

DOYLE HARTMAN

Oil Operator

500 NORTH MAIN
P.O. BOX 10426
MIDLAND, TEXAS 79702

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Via Hand-Delivery and Facsimile (915) 685-0533

December 9, 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: SDX RESOURCES, INC.
Federal Jalmat Com No. 2
1650' FSL & 760' FWL
Section 31 T-24-S, R-37-E
Jalmat Gas Pool
Lea County, New Mexico
Rotary 3200 T/Y/SR
API No. 30-025-34779

Case 12301

Gentlemen:

Reference is made to the location that has just been announced in *Oil Reports* for SDX Resources, Inc.'s (SDX's) Federal Jalmat Com No. 2 well (L-31-24S-37E).

Please be advised that the subject well directly offsets two Hartman-operated Jalmat leases (J.W. Sherrell and Martin "B" leases). Also, please be advised that reservoir engineering calculations reveal that your Federal Jalmat Com No. 1 well (D-6-25S-37E), for the past ten years, has a demonstrated Pressure-Cumulative Production slope of no less than 7500 MCF/psi, and since your Federal Jalmat Com No. 1 well has a net producing pay section consisting of 12.5 net hydrocarbon feet of porosity ($\Phi \cdot h \cdot S_g = 12.5'$), your Federal Jalmat Com No. 1, for the past ten years, has been draining a 217-acre reservoir area.

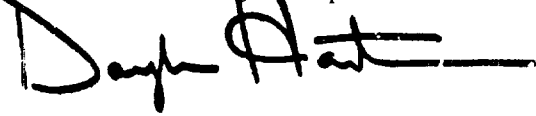
Moreover, as you are well aware, the Federal Jalmat Com proration unit is a standup 120-acre non-standard proration unit. Therefore, since a drainage area of 217 acres is 79% larger than your current 120-acre Federal Jalmat Com proration unit, it is obvious that a second Jalmat well on the

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subject 120-acre proration unit is not necessary to drain reserves lying under (within) the 120-acre Federal Jalmat Com proration unit. Consequently, any net additional reserves recovered by your proposed Federal Jalmat Com No. 2 well will, without doubt, negatively impact upon the correlative rights of offset leases, and for this reason, we again give notice that we are strongly opposed to the subject well being drilled by SDX, since we do not desire to have our reserves drained by SDX's proposed Federal Jalmat Com No. 2 well.

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

rds
wp7\corresp.dh\sdx2offset 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

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

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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
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Steve Burleson
Lewis B. Burleson, Inc.
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Seay Exploration
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Phillips Petroleum Company
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Gallegos Law Firm
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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

LOCATIONS AND RE-ENTRIES:**Eddy County**

Sec 1 T23S R31E 14.5 mi S Halfway
ARCO PERMIAN Barclay Federal #20
600/S & 660/E So Livingston Ridge
Rot 8450 Delaware
API #30-015-30821

Sec 1 T25S R28E 5 mi SE Malaga
ST MARY LAND & EXPL CO HOPU Federal #2
850/N & 1500/W Willow Lake
Rot 5100 Delaware
API #30-015-30819

Sec 11 T25S R31E 18 mi SW Ochoa
TEXACO EXPL & PROD INC Cotton Draw Unir #87
772/N & 154/E South Paduca
Rot 13,200 Wolfcamp
API #30-015-30818

Lea County

Sec 35 T10S R34E 12 mi NW Tatum
MANZANO OIL CORP Boxcars #1
330/S & 330/W Wildcat
Rot 9250 Abo
API #30-025-34777

Sec 11 T19S R36E 2 mi SE Arkansas Jct
CHEVRON USA INC Monument 11 State #30
754/S & 330/E North Monument
Rot 7491 Abo
API #30-025-34778

Lea County

Sec 19 T21s R37E 2 mi NW Eunice
APACHE CORP State Ck. #4
1650/S & 1880/W Blinebry
Rot 6400 Blinebry
API #30-025-34776

Sec 34 T21S R37E Eunice
APACHE CORP Owen "E" #8
560/S & 2180/W Penrose Skelly
Rot 4300 Grayburg
API #30-025-34774

Sec 34 T21S R37E Eunice
APACHE CORP Owen "B" #9
459/S & 752/W Penrose Skelly
Rot 4300 Grayburg
API #30-025-34775

Sec 31 T24S R37E 2 mi N Jal
SDX RESOURCES INC Jalmat Fed Com #2
1650/S & 760/W Jalmat
Rot 3200 T/Y/Sr
API #30-025-34779

REMEDIAL WORK NOTICES:

Sec 24 T18S R37E Unit F Hobbs ALTURA ENERGY LTD North Hobbs GB/SA Unit Sec 24 #221:
To Convert To Injection API #30-025-09876
Sec 24 T18S R37E Unit I Hobbs ALTURA ENERGY LTD North Hobbs GB/SA Unit Sec 24 #432:
To Convert To Injection API #30-025-29073
Sec 24 T18S R37E Unit M Hobbs ALTURA ENERGY LTD North Hobbs GB/SA Unit Sec 29 #141
To Convert To Injection API #30-025-07448
Sec 13 T19S R36E Unit J Wildcat TEXACO EXPL & PROD INC Monstate #6: To Recomplete
API #30-025-30063
Sec 34 T19S R36E Unit A Monument AMERADA HESS CORP Smith #9: To Perf & Treat
API #30-025-33512
Sec 6 T24S R34E Unit F So Bell Lake KAISER FRANCIS OIL CO Bell Lake Unit #1: To Perf
API #30-025-08491
Sec 31 T24S R38E Unit D Dollarhide LYNX PET CONSULTANTS INC Elliott 31 Fed #6: To Convert to
SWD API #30-025-24097

Mathematical Relationship Between Drainage Area and Slope of Pressure-Cum. Plot For Jalmat Gas Pool

$$A = \frac{-1000 m}{43,560 \cdot \frac{T_{sc}}{P_{sc} T} \cdot \phi h (1-S_w)}$$

Where:

A	= drainage area, acres
m	= slope of Pressure-Cum. Plot, MCF/psi
T	= reservoir temperature, °R
T _{sc}	= temperature at standard conditions, °R
P _{sc}	= pressure at standard conditions, psia
φ	= average pay-section porosity
h	= net pay, ft.
S _w	= average pay-section water saturation
S _g	= average pay-section gas saturation

T = 86°F = 546°R (Jalmat and Rhodes Gas Pools)

T_{sc} = 60°F = 520°R

P_{sc} = 15.025 psia

$$A = \frac{-1000 m}{(43,560) (520) \cdot \phi h (1-S_w) (15.025) (546)}$$

$$A = \frac{-m}{2.7611 \cdot \phi h (1-S_w)}$$

$$= \frac{-m}{2.7611 (\phi h S_g)}$$