



Santa Fe Snyder Corporation

VIA FAX AND CERTIFIED MAIL

Fax (281) 618-4757

April 13, 2000

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

ATTN: Mr. Samuel Glenn Thompson

Re: Proposed 13,700' Morrow Test
Paloma Blanco "17" Federal #1
1,980' FNL & 660' FWL
N/2 Section 17, T-23-S, R-34-E
Lea County, New Mexico
PALOMA PROSPECT - NM-0964

Gentlemen:

Reference is made to all previous correspondence between Santa Fe Snyder Corporation (Santa Fe) and Southwestern Energy Production Company (SWN) concerning the drilling of a deep test in Section 17, T-23-S, R-34-E, Lea County, New Mexico.

Santa Fe remains committed to drilling its proposed Paloma Blanco "17" Federal #1 well as a 13,700' Morrow test at a location 1,980' FNL & 660' FWL Section 17, T-23-S, R-34-E, Lea County, New Mexico, as proposed to you by letter dated December 9, 1999. Santa Fe also remains willing to accept a term assignment of SWN's interest in the N/2 of said Section 17 on mutually acceptable terms should SWN choose not to participate in the proposed well.

Please feel free to contact the undersigned if you would like to discuss this matter at greater length. My direct number is (915) 686-6712.

Sincerely,

SANTA FE SNYDER CORPORATION

Steven J. Smith
Senior Staff Landman

PalomaBlanco17-1c.doc

Central Division
550 West Texas Avenue, Suite 1330
Midland, Texas 79701-4257
915/687-3551

BEFORE THE
OIL CONSERVATION DIVISION
Case No. 12393 Exhibit No. 7
Submitted By:
Santa Fe Snyder Corporation
Hearing Date: May 18, 2000

CONFIRMATION REPORT - MEMORY SEND

Time : APR-13-00 14:35
Fax number: 9156866714
Name : SANTA FE SNYDER CORPORATION

Job : 758
Date : APR-13 14:33
To : 912816184757
Doc. pages : 02
Start time : APR-13 14:33
End time : APR-13 14:35
Pages sent : 02
Job:758

*** 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

Date: 4/13/2000
To: Grant Thompson - SK Energy
Fax: (281) 618-4757
From: Steve Smith
RE: Paloma Blanco '97" Feb #1

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Number of Pages Sent 2 (including cover sheet)

Please call Edith (915) 686-6637 if all pages not received

Fax Cover Sheet

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PS Form 3800, April 1995