

SOUTHWEST ROYALTIES, INC.
Southwest Royalties Building
407 N. Big Spring, Midland, TX. 79701-4326
P.O. Box 11390, Midland, TX. 79702-8390
(915) 686-9927, 1-800-433-7945



November 19, 1998

Mr. David R. Catanach
Oil Conservation Division
2040 South Pacheco
Santa Fe, NM 87505

NOV 23 1998

Re: Order No. R-11056

Dear Mr. Catanach:

The captioned order dated September 10, 1998, authorized Southwest Royalties to institute a waterflood project on its Eilliams and Wyatt Phillips Federal Leases on the N/2 Sec. 34, T17S, R33E, NMPM, Lea County, New Mexico, by the injection of water into the Grayburg/San Andres formations, Maljamar-Grayburg-San Andres pool through the perforated interval from approximately 4325' to 4833' in its Eilliams Federal Well No. 14. That order provided in part that

(5) Prior to commencing injection operations into the Eilliams Federal Well No. 14, the applicant shall either: (1) demonstrate that the following described wells will not provide a conduit whereby injected fluid may migrate to other formations; or (2) conduct remedial cement operations on the following described wells and cement the production casing across and below the injection interval in a manner satisfactory to the Division.

The referenced wells were the Eilliams Federal No. 3 (Unit E), Eilliams Federal No. 7 (Unit F), and the Denius Federal #5 (Unit K). Phillips Petroleum Company is the operator of the two referenced Eilliams wells and Southwestern Energy Production Company (which in no way is associated with or related to Southwest Royalties, Inc.) is the operator of the Denius Federal #5 well.

This writer contacted Phillips Petroleum Company to determine if a bond log or a temperature log was ever run on its two wells. Their files indicated that there was a temperature log run on the Eilliams #3 on January 16, 1961, the day after the well was cemented. That log indicated the top of cement (TOC) to be 5862'. This height does not cover the Grayburg/San Andres interval but does isolate the Abo (8140') an oil bearing formation, the Tubb (6920') a non-oil bearing formation, the Clearfork (6439') a non-oil bearing formation, and the Glorieta (6158') a non-oil bearing formation. The well has an 8 5/8" intermediate string set at 4598' which isolates the Queen formation. The top of the Grayburg is 4190' and the top of the San Andres is 4480'. The well is also 2721'

from the Eilliams #14, which is 81' outside the ½ mile area of review. It was included in the area of review list due to its proximity to the circle.

The Phillips operated Eilliams #7 did not have a bond log or temperature log in its file, but the well did have a caliper log run on it. Using this caliper, the volume of the annulus was calculated and a TOC was estimated to be 5120'. The tabulated data is attached. The TOC calculation assume no cement losses and a cement yield of 1.32 cu ft/sack. Using this value, it appears that the Glorieta (6252') is cemented as well as the Clearfork (6412'), Tubb (7306'), Yeso (8027'), and Abo (8129'). The Queen is isolated by intermediate casing set @ 4614'. The top of the Grayburg is 4190' and the top of the San Andres is 4530'.

The third well is the Southwestern Energy operated Denius Fed #5. The writer has attempted to contact the operator, but those efforts have been unsuccessful. For purposes of calculation, it was assumed that the caliper would be the same as the Eilliams #7 above 7980' (A caliper log was run only on the bottom section of the Denius #5). Using this the TOC was estimated to be 4420'. The tabulated data is attached. Assumptions were as above. Using this value, it appears that the Glorieta (6454') is cemented as well as the Tubb (7409'), and Abo (8260'). The Queen is isolated by intermediate casing set @ 4215'. The top of the Grayburg is 4303' and the top of the San Andres is 4712'. The Queen producing interval is 3885-3935'. If an average hole size of 9¼" is used, the estimated TOC would be 4070' which would be up in the intermediate casing.

