

**STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE APPLICATIONS
OF SDX RESOURCES, INC.
FOR AN UNORTHODOX WELL LOCATION,
AND SIMULTANEOUS DEDICATION,
LEA COUNTY, NEW MEXICO**

CASE NOS. 12301, 12302

99 NOV 17 PM 3:04
OIL CONSERVATION DIV

AMENDED SUBPOENA DUCES TECUM

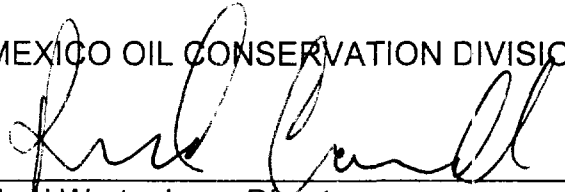
TO: SDX Resources, Inc.
c/o Prentiss Hall Corporation System
121 E. Palace Avenue
Santa Fe, New Mexico 87501

Pursuant to Section 70-2-8, NMSA (1978), and Rule 1211 of the New Mexico Oil Conservation Division's Rules of Procedure, you are hereby ORDERED to appear at 9:00 a.m., on Wednesday, November 24, 1999, at the offices of the Oil Conservation Division, 2040 South Pacheco, Santa Fe, New Mexico 87505 and to produce the documents and items specified in attached Exhibit A and to make available to Doyle Hartman, Oil Operator and its attorneys, J.E. Gallegos and Michael J. Condon, for copying, all of said documents.

This subpoena is issued on behalf of Doyle Hartman, Oil Operator through its attorneys the Gallegos Law Firm, P.C., 460 St. Michael's Drive, Bldg. 300, Santa Fe, New Mexico 87505.

Dated this 18th day of November, 1999.

NEW MEXICO OIL CONSERVATION DIVISION

By 
Lori Wrotenbery, Director

11/18/99

EXHIBIT 1

DEFINITIONS AND INSTRUCTIONS

The following definitions and instructions apply to this Subpoena Duces Tecum:

- A. "Hartman" means Doyle Hartman, Oil Operator.
- B. "SDX", "You" or "yours" refers to SDX Resources, Inc. and to SDX Natural Gas Partners, LLC and to Stephen G. Montgomery and any of them and any of its agents, employees or representatives.
- C. Hereinafter "the person" or "persons" shall mean each and every individual, corporation, partnership, joint venture, trust, estate, or associations.
- D. Corporate affiliate – is any corporation with common officers, directors, employees, shareholders or accounts.
- E. "Document" refers to any original, written, recorded or graphic matter whatsoever and all non-identical copies thereof whether or not privileged, classified or marked or treated as confidential including but not limited to, papers, books, records, letters, photographs, correspondence, communications, telegrams, cables, telex messages, memoranda, notations, workpapers, jottings, agendas, statistical records, desk calendars, appointment books, expenses account vouchers, blueprints, plans, diaries, lists, tabulations, transcripts, minutes, reports, affidavits, statements, summaries, opinions, studies, analyses, evaluations, contract, agreements, bulletins, notices, announcements, advertisements, instructions, charts, manuals, brochures, publications, schedules, price lists, client lists, journals, books of account, records, invoices, statements of account, credit memoranda, records reflecting business operations, sound recordings, recordings by any means of telephone or other

conversations, or of interviews or of conferences, or of other meetings, computer printouts, data processing program library, data processing input and output, microfilm, all records kept by electronic, photographic or mechanical means, pleadings, motions, responses to discovery, any notes or drafts relating to any of the foregoing, all things similar to any of the foregoing, however denominated by the parties and any other documents within the scope of Rule 34 of the Federal Rules of Civil Procedure. In all cases where original or non-identical copies are available, "document" also means identical copies of an original document and non-identical copies thereof. In all cases where documents are in a language other than English, "document" shall also include all translations and materials related to particular translations.

F. Documents produced shall be identified according to each specific request to which they are responsive.

G. If you do not respond to any request or subpart thereof, on the basis of any privilege, or claim of privilege, state the privilege asserted, and the facts upon which you rely to support the claim of privilege.

