

DOYLE HARTMAN

Oil Operator

500 NORTH MAIN

P.O. BOX 10426

MIDLAND, TEXAS 79702

(915) 684-4011

(915) 682-7616 FAX

Via Hand-Delivery, Certified Mail, Return Receipt Requested and U.S. Mail

October 14, 1999

GP II Energy, Inc.
Oil & Gas Exploration & Production
731 Wadley (79705)
P.O. Box 50682
Midland, TX 79710

Attn: George Mitchell, President
Chris Mitchell, Foreman

Re: Notice of Proposed Jalmat Well
F.M. Burleson No. 4
660' FNL and 1980' FWL (C)
T-25-S, R-37-E
Lea County, New Mexico

Gentlemen:

In order to protect our F.M. Burleson Jalmat Gas Pool rights from offset drainage by Jalmat Gas Pool wells recently drilled by SDX Resources, Inc. (SDX), or from Jalmat wells presently proposed by SDX, today, John West Engineering Company will be staking our F.M. Burleson No. 4 Jalmat infill well, at a primary non-standard location consisting of 660' FNL and 1980' FWL, Section 8, T-25-S, R-37-E, Lea County, New Mexico.

Our chosen location of 660' FNL and 1980' FWL of Section 8 is the optimum geological location for an infill Jalmat well, and is adjacent to your Langlie Jal Unit (LJU) No. 72 well, which was an original LJU producer, but was converted to water injection in 1986. The 5-1/2" production string, in the LJU No. 72 well, was run and cemented in 1937, using only 50 sacks of cement.

Since it presently appears that our J.W. Sherrell No. 10 Jalmat Gas Pool well (located in C-6-25S-37E, and also situated within the boundaries of the LJU) may be producing LJU injection water that has escaped from its approved injection interval, we need to promptly know if any of the various operators of the LJU have ever experienced any injection problems whatsoever with the LJU No. 72 or surrounding injection wells. It is imperative that we be immediately provided with this information, before we initiate the process of investing almost \$400,000, and considerable time, to drill and complete our proposed F.M. Burleson No. 4 Jalmat well.

GP II Energy, Inc.
Oil & Gas Exploration & Production
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Page 2

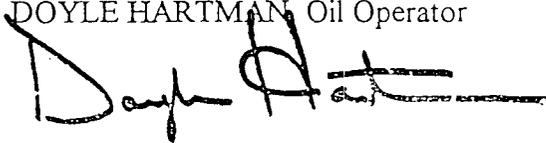
A copy of this letter is also being sent to the NMOCD, as well as Burlington Resources (former operator), so that the NMOCD and Burlington will be aware of this request for information. If you or your predecessors-in-interest (Burlington Resources and Union Texas) have ever had any injection problems whatsoever, at any time, with the LJU No. 72, or surrounding injection wells, it would be better that you promptly come forward, at this time, with any such information, before our proposed well is drilled. When discovered, except on the edges of the pool, in the reef trend, the Jalmat interval was not productive of water, and any water production found today on the F.M. Burleson lease can only be attributed to out-of-zone injection water caused by some combination of (1) over-injection, (2) excessive injection pressures, and/or (3) poor wellbore integrity.

Moreover, since you are the present operator of the LJU No. 72 well, we also request a complete history of monthly injection pressure data and monthly injection rate data for the LJU No. 72, to assist in analyzing (1) if the injection-zone parting pressure for the LJU No. 72 has been exceeded, and (2) if the injectivity coefficient has ever dramatically improved.

If there have not been any injection problems with your LJU No. 72 well, and surrounding injection wells, we respectfully request that you execute the enclosed statement and return it to us in the herein-enclosed pre-addressed and stamped envelope. Better yet, we will be happy to send someone by your office and pick up your executed statement. Since time is critical, please let us promptly hear from you.

Very truly yours,

DOYLE HARTMAN, Oil Operator



Doyle Hartman

enclosures

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

GP II Energy, Inc.
Oil & Gas Exploration & Production
October 14, 1999
Page 3

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

Chris Williams, Supervisor
New Mexico Oil Conservation Division
1625 French Dr.
Hobbs, NM 88240

Burlington Resources
3300 N. A Street, Bldg. 6 (79705)
P.O. Box 51810
Midland, TX 79710-1810
Attn: Don W. Davis, Regional Landman
Paul Callaway, Production Superintendent

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

DOYLE HARTMAN, Oil Operator (Midland)
Linda Land
Don Mashburn
Steve Hartman
Sheila Potts

GP II Energy, Inc.
Oil & Gas Exploration & Production
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Page 4

**GP II ENERGY, INC.
OIL & GAS EXPLORATION & PRODUCTION**

As Operator of the Langlie Jal Unit No. 72 well, and surrounding injection wells, we have carefully researched all of our pertinent files and records, and we hereby attest, by our signature below, that there have been no water injection problems experienced by us or our predecessors-in-interest, of which we are aware, related to the LJU No. 72 water injection well, and surrounding injection wells, and that a Jalmat Yates well drilled in C-8-25S-37E should not encounter out-of-zone LJU injection water in the Yates formation.