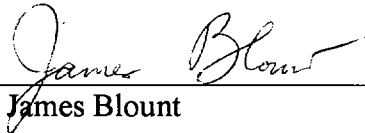
With this information, the applicant believes that it has demonstrated that the three referenced wells will not provide a conduit whereby injected fluid may migrate to other formations as set forth in the captioned order. Because the three referenced wells are not operated by Southwest Royalties, it would not be possible for the company to enter those premises and conduct remedial cement operations.

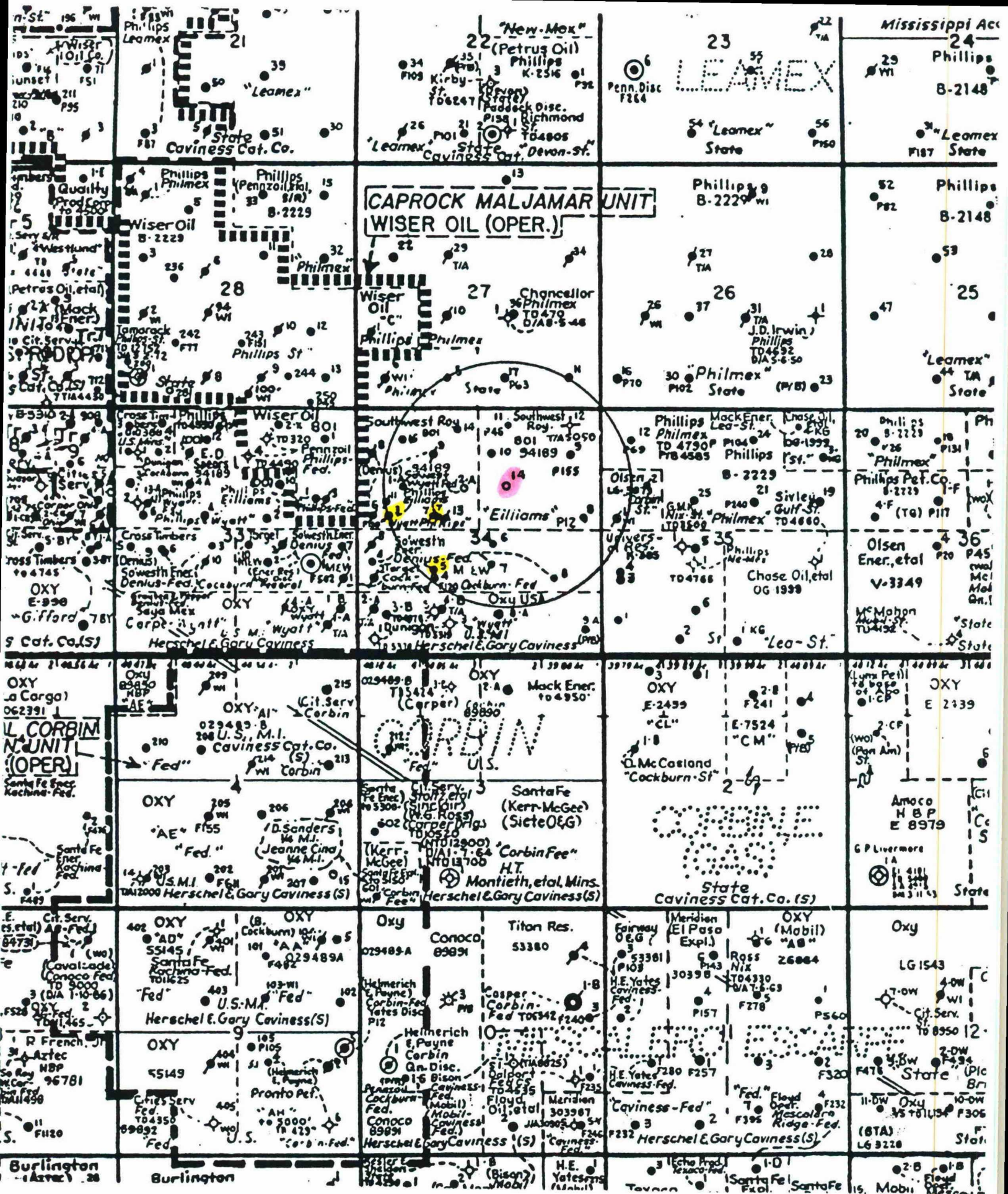
Should further information be desired, or if a supplemental hearing should be scheduled, please advise the writer at the applicant's Midland address.

