



**Southwestern Energy
Production Company**

A subsidiary of Southwestern Energy Company

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Houston, Texas 77032
(281) 618-4700 FAX: (281) 618-4757

Samuel Glenn Thompson
Staff Landman

March 9, 2000

~~VIA FAX AND CERTIFIED MAIL~~

Santa Fe Snyder Corporation
550 W. Texas Suite 1330
Midland, TX 79701

Attn: Mr. Curtis D. Smith fax # 915-686-6714

Re: SWN Baywatch "17" Fed Com #1
1310' FNL & 1310' FWL
~~Sec 17-233-34E~~
Lea County, NM
Antelope Bay II Prospect


Gentlemen:

Southwestern Energy Production Company (SWN) proposes the drilling of a 12,600' Atoka Test at the captioned location as a W/2 spacing unit. According to Conoco Santa Fe owns an interest in Conoco's acreage in the SW/4 of Section 17.

You will find enclosed SWN's AFE relative to the drilling of said proposed well. If you are interested in participation SWN will gladly forward its standard Operating Agreement naming SWN as Operator. In the event you would rather farmout or sell please advise and SWN will negotiate. Since SWN has an interest that expires in the near term please consider an early response.

If you require further information do not hesitate to contact the undersigned landman.

Respectfully,


SGT Thompson
Mba/sgt

BEFORE THE
OIL CONSERVATION DIVISION
Case No. 12393 Exhibit No. 5
Submitted By:
Santa Fe Snyder Corporation
Hearing Date: May 18, 2000

Drilling/Completion Operations
Detail Cost Estimate

DATE 1/31/00	PROSPECT/ FIELD Antelope Bay Prospect		OPERATOR SEPCO	WELL NAME SWN Fed Baywatch "17" #1	PREPARED BY JMT
STATE New Mexico	COUNTY/PARISH Lea	LOCATION NW/4 Sec 17-23S-34E	PROPOSED TOTAL DEPTH 12,600'		
DRILL / COMPLETE EQUIP RETIREMENT (P&A)	<input checked="" type="checkbox"/> WORKOVER-RECOMPLETION <input checked="" type="checkbox"/> WORKOVER-MAINTENANCE <input type="checkbox"/> DRILL & EVALUATE	<input type="checkbox"/> SINGLE <input type="checkbox"/> DUAL <input type="checkbox"/> OTHER	<input checked="" type="checkbox"/> EXPLORATORY <input type="checkbox"/> DEVELOPMENT	<input checked="" type="checkbox"/> OIL WELL <input checked="" type="checkbox"/> GAS WELL	OBJECTIVE / FORMATION(S) Atoka

