

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

3304 CAMINO LISA
SANTA FE, NEW MEXICO 87501

(505) 982-2043
(505) 982-2151 (FAX)

May 2, 2000

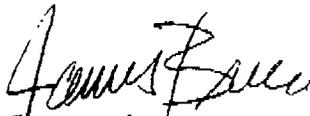
Via Fax and U.S. Mail

David Catanach
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Dear Mr. Catanach:

Enclosed for filing is Southwestern Energy's reply in support of its motion for continuance/dismissal in Case No. ~~98393~~

Very truly yours,



James Bruce

Attorney for Southwestern
Energy Production Company

cc: Counsel of record (via fax)

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF SANTA FE SNYDER
CORPORATION FOR COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO.

No. 12393

REPLY IN SUPPORT OF MOTION FOR A CONTINUANCE

Southwestern Energy Production Company ("Southwestern") submits this reply in support of its request that the above case be continued to the June 1, 2000 Examiner hearing, or in the alternative be dismissed.

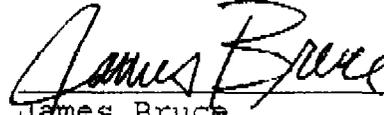
1. Santa Fe Snyder Corporation ("Santa Fe") states that Southwestern's motion should be denied because the BLM will not approve a unit comprised of the W $\frac{1}{2}$ of Section 17. Exhibit E to Santa Fe's response (attached) does not deny a W $\frac{1}{2}$ unit. The letter merely expresses the BLM's general policy. In fact, the bracketed paragraph on Exhibit E plainly states that the BLM will consider approving communitization agreements which cover parts of two 320-acre leases. However, in order to prevent any delay resulting from the potential application of federal regulations, Southwestern will amend its pooling application to ask, in the alternative, for a N $\frac{1}{2}$ well unit.
2. Santa Fe's application is based on a proposal letter mailed to Southwestern on December 9, 1999. However, on that date Santa Fe owned no interest in its proposed well unit because the assignment to Santa Fe, dated December 1, 1999, violated a "maintenance of uniform interest" provision in the Joint Operating Agreement which covered the assigned acreage. That provision was not waived by Southwestern until April

2000, and thus Santa Fe owned no interest in the well unit until April. Therefore, Santa Fe's proposal letter is invalid, and at the least its case should be continued until it has properly proposed the well.

3. Because a decision cannot be entered until Southwestern's application is heard, Santa Fe's case should be continued so that the cases may be heard together.

WHEREFORE, Southwestern requests that Santa Fe's application be dismissed, or in the alternative that it be continued to the June 1, 2000 Examiner hearing.

Respectfully submitted,



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

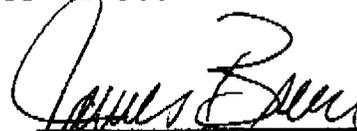
Attorney for Southwestern Energy
Production Company

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was served upon the following counsel of record this 2nd day of May, 2000, by facsimile transmission:

W. Thomas Kellahin
P.O. Box 2265
Santa Fe, New Mexico 87504
(505) 982-2047

Marilyn S. Hebert
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-8177



James Bruce



United States Department of the Interior

BUREAU OF LAND MANAGEMENT
ROSWELL FIELD OFFICE
2909 West Second Street
Roswell, New Mexico 88201-2019

IN REPLY REFER TO:
3160 (3105.2-2)
NM-97157
LC-065194

ILLEGIBLE

New Mexico Oil Conservation Division
Attn: Mr David R. Catanach
2040 S. Pacheco
Santa Fe, New Mexico 87505

Re: NHOCD Case 12393
Application of Santa Fe Snyder Corporation
for Compulsory Pooling, Lea County, New Mexico

Dear Mr. Catanach,

This letter is in reference to the above case and the Bureau of Land Management's regulation and policy concerning the communitization of multiple leases when a single federal lease can be developed in conformity with established well spacing patterns.

Federal Regulation 43 CFR 3105.2-3 concerning communitizations of drilling agreements states the following:

3105.2-2 Purpose

When a lease or a portion thereof cannot be independently developed and operated in conformity with an established well-spacing or well-development program, the authorized officer may approve communitization or drilling agreements for such lands with other lands, whether or not owned by the United States, upon a determination that it is in the public interest. Operations or production under such an agreement shall be deemed to be operations or production as to each lease committed thereto.

As stated in the regulation the objective of communitization is to provide for the development of separate tracts which cannot be independently developed or operated in conformity with well spacing patterns established in the area. As a general guideline communitization will not be authorized when a single federal lease or unleased Federal acreage can be fully developed and still conform to an optional (North-South or East-West spacing) pattern established by State order.

In certain instances the Bureau of Land Management will approve a communitization even though the lease can be independently developed in conformance with state established spacing if adequate engineering and/or geological data is presented to indicate that communitizing two or more leases or unleased Federal acreage will result in more efficient drainage of an area.

If you have any questions concerning this matter please call Alexis C. Swoboda, 505-627-0228.

Sincerely yours,

Larry D. Bray
Assistant Field Manager
Lands and Minerals Division