H. If, in response to any request for production of documents, it is claimed that the documents requested are protected by the attorney/client privilege or attorney work-product doctrine, you are requested to identify such documents according to the criteria set forth in Rule 26(b)(5) of the Federal Rules of Civil Procedure. Specifically, you are requested to list and describe each document showing (a) the nature of the documents, communications, or things not produced or disclosed, (b) the identity and corporate position of the person or persons interviewed or supplying the information, (c) the place, approximate date, and manner of recording or otherwise preparing the

documents, (d) the names of the person or persons (other than stenographical or clerical assistants) participating in the interview and preparation of the document, and (e) the name and corporate position, if any, of each person to whom the contents of the documents have heretofore been communicated by copy, exhibition, reading or substantial summarization. In addition, you should set forth the precise and certain reason for preserving the confidentiality of the documents.

This Subpoena Duces Tecum seek all information available to you or in your possession, custody or control from any source, wherever situated, including but not limited to information from any files, records, documents, employees, former employees, counsel and former counsel.

If any part of the information provided in these documents is within the personal knowledge of the person responding to this subpoena, identify each person to whom such information is a matter of personal knowledge and each person who communicated to the person answering these interrogatories any part of that information.

Reference to the singular shall include the plural and references to the plural shall include singular. References to the masculine gender include the feminine and neuter genders.

The use of a verb in any tense shall be construed as the use of the verb in the past or present tense, whenever necessary to bring within the scope of the subpoena all responses which might otherwise be construed to be outside its scope.

When used herein in reference to an individual person, "identify" shall mean to state the full name, present or last known address, telephone number, present or last

known employment, job title, position or business affiliation of said individual. When used herein in reference to a firm, partnership, corporation, business entity or other organization, "identify" shall mean to state its full name, present or last known address and telephone number.

When used herein in reference to a document "identify" shall mean:

- a. to state the date, author, addressee, file number, type of document (i.e. letter, memorandum, book, telegram, chart, etc.), or some other means of identifying it sufficient to support a request for production; and
- b. to state its present location and custodian.

When used herein in reference to a communication, "identify" shall mean to state the date of communication, the type of communication (telephone conversation, meeting, discussion, etc.), the place where the communication took place, the identity of the person who made the communication, the identity of the person who received the communication, the identity of each person present when it was made, and the subject matter discussed.

When used herein in reference to a meeting, "identify" shall mean to state the date of the meeting, the place where the meeting took place, the identity of each person invited to attend, the identity of each person who attended, and the subject matter discussed.

When used herein "person" means an individual, firm, partnership, corporation, club, company, association, joint venture, syndicate, business entity or other organization.

When used herein, "you" or "your" refers to the person or entity to whom these interrogatories are addressed and includes all of his or its attorneys, officers, agents, employees, directions, representatives, officials, departments, divisions, subdivision, subsidiaries or predecessors.

When used herein "and" as well as "or" shall be construed either disjunctively or conjunctively, as necessary to bring within the scope of the subpoena all responses which might otherwise be construed to be outside its scope. "Each" shall be construed to include the word "every" and "every" shall be construed to include the word "each." "Any shall be construed to include the word "all" and "all" shall be construed to include the word "any."

EXHIBIT A

TO SUBPOENA DUCES TECUM TO SDX RESOURCES INC. IN NEW MEXICO OIL CONSERVATION DIVISION CASE NO. 12015

DEFINITIONS AND INSTRUCTIONS

1. For purposes of this Exhibit "A", the "Subject Wells," all located in Lea County, New Mexico, are identified as follows:

E.J. Wells Well No. 25	N/2 SW/4 and SW/4 SW/4, Section 5, T-25-S, R-37-E, Lea County, NM
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E.J. Wells Well No. 13	N/2 SW/4 and SW/4 SW/4, Section 5, T-25-S, R-37-E, Lea County, NM
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E.J. Wells Well No. 16	N/2 SW/4 and SW/4 SW/4, Section 5, T-25-S, R-37-E, Lea County, NM
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Jalmat Federal Com. Well No. 2	Section 31, T-24-S, R-37-E, Lea County, NM
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Jalmat Federal Com. Well No. 1	Section 31, T-24-S, R-37-E, Lea County, NM
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State A 32 No. 4 Unit F	G.P.U. NW/4 NW/4 and S/2 NW/4 Sec. 32,
State A 32 No. 5 Unit D	T24-S, R-37-E, 120 Acres