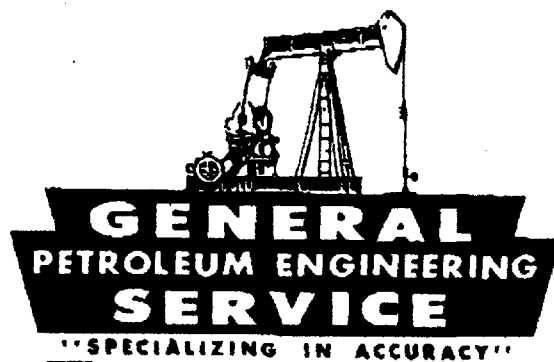
Your courtesy to us in this matter is appreciated.

Very truly yours,

SOUTHWEST ROYALTIES, INC.

By _____
James Blount





1st-1st Fax Note	7671	Date 11-16-98	1 of 3 pages
BLOUNT	From	50202AN	
SW Royal	Co.	PHILIPS	
688-0145	Phone	368-1209	
688-0190	Fax		

TEMPERATURE SURVEY

COMPANY **Phillips Petroleum Company**
P. O. Box 78, Buckeye, New Mexico

WELL **Williams No. 3**

FIELD **Corbin Abs**

COUNTY **Lea** STATE **New Mexico**

Type of Survey **Mechanical Chart No. 15378**

Log Measured From **Rotary Bushing** Elevation

Drilling Measured From Elevation

Permanent Datum Elevation

Date of Survey **January 16, 1961** Time **10:15 A. M.**

Date of Cementing **January 15, 1961** Time **10:10 P. M.**

Amount of Cement: **475 Cu. Ft. Cement w/ 20% Diacel**
followed by 165 ex. Trinity Inferno

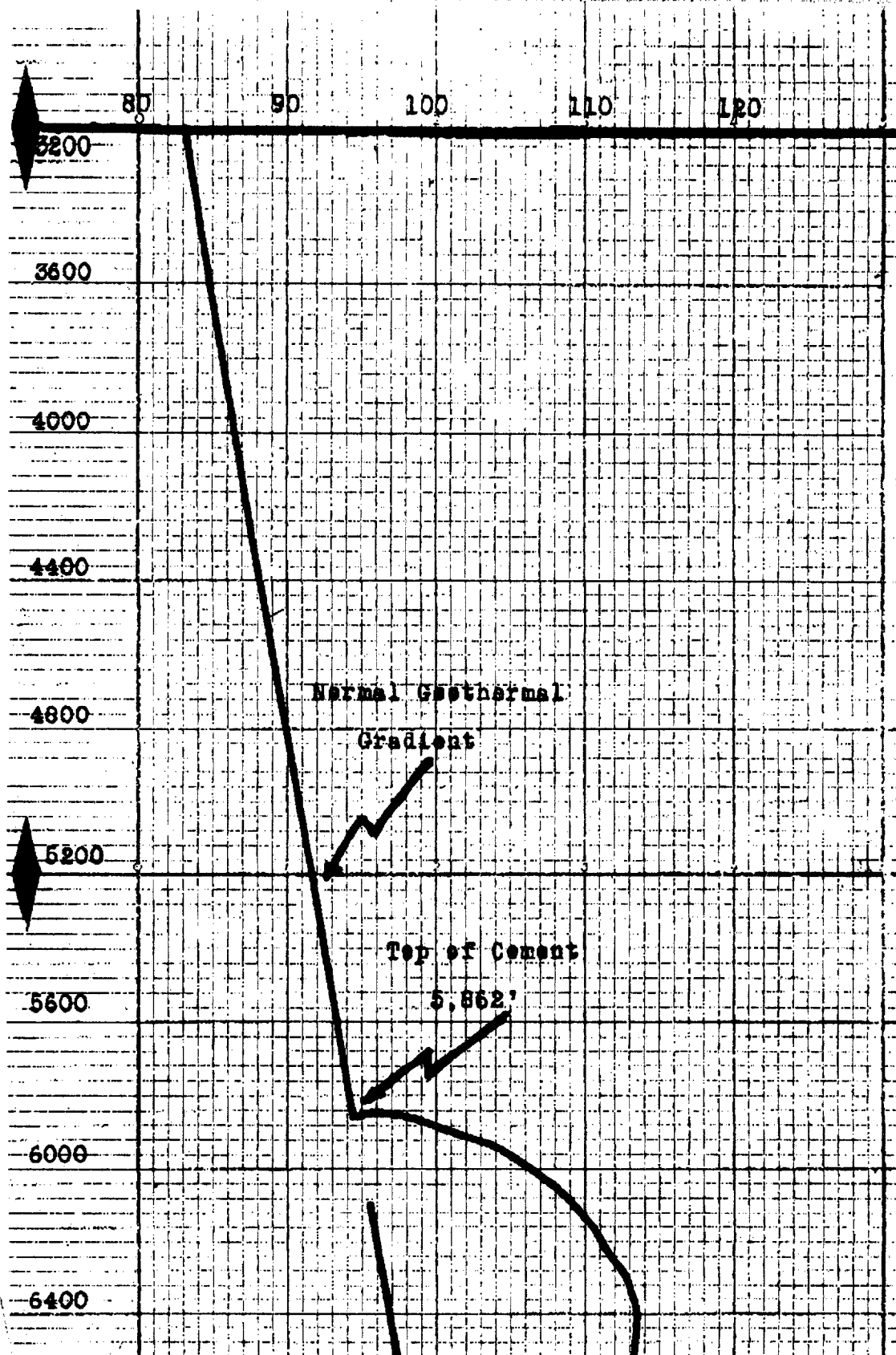
Casing Size 5-1/2"	Casing Depth Sur. to 8,830'	Diam of Hole 7-7/8"	Depth Int. to 8,832'
from	to	from	to