SUB-ACCOUNT		INTANGIBLE COST	CASING POINT COST	COMPLETION COST	TOTAL COST
Csg. Pl.	Completion				
121-001		RIG - TURNKEY			
121-005		RIG - FOOTAGE			
121-010	122-010	RIG - DAYWORK 47 days @ \$8500 4:8 days @ \$6800:\$2000	305,500	42,000	347,500
121-012		DRILL RIG MOBILIZATION	42,000		42,000
121-013		CONDUCTOR HOLE/DRIVE PIPE SERVICES	3,200		3,200
121-015	122-015	ROAD & LOCATION	35,000	10,000	45,000
121-020	122-020	FUEL, POWER AND WATER	60,000	5,000	65,000
121-025	122-025	DRILLING/COMPLETION FLUIDS & CHEMICALS	52,000		52,000
121-030	122-030	DRILL BITS	55,000	2,000	57,000
121-032		DIRECTIONAL DRILLING AND RELATED SERVICES			
121-035		OPEN HOLE LOGGING	44,000		44,000
121-040		MUD LOGGING	16,000		16,000
	122-040	PERFORATING/CASED HOLE LOGGING		15,000	15,000
121-055	122-055	CEMENT AND CEMENTING	30,000	8,000	38,000
	122-060	STIMULATION- ACID/Frac		25,000	25,000
121-083	122-083	TANK TRUCKS/ MISC PUMPING SERVICES		5,000	5,000
121-085	122-085	EQUIPMENT RENTAL	60,000	7,000	67,000
121-070	122-070	CASING CREW	15,000	10,000	25,000
121-153	122-153	WIRELINE SERVICE		5,000	5,000
121-075	122-075	TRANSPORTATION- TRUCKING/TUGS/BARGES/ETC.	8,000	5,000	13,000
121-080	122-080	SUPERVISION & TECHNICAL	26,000	5,000	31,000
121-085	122-085	CONTRACT LABOR	10,000	6,000	16,000
121-080	122-080	CASING/TUBING & DRILL PIPE INSPECTION & TESTING	10,000	10,000	20,000
121-095	122-095	PERMITS,SURVEYS, CURATIVE, TITLE AND DRILL SITE OPINION	1,500		1,500
121-830		INSURANCE	6,000		6,000
121-105	122-105	ENVIRONMENTAL & POLLUTION/ DISPOSAL	5,000	2,000	7,000
121-190		PLUGGING AND ABANDONMENT (DRY HOLE)	6,500		
121-925	122-925	DRILLING/COMPLETION OVERHEAD	9,000	5,000	14,000
121-950	122-950	MISCELLANEOUS	30,000	8,000	38,000
TOTAL INTANGIBLE COST			829,700	175,000	998,200
TANGIBLE COST					
124-005		DRIVE PIPE			
124-010		CONDUCTOR PIPE 30" @ 40'	1,200		1,200
124-015		SURFACE CASING 20" 94# K-55 @ 1000'	27,000		27,000
124-020		INTERMEDIATE CASING 13-3/8" 61# K-55 @ 2200'	46,200		46,200
124-020		2ND INTERMEDIATE CASING	78,000		78,000
124-030		DRILLING LINER			
	125-025	PRODUCTION CASING OR PROD. LINER 900' 4-1/2" 13.5# HCP-110 T&C		11,000	11,000
	125-035	PRODUCTION TUBING 2-3/8" 4.7# P-105 12,600'		48,000	48,000
124-045	125-045	PACKERS/RETAINERS/LINER HANGERS		17,000	17,000
124-055	125-055	WELLHEAD EQUIPMENT	8,000	17,000	25,000
124-950	125-950	MISCELLANEOUS EQUIPMENT		7,500	7,500
		3RD INTERMEDIATE CASING 7" 26# HCP-110 @ 12,000'	134,000		134,000
TOTAL TANGIBLE COST			294,400	100,500	394,900
PRODUCTION EQUIPMENT					
	125-040	FLOWLINES		5,000	5,000
	125-047	TANK BATTERY AND ASSOCIATED EQUIPMENT		15,000	15,000
	125-080	SURFACE PROD EQUIPMENT- SEP/HTR TRTR/PROD. UNIT/GMPR/PROD. BARGE		45,000	45,000
	125-082	SURF. PUMPING EQUIPMENT W/ PRIME MOVER			
	125-085	SUBSURFACE EQUIPMENT-RODS/B.H. PUMP/TBG. ANCHOR			
	125-075	GATHERING/PIPE LINES		25,000	25,000
	125-095	NON-CONTROLLABLE EQUIPMENT		5,000	5,000
	125-950	MISCELLANEOUS EQUIPMENT		20,000	20,000
		OTHER (SPECIFY CHARGE AND RELATED ACCT. NO.)			
TOTAL PRODUCTION EQUIPMENT COST				115,000	115,000
TOTAL WELL COST			1,124,100	390,500	1,508,100

SEPCO'S estimate of the anticipated costs for the test well or operation are specified above. This estimate shall determine prepaid dry hole costs, completion costs or costs of other operations, and your approval of this estimate signifies that SEPCO's estimate is reasonable. Participating parties in a test well or operation shall be responsible for actual costs in accordance with the terms of the joint operating agreement

SEPCO Approvals

Non-Operator Approvals

BY: _____
BY: _____
BY: _____
BY: _____

COMPANY: _____
BY: _____
BY: _____
BY: _____

SEPCO GROSS WORKING INTEREST 50.000% BCP 50.000% ACP

OTHER GROSS WORKING INTEREST 50.000% BCP 50.000% ACP