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September 14, 1999

Via Fax

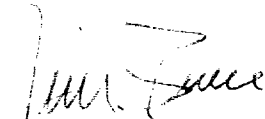
Florene Davidson
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Call 1259

Dear Florene:

Enclosed are a compulsory pooling application, together with a proposed advertisement, filed on behalf of Southwestern Energy Production Company. Please set this matter for the October 7, 1999 Examiner hearing. I will deliver the originals tomorrow. Thank you.

Very truly yours,



James Bruce

Attorney for Southwestern
Energy Production Company

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF SOUTHWESTERN ENERGY
PRODUCTION COMPANY FOR COMPULSORY
POOLING, EDDY COUNTY, NEW MEXICO.

No. 209

APPLICATION

Southwestern Energy Production Company applies for an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the N½ of Section 36, Township 17 South, Range 27 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is a working interest owner in the N½ of Section 36, and has the right to drill a well thereon.

2. Applicant proposes to drill its No Bluff "36" State Com. Well No. 1, at a location 660 feet from the north line and 1350 feet from the West line of the section, to a depth sufficient to test the Morrow formation, and seeks to dedicate the following acreage to the well:

(a) The N½ of Section 36 to form a 320 acre gas spacing and proration unit for any formations and/or pools developed on 320 acre spacing within said vertical extent, including the Undesignated North Illinois Camp-Morrow Gas Pool; and

(b) The NW¼ of Section 36 to form a 160 acre gas spacing and proration unit for any formations and/or pools developed on 160 acre spacing within said vertical extent, including the Logan Draw-Wolfcamp Gas Pool and Undesignated Empire-Pennsylvanian Gas Pool.

3. Applicant further seeks to dedicate the N½ of Section 36 to any additional well drilled therein for pools or formations developed on 320 acre spacing.

4. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the N½ of Section 36 for the purposes set forth herein.

5. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the N½ of Section 36, pursuant to NMSA 1978 §70-2-17 (1996).

6. The pooling of all mineral interests underlying the N½ of Section 36, as set forth above, will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, Applicant requests that, after notice and hearing, the Division enter its order:

- A. Pooling all mineral interests in the N½ of Section 36, from the surface to the base of the Morrow formation;
- B. Designating applicant as operator of the well;
- C. Considering the cost of drilling and completing the well, and allocating the cost thereof among the well's working interest owners;
- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting said rates

pursuant to the COPAS accounting procedure;

E. Setting a penalty for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the wells; and

F. Granting such further relief as the Division deems proper.

Respectfully submitted,



James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Southwestern Energy Production Company

PROPOSED ADVERTISEMENT

Case 12259:

Application of Southwestern Energy Production Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 36, Township 17 South, Range 27 East, NMPM, and in the following manner: The N½ to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within that vertical extent, including the Undesignated North Illinois Camp-Morrow Gas Pool; and the NW¼ to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within that vertical extent, including the Logan Draw-Wolfcamp Gas Pool and the Undesignated Empire-Pennsylvanian Gas Pool. The units are to be dedicated to applicant's No Bluff "36" State Com. Well No. 1, to be drilled at a location 660 feet from the north line and 1350 feet from the west line of Section 36, as well as any other well drilled within the 320 acre unit pursuant to Division rules. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for the risk involved in drilling and completing the well. The units are located approximately 10 miles southeast of Artesia, New Mexico.