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January 30, 2001

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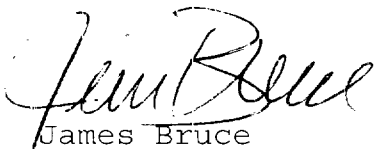
Florene Davidson
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Dear Florene:

Enclosed are an original and one copy of a second amended application for compulsory pooling, together with a proposed advertisement, filed on behalf of Southwestern Energy Production Company. This matter is currently set for the February 22, 2001 Examiner hearing. Thank you.

The application and proposed advertisement are also on the enclosed disk under "SWEP."

Very truly yours,


James Bruce

Attorney for Southwestern
Energy Production Company

01 JUN 30 PM 3:00
01 JUN 30 PM 3:00

PARTIES BEING POOLED

Atlantic Richfield Company
Marbob Energy Corporation
Pitch Energy Corporation
Marathon Oil Company
Louis Dreyfus Natural Gas Corp.
Yates Petroleum Corporation
Bellwether Exploration Company
Pure Energy Group, Inc.
Clayton Williams Energy, Inc.
Mark B. Heinen and wife Janet L. Heinen
Occidental Permian Ltd.
OXY USA Inc.
Scott E. Wilson
Richard K. Barr
Sharon Aston Olsen, Trustee U/T/A dated 7/31/81
Charles A. Aston, III
Valerie Kobal
Ellen Paull
Audrey Bean
Aston Family Limited Partnership and its successors
Aston Partnership
EOG Resources, Inc.
Sacramento Partners Limited Partnership
 c/o Yates Petroleum Corporation
Chase Bank (Brownsville, Texas),
 Trustee for Vilas P. Sheldon
Joan A. Hudson
Jonel Susan Grasso Howard
Jane Ann Hudson Davis

PROPOSED ADVERTISEMENT

Case 12500: Application of Southwestern Energy Production Company for compulsory pooling and two non-standard gas spacing and proration units, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the base of the San Andres formation to the base of the Morrow formation underlying the following described acreage in Section 31, Township 17 South, Range 28 East, NMPM, and in the following manner: Lots 1, 2, E $\frac{1}{2}$ NW $\frac{1}{4}$, and NE $\frac{1}{4}$ (the N $\frac{1}{2}$ equivalent) to form a non-standard 327.09-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within that vertical extent, including but not limited to the Undesignated Southeast Logan Draw-Atoka Gas Pool and Undesignated North Illinois Camp-Morrow Gas Pool; Lots 1, 2, and E $\frac{1}{2}$ NW $\frac{1}{4}$ (the NW $\frac{1}{4}$ equivalent) to form a non-standard 167.09-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within that vertical extent, including the Undesignated Logan Draw-Wolfcamp Gas Pool; and the SE $\frac{1}{4}$ NW $\frac{1}{4}$ to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within that vertical extent, including but not limited to the Undesignated Logan Draw-Wolfcamp Pool. The units are to be dedicated to applicant's Big Bluff "31" State Com. Well No. 1, to be drilled at an orthodox location in the SE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 31. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for the risk involved in drilling and completing the well. The units are located approximately 11 $\frac{1}{2}$ miles southeast of Artesia, New Mexico.

OL CASE 12500/DK
01 JAN 30 PM 3:36

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF SOUTHWESTERN ENERGY
PRODUCTION COMPANY FOR COMPULSORY
POOLING AND APPROVAL OF TWO NON-
STANDARD GAS SPACING AND PRORATION
UNITS, EDDY COUNTY, NEW MEXICO.

No. 12500

SECOND AMENDED APPLICATION

Southwestern Energy Production Company applies for an order pooling all mineral interests from the base of the San Andres formation to the base of the Morrow formation underlying Lots 1, 2, E $\frac{1}{2}$ NW $\frac{1}{4}$, and NE $\frac{1}{4}$ (the N $\frac{1}{2}$ equivalent) of Section 31, Township 17 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is a working interest owner in the N $\frac{1}{2}$ of Section 31, and has the right to drill a well thereon.

2. Applicant proposes to drill its Big Bluff "31" State Com. Well No. 1, at an orthodox well location in the SE $\frac{1}{4}$ NW $\frac{1}{4}$ of the section, to a depth sufficient to test the Morrow formation, and seeks to dedicate the following acreage to the well:

(a) The SE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 31 to form a 40 acre oil spacing and proration unit for any and all formations and/or pools developed on 40 acre spacing within that vertical extent, including the Undesignated Logan Draw-Wolfcamp Pool;

(b) Lots 1, 2, and E $\frac{1}{2}$ NW $\frac{1}{4}$ (the NW $\frac{1}{4}$ equivalent) of Section 31 to form a non-standard 167.09 acre gas spacing and proration unit for any and all formations and/or pools developed on 160 acre spacing within that vertical extent, including the Undesignated Logan Draw-Wolfcamp Gas Pool; and

(c) The N½ of Section 31 to form a non-standard 327.09 acre gas spacing and proration unit for any and all formations and/or pools developed on 320 acre spacing within that vertical extent, including the Undesignated Southeast Logan Draw-Atoka Gas Pool and the Undesignated North Illinois Camp-Morrow Gas Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the N½ of Section 31 for the purposes set forth herein.

4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the N½ of Section 31, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the N½ of Section 31, as set forth above, will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, Applicant requests that, after notice and hearing, the Division enter its order:

A. Pooling all mineral interests in the N½ of Section 31 from the base of the San Andres formation to the base of the Morrow formation;

B. Designating applicant as operator of the well;

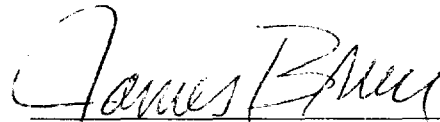
C. Considering the cost of drilling and completing the well, and allocating the cost thereof among the well's working interest owners;

D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting said rates pursuant to the COPAS accounting procedure;

E. Setting a penalty for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well; and

F. Granting such further relief as the Division deems proper.

Respectfully submitted,

A handwritten signature in cursive script, reading "James Bruce", written over a horizontal line.

James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Southwestern Energy
Production Company