

Santa Fe Snyder Corporation

VIA FAX AND U.S. MAIL
(505) 827-8177

September 13, 1999

Ms. Lori Wrotenbery
Mr. David Catanach
New Mexico Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Case 12272

Re: Application for Injection Authority
Falcon Creek Resources, Inc., Applicant
Proposed Secondary Recovery Unit
West Teas (Yates-Seven Rivers) Field
Lea County, New Mexico
EMERALD PROSPECT – NM 0288

Dear Ms. Wrotenbery and Mr. Catanach:

Reference is made to Mitchell Energy Corporation's ("Mitchell") letter to you dated September 10, 1999 concerning the recent application by Falcon Creek Resources, Inc. ("Falcon Creek") for injection authority for six wells in their proposed Teas Yates-Seven Rivers Waterflood Unit. Santa Fe Snyder Corporation ("Santa Fe") is a working interest owner in the properties operated by Mitchell that are affected by this application and owns 100% of a separate lease within the proposed unit outline.

Please be advised that Santa Fe is in complete agreement with every point outlined in Mr. Stephenson's September 10th letter. It is our opinion that Falcon Creek has failed to put forth any real effort to negotiate in good faith to the end that a mutually acceptable waterflood might be formed. They have truly "put the cart before the horse" in this matter.

As a result, Santa Fe hereby requests that the OCD delay consideration of Falcon Creek's application until Falcon Creek can document having provided all affected parties the information requested in Mr. Stephenson's letter. Thereafter, all parties should have a reasonable period of time to evaluate the merits of Falcon Creek's proposal and negotiate the relevant issues before a hearing is set.

Ms. Lori Wrotenbery
Mr. David Catanach
NMOCD
September 13, 1999

We thank you for your consideration of this request. Please feel free to call me at (915) 686-6712 if you have any questions.

Sincerely,

SANTA FE SNYDER CORPORATION

A handwritten signature in black ink, appearing to read "Steven J. Smith", with a stylized flourish at the end.

Steven J. Smith
Senior Staff Landman

cc: Mark Stephenson, Mitchell Energy Corporation (Via Fax 713-377-6637)
Paul Marchand, Camterra Resources Partners, Ltd. (Via Fax 903-935-0521)
Richard Sullivan, Bass Enterprises Production Company (Via Fax 915-687-0329)
Bill Carr, Attorney for Falcon Creek (Via Fax 505-983-6043)
Lynn Becker, Falcon Creek Resources, Inc. (Via Fax 303-675-0008)