



**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

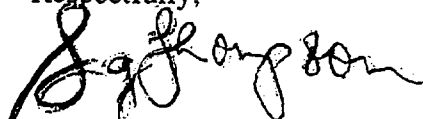
Gentlemen:

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

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

SGT:ss