## Santa Fe Snyder Corporation

VIA FAX AND CERTIFIED MAIL Fax (281) 618-4757

February 8, 2000

Southwestern Energy Production Company 2350 N. Sam Houston Parkway East, Suite 300 Houston, Texas 77032

ATTN: Mr. Samuel Glenn Thompson

Re: Well Proposal

Paloma Blanco "17" Federal #1 1,980' FNL & 660' FWL Section 17, T-23-S, R-34-E Lea County, New Mexico

PALOMA PROSPECT - NM-0964

Gentlemen:

Reference is made to Santa Fe Snyder Corporation's (Santa Fe's) letter dated December 9, 1999 proposing to drill the referenced well as a 13,700' Morrow test at a location 1,980' FNL & 660' FWL of Section 17, T-23-S, R-34-E, Lea County, New Mexico.

As an alternative to your participation in the proposed well, Santa Fe hereby offers to purchase all of Southwestern Energy Production Company's (SWEPCO's) interest in the N/2 of said Section 17 for \$20,000.00 total bonus consideration (\$125.00 per net acre) subject to SWEPCO's reservation of a proportionately reducible Overriding Royalty interest equal to the difference by which 20% exceeds existing lease burdens.

This offer shall remain in effect until 5:00 P.M. CST on February 29, 2000, after which it may be withdrawn at Santa Fe's option without notice. To indicate your acceptance of this proposal, please execute and return to the undersigned one copy of this letter.

Sincerely,

SANTA FE SNYDER CORPORATION
Steven J. Smith
Senior Staff Landman

ACCEP	TED AND AGREED TO
this	_ day of February, 2000.

## SOUTHWESTERN ENERGY PRODUCTION COMPANY

Ву:	BEFORE THE OIL CONSERVATION DIVISION OIL CONSERVATION NO. —
Title:	OIL CONSERVATION  Case No.12393 Exhibit No.  Case No.12393 Exhibit No.  Submitted By: Santa Fe Snyder Corporation Hearing Date: May 18, 2000
PalomaBlanco17.doc	Santa Fe Sir 18, 2000 Hearing Date: May 18, 2000

Central Division 550 W Texas, Suite 1330 Midland, Texas 79701 915/687-3551

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No insurance Coverage Provided (See reverse)  Do not use for international Mail (See reverse)						
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the reverse alds?	SENDER: a Complete items 1 and/or 2 f a Complete items 3, 4a, and 4.  s Print your name and address on the reverse of this form so that we card to you.  Attach this form to the front of the malipiece, or on the back if space permit.  w Witte "Receipt Requested" on the malipiece below the article. The Return Receipt will show to whom the article was delivered and delivered.	l also wish receive the following lices (for an extra fee):  1. Addressee's Address 2. Restricted Delivery Consult postmaster for fee.		
٤	3. Article Addressed to:	4a. Article N	lumber	
1	ATTN: MR. SAMUEL G. THOMPSON	P 101	,783 254	4
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	PS Form <b>3811</b> , December 1994	2595-98-8-0229	<b>Domestic Ret</b>	um Receipt

ank you for using Return Receipt Service.

## CONFIRMATION REPORT - MEMORY SEND

: FEB-08-00 17:30

Fax number: 9156866714

: SANTA FE SNYDER CORPORATION

Job

029

Date

FEB-08 17:29

To

912816184757

Doc. pages

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Start time

FEB-08 17:29

End time

FEB-08 17:30

Pages sent

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Job:029

\*\*\* SEND SUCCESSFUL \*\*\*



Santa Fe Snyder Corporation 550 West Texas Avenue, Suite 1330 Midland, Texas 79701 915-687-3551 FAX 915-686-6714

Fax Cover Sheet

Dates	2/8/2000
To:	Dan Thompson - Al Energy
Fax:	(281) 618-4757
From:	Stone Smith
RE:	Stone Smith Jaloma Blanco "17" Fel #1
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Fax Cover Sheet