By: _____

Title: _____

Date: _____

GP II ENERGY, INC.

P.O. BOX 50682 MIDLAND, TEXAS 79710

(915)684-4748 FAX(915)570-4748

October 28, 1999

Mr. Doyle Hartman
500 N. Main
Midland, Texas 79701

Re: Your Letter of October 14, 1999, regarding a Proposed Non-Standard Location Jalmat Well to be located in T-25-S, R-37-E, Lea County, New Mexico

Dear Mr. Hartman:

Enclosed, as per your request, please find the historic injection data for the Langlie Jal Unit No. 72 Well. Also enclosed, please find some of the wellbore stimulation, test and completion data that was in the well file.

In partial answer to the question posed in the third paragraph of your letter, GP II Energy, Inc., has never injected water into the Langlie Jal Unit No. 72 wellbore since taking over operations in June of 1995, and therefore has never experienced any "injection problems." Additionally, our visual inspection of the well and a review of the relevant well file confirms that this well has been incapable of production or injection since before GP II Energy, Inc., became Operator in June, 1995. As for "injection problems" experienced by prior operators, I have no means by which to answer this question. However, the enclosed data should provide you with sufficient information for you to reach your own conclusion. If you feel the enclosed data is insufficient, please give me a call and I will make the entire well file available for your review in my office.

With regards to your current plans to drill a new well in the immediate vicinity of the Langlie Jal Unit No. 72 Well, let me inform you that over the past year, an analysis of additional workover projects within the Langlie Jal Unit has confirmed that the wellbore in question has minimal value for future development. Accordingly, I would like to propose a means by which you may save yourself a substantial portion of your estimated four hundred thousand dollars (\$400,000) investment by your favorable consideration to one of the following alternatives:

1. Hartman would (i) purchase the Langlie Jal Unit No. 72 wellbore for \$40,000; (ii) assume the ultimate plugging liability for the wellbore and (iii) execute a release, releasing any and all claims and/or causes of action against GP II Energy, Inc., and the current working interest owners, their successors or assigns, for any claim or causes of action relating in any

DOYLE HARTMAN
OIL OPERATOR
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OCT 29 1999

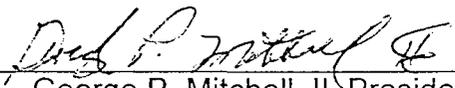
manner to the condition of the wellbore or claims, if any, relating in any manner to prior water injection methods and/or procedures; or

2. In exchange for an assignment of the Langlie Jal Unit No. 72 wellbore, Hartman would (i) assign the current working interest owners, their successors or assigns, a carried ten percent (10%) working interest in your proposed well; (ii) assume the ultimate plugging liability for the wellbore and (iii) execute a release, releasing GP II Energy, Inc., and all current working interest owners, their successors or assigns, from any claim or causes of action relating in any manner to the condition of the wellbore or claims, if any, relating in any manner to prior water injection methods and/or procedures.

Please let me know at your earliest convenience if you are interested in proceeding with a trade on the Langlie Jal Unit No. 72 Well, as proposed herein.

Sincerely,

GP II Energy, Inc.

By: 
George P. Mitchell, II, President

GP11:lkc
Enclosures

GS II ENERGY, INC.
P. O. Box 56652
MIDLAND, TEXAS 79710

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Mr. Doyle Hartman
500 N. Main
Midland, Texas 79701

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OCT 29 1999

GP II ENERGY, INC.

P.O. BOX 50682 MIDLAND, TEXAS 79710

(915)684-4748 FAX(915)570-4748

November 2, 1999

Mr. Doyle Hartman
500 N. Main
Midland, Texas 79701

Re: Your Letter of October 14, 1999, regarding a Proposed Non-Standard Location Jalmat Well to be located in T-25-S, R-37-E, Lea County, New Mexico

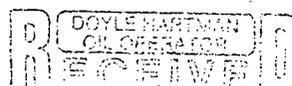
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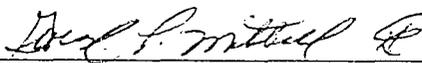
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Sincerely,

GP II Energy, Inc.

By: 
George P. Mitchell, II, President

GP11:lkc
Enclosures

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CANON SHORT & GASTON
P.O. Box 2890
Midland, TX 79702

TO

Mr. Doyle Hartman
500 N. Main
Midland, Texas 79701

DOYLE HARTMAN
COIL OPERATOR
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