



**Southwestern Energy
Production Company**

A subsidiary of Southwestern Energy Company

2350 N. Sam Houston Parkway East
Suite 300
Houston, Texas 77032
(281) 618-4700 FAX: (281) 618-4757

Samuel Glenn Thompson
Staff Landman

April 25, 2000

Via Facsimile # 915-686-6714 & Certified U.S. Mail

Santa Fe Snyder Corporation
Attn: Mr. Steve Smith
550 W. Texas, Suite 1330
Midland, Texas 79701

Re: SFS Well Proposal dated 12/09/99
Paloma Blanco "17" Fed. #1
1980' FNL and 660' FWL
Section 17-21S-34E
Lea County, New Mexico
Maucho Prospect

Gentlemen:

As Santa Fe Snyder Corporation (Santa Fe) should know by now, your well proposal of the referenced date was invalid since Santa Fe did not own an interest in the proposed proration unit consisting of the N/2 of Section 17, inasmuch as Southwestern Energy Production Company (SWN) had not waived the Maintenance of Uniform Interest provision of the Operating Agreement existing between Concho and SWN relative to said acreage. That fact was made clear in a letter from SWN to Concho dated December 14, 1999, with a copy to Santa Fe. However, such waiver was granted to Concho on April 7, 2000.

On March 6, 2000, SWN proposed to Concho a 12,600' Atoka test at a legal location in the center of the NW/4 of Section 17, and on March 9, 2000, a proposal was forwarded to Santa Fe proposing the Baywatch (Maucho) "17" Fed Com #1 as a W/2 proration unit. Since SWN's proposal is the first valid proposal in the Section, SWN plans to proceed ahead and protest your compulsory pooling application.

If you have comments do not hesitate to contact the undersigned landman.

Respectfully,

S. G. Thompson

SGT:ss

BEFORE THE
OIL CONSERVATION DIVISION
Case No. 12393 Exhibit No. 8
Submitted By:
Santa Fe Snyder Corporation
Hearing Date: May 18, 2000