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\*NEW MEXICO BOARD OF LEGAL SPECIALIZATION  
RECOGNIZED SPECIALIST IN THE AREA OF  
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

June 9, 2000

**Via Facsimile**

Mr. David R. Catanach  
Hearing Examiner  
Oil Conservation Division  
2040 South Pacheco  
Santa Fe, New Mexico 87505

**MOTION TO CONTINUE**

Re: Case (pending) E/2 Section 18, T23S, R34E  
Application of Santa Fe Snyder Corporation  
for compulsory pooling, Lea County, New Mexico

Re: Case 12407 E/2 Section 18, T23S, R34E  
Application of Southwestern Energy Production Company  
for compulsory pooling, Lea County, New Mexico

Dear Mr. Catanach:

Santa Fe Snyder Corporation's ("Santa Fe") case is currently set for hearing on the Examiner's Docket scheduled for July 13, 2000. Southwestern Energy Production Company's competing compulsory pooling case is set for hearing on June 15, 2000.

On behalf of Santa Fe, we request that Southwestern's case be continued to July 13, 2000 docket and consolidated for hearing at that time with the Santa Fe case. Our motion in support of that request is attached.

Very truly yours,

  
W. Thomas Kellahin

cc: James Bruce, Esq.,  
Attorney for Southwestern  
Santa Fe Snyder Corporation  
Attn: Steve Smith  
William F. Carr, Esq.  
Attorney for BTA Oil Producers

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

**IN THE MATTER OF THE APPLICATION      CASE NO. 12407  
OF SOUTHWESTERN ENERGY PRODUCTION  
COMPANY FOR COMPULSORY POOLING  
LEA COUNTY, NEW MEXICO**

**SANTA FE SNYDER CORPORATION'S  
MOTION TO CONTINUE**

Comes now Santa Fe Snyder Corporation ("Santa Fe"), by its attorneys, Kellahin and Kellahin, hereby moves the Division to continue Case 12407, which is Southwestern Energy Production Company, aka "SWN", (Southwestern") compulsory pooling application, from the June 15, 2000 docket to the July 13, 2000 docket so that it can be consolidated with the Santa Fe compulsory pooling case and there can be one single hearing concerning this matter and in support states:

**BACKGROUND**

(1) Section 18, T23S, R34E, NMPM, Lea County, New Mexico consists of three (3) tracts:

(a) the N/2 is a single fee tract of which Santa Fe controls 58.45 % and Southwestern controls 9.45 % with the balance of 32.10 % being unleased and controlled by Sugarberry Oil & Gas Corporation, et al.

(b) the SW/4 is federal lease LC-065194 dated May 1, 1951 with 100 % of the working interest ownership formerly held by BTA Oil Producers ("BTA") which, by assignment, has distributed its interest among some 70 of its partners and investors.

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(c) the SE/4 is federal lease LC-068387 dated July 1, 1951 with 100 % of the working interest ownership formerly held by BTA Oil Producers ("BTA") which, by assignment, has distributed its interest among some 70 of its partners and investors.

(2) The working interest owners in an E/2 oriented spacing unit for this section would be as follows:

(a) Santa Fe	29.23 %
(e) Ray Westall (who has joined Santa Fe)	4.05 %
(b) Southwestern	4.77 %
(c) BTA and its 70 partners and investors:	50.00 %
(d) Sugarberry et al	11.95 %

(3) On November 15, 1999, Santa Fe proposed to BTA the establishment of an E/2 spacing unit for the Paloma Blanco "18" Federal Com Well No. 1 to be drilled by Santa Fe at a location 660 feet FSL and 660 feet FEL of Section 18.

(4) On February 25, 2000, Santa Fe informed BTA that Santa Fe was changing the location of the Paloma Blanco well to a location 1980 feet FNL and 660 feet FEL of Section 18.

(5) On February 28, 2000, Santa Fe proposed its well to the other working interest owners in the E/2 of this section including W. B. Osborne Oil & Gas Corporation.

(6) On April 5, 2000, Southwestern, having acquired an interest from W. B. Osborne Oil & Gas Corporation, proposed to Santa Fe the drilling of Southwestern's Mauchio "18" Federal Com Well No. 1 at the same location chosen by Santa Fe for its proposed well.

(7) On April 5, 2000, Santa Fe advised Southwestern that Santa Fe had already proposed its well to Southwestern's predecessor and invited Southwestern to participate in the Santa Fe well.

(8) On April 6, 2000, Southwestern expressed interest in participating in Santa Fe's proposal well if Santa Fe would commence the well by June 20, 2000.

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(9) On April 7, 2000, after becoming aware that BTA had assigned its interest to 70 investors and partners, Santa Fe sent its well proposal to those investors and partners.

(10) On April 24, 2000, Southwestern filed its compulsory pooling application which has been docketed as Division Case 12433 and is now pending hearing on June 15, 2000.

(11) On May 3, 2000, Southwestern modified its April 5, 2000 well proposal to now propose to the working interest owners "the same well which Santa Fe Snyder proposed in its letter to us of April 5, 2000. SWN agrees to join and Operate (sp) if Santa Fe cannot commence before August 15, 2000. The Santa Fe AFE is reasonable and SWN is willing to drill under that estimate."

(11) On May 8, 2000, BTA advised Santa Fe that BTA would be representing its 70 partners and investors concerning Santa Fe's proposed well and any compulsory pooling case involving the E/2 of this section.

(12) On June 7, 2000, Santa Fe filed its compulsory pooling application which has been set for hearing on July 13, 2000.

### DISCUSSION

The Santa Fe and Southwestern cases are competing pooling cases in which Santa Fe made the first well proposal and has a substantially larger interest than Southwestern, who has modified its well proposal so that it "duplicates" the one made by Santa Fe.

Southwestern chose to file its compulsory pooling case before contacting all of the working interest owners in the spacing unit while Santa Fe waited to file its pooling case until after it had exhausted reasonable efforts to have those parties contacted and invited to participate.

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Because a decision approving one case will correspondingly involve a denial in the other, it is in the best interests of the Division and the parties to hearing this matter at one hearing held at the same time.

Because a decision cannot be made until after proper notice of the Santa Fe case, the Southwestern case should be continued.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', with a long horizontal flourish extending to the right.

W. Thomas Kellahin  
P. O. Box 2265  
Santa Fe, New Mexico 87504

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**VERIFICATION**

STATE OF TEXAS                    )  
  ) SS.  
COUNTY OF MIDLAND            )

Comes now Steve Smith, being first duly sworn, upon his oath deposes and states: That he is a qualified professional petroleum landman employed by Santa Fe Snyder Corporation, Midland, Texas, and has personal knowledge about this facts of this case, that he has read the foregoing pleading and knows the contents thereof and that the same is true and correct of his own knowledge, information and belief.

  
Steve Smith

SUBSCRIBED AND SWORN to before me by Steve Smith, who personally appeared before me this 8th day of June, 2000.

  
Notary Public

My Commission Expires: 3-9-04

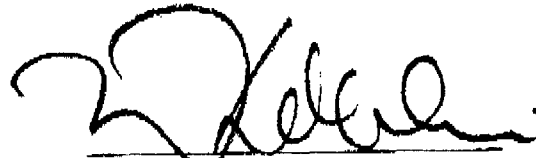
SEAL:



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**CERTIFICATE OF SERVICE**

I certify that a copy of the foregoing pleading was transmitted by facsimile this 9th day of June, 2000 to James Bruce, attorney for Southwestern Energy Production Company and to William F. Carr, attorney for BTA Oil Producers.

  
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W. Thomas Kellahin