact and order being rendered by the NMOCD only after all of the facts and data have been presented by both sides." Although SDX may have its own drainage area data, it is apparent that SDX does not want to make its calculations known, either in writing nor at a public hearing.

Very truly yours,

DOYLE HARTMAN, Oil Operator

A handwritten signature in black ink, appearing to read "Doyle Hartman", with a long horizontal line extending to the right.

Doyle Hartman

enclosures

rcs  
wp7\corresp.dh\sdx5offset wells

cc: St. Anselm 99-A Partners, LLP  
St. Anselm Exploration Company, Managing Partner  
1401 17th Street, Suite 1400  
Denver, CO 80218  
Attn: Anna M.R. Wells, President  
Mark S. Palmer, Vice President  
Michael A. Zakroff, Secretary/Treasurer

SDX Resources, Inc.  
SDX Natural Gas Partners, LLC  
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William S. Montgomery, Jr.  
4210 Lorraine  
Dallas, TX 75205-3706

Wesley D. Bownds, Sr. Vice President  
Western National Bank  
500 West Wall  
Midland, TX 79701

Lori Wrotenbery, Director  
New Mexico Oil Conservation Division  
2040 South Pacheco  
Santa Fe, NM 87505

Michael Stogner, Chief Hearing Officer  
New Mexico Oil Conservation Division  
2040 South Pacheco  
Santa Fe, NM 87505

Commissioner of Public Lands  
State of New Mexico  
P.O. Box 1148  
Santa Fe, NM 87504

Zeno Ferris  
Gruy Petroleum Management Company  
600 E. Las Colinas Blvd., Suite 1200 (75039)  
P.O. Box 140907  
Irving, TX 75014-0907

Richard R. Frazier, President & Chief Operating Officer  
Gruy Petroleum Management Company  
600 E. Las Colinas Blvd., Suite 1200 (75039)  
P.O. Box 140907  
Irving, TX 75014-0907

SDX Resources, Inc.  
SDX Natural Gas Partners, LLC  
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Steve Burleson  
Lewis B. Burleson, Inc.  
200 N. Loraine (79701)  
P.O. Box 2479  
Midland, TX 79702

John Seay  
Seay Exploration  
407 N. Big Spring, Suite 200  
Midland, TX 79701

Phillips Petroleum Company  
4001 Penbrook  
Odessa, TX 79762

Charles E. Drimal, Jr., President and CEO  
Prime Energy Corporation  
One Landmark Sq., Suite 1100  
Stamford, CT 06901-2601

Prime Operating Company  
3300 N. A Street, Bldg. 2, Suite 238  
Midland, TX 79705

James A. Davidson  
214 W. Texas, Suite 710  
Midland, TX 79701

Gallegos Law Firm  
460 St. Michaels Dr., Bldg. 300  
Santa Fe, NM 87505  
Attn: J.E. Gallegos  
Michael J. Condon

DOYLE HARTMAN, Oil Operator (Dallas)

DOYLE HARTMAN, Oil Operator (Jal Field Office)  
Harold Swain

SDX Resources, Inc.  
SDX Natural Gas Partners, LLC  
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DOYLE HARTMAN, Oil Operator (Midland)  
Linda Land  
Don Mashburn  
Steve Hartman  
Sheila Potts

**SDX RESOURCES, INC.**

511 W. OHIO, SUITE 601  
MIDLAND, TX 79701  
TEL: (915) 685-1761 FAX: (915) 685-0533  
TOLL FREE: (800) 344-1761

12/13/99 9:08:45 AM

Mr. Doyle Hartman  
500 North Main  
P. O. Box 10425  
Midland, TX 79702

via: Mail & Fax (915) 682-7616

Re: Proposed Federal Jalmat Com #2  
Lea County, New Mexico

Dear Doyle:

Thank you for your additional letter of December 10, 1999. We have our own data and do not concur with your calculations.

Best wishes for a Merry Christmas and a Happy New Year.

Sincerely,

*Chuck Morgan*

Chuck Morgan

**SDX RESOURCES, INC.**

511 W. OHIO, SUITE 601  
MIDLAND, TX 79701  
TEL: (915) 685-1761 FAX: (915) 685-0533  
TOLL FREE: (800) 344-1761

12/10/99 4:14 PM

Mr. Doyle Hartman  
500 North Main  
P. O. Box 10425  
Midland, TX 79702

via: Mail & Fax (915) 682-7616


Re: *Proposed Federal Jalmat Com #2*  
*Lea County, New Mexico*

Dear Doyle:

*Thank you for your letter of December 10, 1999. We still do not concur with your volumetric calculations.*

*Best wishes for a Merry Christmas and a Happy New Year.*

Sincerely,



Chuck Morgan

**SDX RESOURCES, INC.**

511 W. OHIO, SUITE 601  
MIDLAND, TX 79701  
TEL: (915) 685-1761 FAX: (915) 685-0533  
TOLL FREE: (800) 344-1761

*Friday, December 10, 1999*

*Mr. Doyle Hartman  
500 North Main  
P. O. Box 10425  
Midland, TX 79702*

*via: Mail & Fax (915) 682-7616*

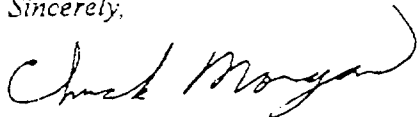
*Re: Proposed Federal Jalmat Com #2  
Lea County, New Mexico*

*Dear Doyle:*

*Thank you for your letter of December 9, 1999. We do not concur with your volumetric calculations.*

*Best wishes for a Merry Christmas and a Happy New Year.*

*Sincerely,*



*Chuck Morgan*