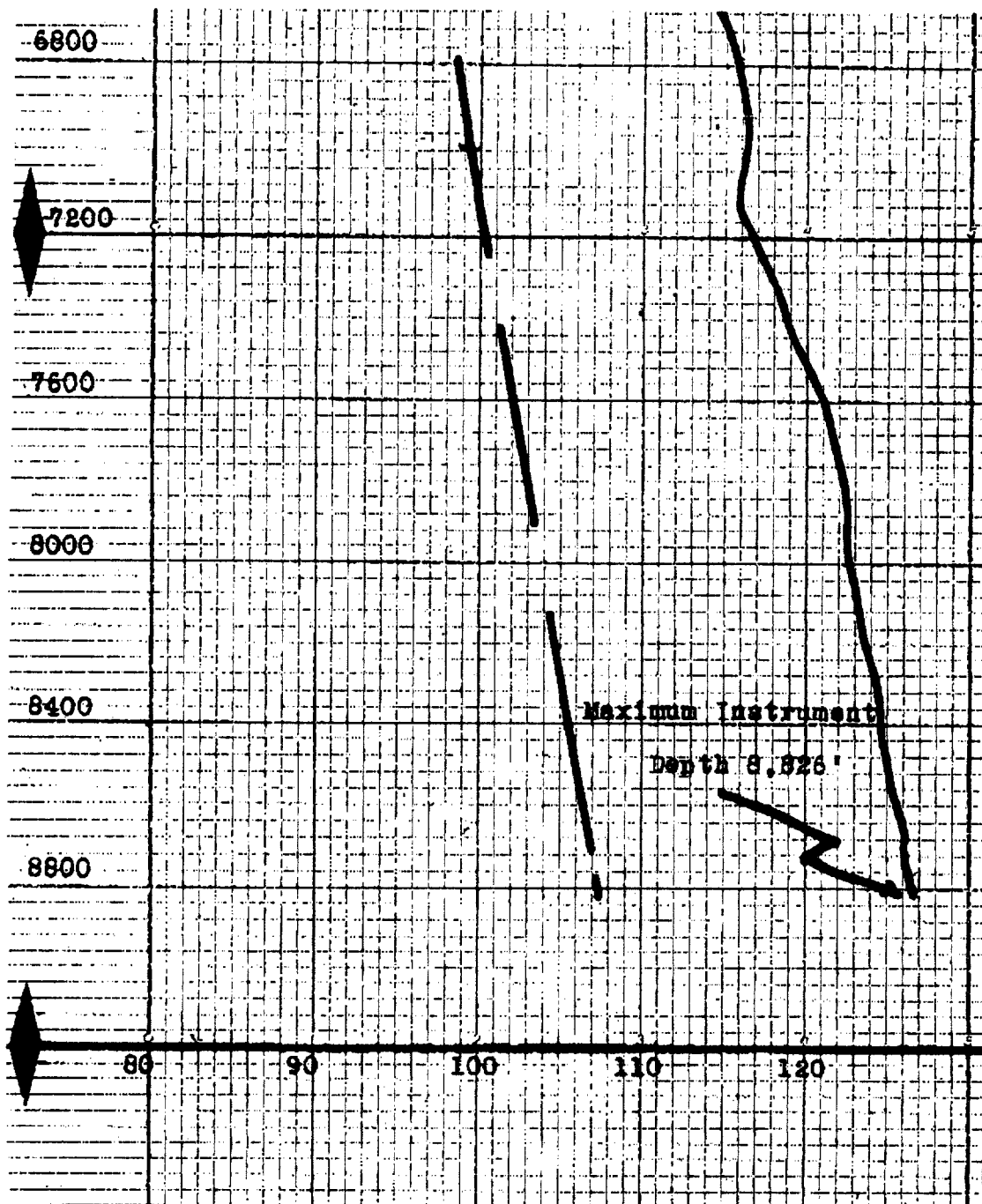
Survey Begins at **Surface** Ft. Ends at **8,826'** Ft.