Langlie A Federal #1 Unit J	G.P.U. SE/4 Sec. 17, T-25-S, R-37-E,
Langlie A Federal # 2 Unit O	160 Acres

Langlie Jal Federal No. 1 Unit A	G.P.U. NE/4 Sec. 8, T-25-S, R-37-E,
Langlie Jal Federal No. 2 Unit G	160 Acres

Wells Federal No. 1, Unit I	G.P.U. SE/4 and SE/4 SW/4 Sec. 5, T-25-S,
Wells Federal No. 17, Unit J	R-37-E, 200 Acres
Wells Federal No. 20, Unit P	

State A-32 No. 4, Unit F	G.P.U. W/2 NW/4, SE/4 NW/4 Sec. 32, T-24-S,
State A-32 No. 5, Unit D	R-37-E, 120 Acres
State A-32 No. 6, Unit E	

Wells Federal No. 4, Unit F
Wells Federal No. 5, Unit D
Wells Federal No. 22, Unit C
Wells Federal No. 23, Unit E

G.P.U. NW/4, Sec. 5, T-25-S, R-37-E,
160 Acres

2. For each of the Subject Wells, all of the following materials, documents or data:
 - A. The complete well file;
 - B. All notices provided to the New Mexico Oil Conservation Division or the United States Bureau of Land Management;
 - C. Documents describing the drilling program for the subject wells, including approvals, schedules, timetables, contracts for drilling, correspondence, etc.
 - D. Documents describing how the subject wells were staked;
 - E. Documents evidencing SDX's efforts to comply with NMOCD rules and regulations in connection with the subject wells.
3. All reserve, drainage area, deliverability, volumetric or other such studies and documents relating to or supporting infill drilling programs you have adopted, recommended or implemented for gas wells in the Jalmat Gas Pool.
4. All documents, whether generated by you or an independent consulting engineering firm, that relate in any way to the comprehensive evaluation of your Jalmat drilling project referenced in your letter of November 16, 1999 to Doyle Hartman. A copy of that letter is attached.
5. All documents, including but not limited to reserve projections, corresponding pressure data, geological studies, and production data which you contend support your request for unorthodox location and/or simultaneous dedication

whereby more than one well occupies a gas proration unit in the Jalmat Gas Pool.

6. All documents, including but not limited to (a) land files, (b) transfers of interest, assignments of interest, and Assignments and Bill of Sale in the subject wells, or of acreage on which the subject wells are located, from or to SDX and any other party, (c) transfers of interest, assignments of interest, and Assignments and Bill of Sale in the subject wells, or of acreage on which the subject wells are located, from SDX Natural Gas Partners, LLC, to any other party, (d) lists of interest owners in the acreage comprising proration units for the subject wells, and (e) all communications to or from SDX related to any transfer of interest and the administrative applications for the subject wells.
7. All documents referencing any communication between you and the New Mexico Oil Conservation Division, its Director, hearing officers, agents, and employees, including but not limited to meeting notes, expense account statements, telephone message slips, memoranda, correspondence, regarding the Subject Wells and/or your infill drilling program for the Jalmat Gas Pool in Lea County, New Mexico.

Respectfully submitted,

GALLEGOS LAW FIRM, P.C.

By


J.E. GALLEGOS

MICHAEL J. CONDON

460 St. Michael's Drive, Bldg. 300
Santa Fe, New Mexico 87505
(505) 983-6686

SDX RESOURCES, INC.

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

November 16, 1999

*Mr. Doyle Hartman
P. O. Box 10426
500 North Main
Midland, TX 79702*

Fax: 682-7616

*Re: Infill Gas Wells
Jalmat Field
Lea County, New Mexico*

Dear Mr. Hartman:

Reference is made to your letter of November 16, 1999 along with attachments. We are grateful for your sincere concern relative to the economics of our drilling project. It is a fact that you have drilled and completed a countless number of successful infill Yates gas wells in the Jalmat Field, I believe the engineering firm that helped prepared our comprehensive evaluation used several of your infill well performances as analogy.

Thanks again for your advise and the effort you put into it, that is really meaningful to all of us.

Best regards,



Steve Sell