

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

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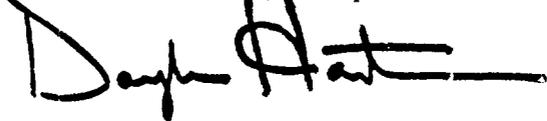
proration unit is not necessary, if the demonstrated drainage area of the current well is in excess of the 120-acre proration unit size, which appears to be the case for the Federal Jalmat Com No. 1 well.

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



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

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SDX Natural Gas Partners, LLC
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William S. Montgomery, Jr.
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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
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Irving, TX 75014-0907

Richard R. Frazier, President & Chief Operating Officer
Gruy Petroleum Management Company
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SDX Natural Gas Partners, LLC
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Midland, TX 79701

Phillips Petroleum Company
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Prime Energy Corporation
One Landmark Sq., Suite 1100
Stamford, CT 06901-2601

Prime Operating Company
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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

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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