



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Roswell Field Office
2909 West Second Street
Roswell, New Mexico 88202

IN REPLY REFER TO
3160 (3105.2-2)
NMNM97157

MAY 31 2000

New Mexico Oil Conservation Division
Attn: Mr. Michael E. Stogner
2040 S. Pacheco
Santa Fe, New Mexico 87505

Re: NMOCD Case 12393 (N/2 Sec. 17, T23S, R34E)
Application of Santa Fe Snyder Corporation
for Compulsory Pooling, Lea County, New Mexico

Re: NMOCD Case 12413 (W/2 Sec. 17, T23S, R34E)
Application of Southwestern Energy Production Company
for Compulsory Pooling, Lea County, New Mexico

Dear Mr. Stogner:

This letter is to advise you that on May 17, 2000, the Bureau of Land Management (BLM), after review of geologic data submitted by Southwestern Energy Production Company (Southwestern) on May 15, 2000, and geologic data submitted by Santa Fe Snyder Corporation (Santa Fe) on May 16, 2000, approved Santa Fe's Paloma Blanco "17" Federal Well No. 1, located 1980' FNL & 660' FWL Sec. 17, T23 & R34E, NMPM with a N/2 dedication.

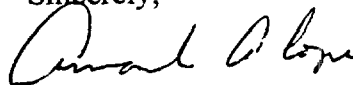
Based on our review of the geologic data submitted by both Southwestern and Santa Fe, BLM has concluded that there is not enough well control in the area to determine where the productive limits of any potential reservoir for the Morrow or Atoka formations exist.

Therefore, BLM has determined that pursuant to 43 CFR 3105.2-2, it was in the public interest for the BLM to approve a N/2 spacing unit for the Paloma Blanco "17" Federal Well No. 1 as submitted by Santa Fe, thereby avoiding the communitization of multiple leases.

As a result of the BLM's action, Southwestern's compulsory pooling application is moot and we consider it appropriate for you to dismiss their application in Division Case 12423.

If you have any questions regarding this matter please call Armando Lopez at (505)627-0248.

Sincerely,



22

Larry D. Bray
Assistant Field Manager,
Land and Minerals Division