Run No. **1** Approx. Top Cement **5,862'** Ft.

Recorded by **Bright** Witnessed by **Mr. B. E. Allen**

REMARKS OR OTHER DATA





Williams Fed #7 2310' FNL & 1720' FWL, Sec 37, T17S, R33E

Range	Length	Diameter	cu ft/ft	Volume	Cum Vol	Sacks	Cum Sks
8910	8670	240	8	0.1841	44.2	44.2	33.5
8670	8100	570	9	0.2768	157.8	202.0	119.5
8100	8010	90	10	0.3804	34.2	236.2	25.9
8010	7585	425	8.75	0.2526	107.4	343.6	81.3
7585	7510	75	9.75	0.3535	26.5	370.1	20.1
7510	7440	70	9	0.2768	19.4	389.4	14.7
7440	7370	70	10.5	0.4363	30.5	420.0	23.1
7370	6990	380	9	0.2768	105.2	525.2	79.7
6990	6850	140	9.5	0.3272	45.8	571.0	34.7
6850	6815	35	10.5	0.4363	15.3	586.2	11.6
6815	6630	185	9.5	0.3272	60.5	646.8	45.9
6630	5910	720	8.75	0.2526	181.9	828.6	137.8
5910	5880	30	10.5	0.4363	13.1	841.7	9.9
5880	5730	150	9	0.2768	41.5	883.3	31.5
5730	5650	80	9.5	0.3272	26.2	909.4	19.8
5650	5610	40	10.5	0.4363	17.5	926.9	13.2
5610	5550	60	9.5	0.3272	19.6	946.5	14.9
5550	5500	50	10	0.3804	19.0	965.5	14.4
5500	5440	60	11	0.495	29.7	995.2	22.5
5440	5180	260	10	0.3804	98.9	1094.1	74.9
5180	4930	250	10.25	0.408	102.0	1196.1	77.3
4930	4770	160	11	0.495	79.2	1275.3	60.0
4770	4610	160	10	0.3804	60.9	1336.2	46.1

1.32 cu ft/sx

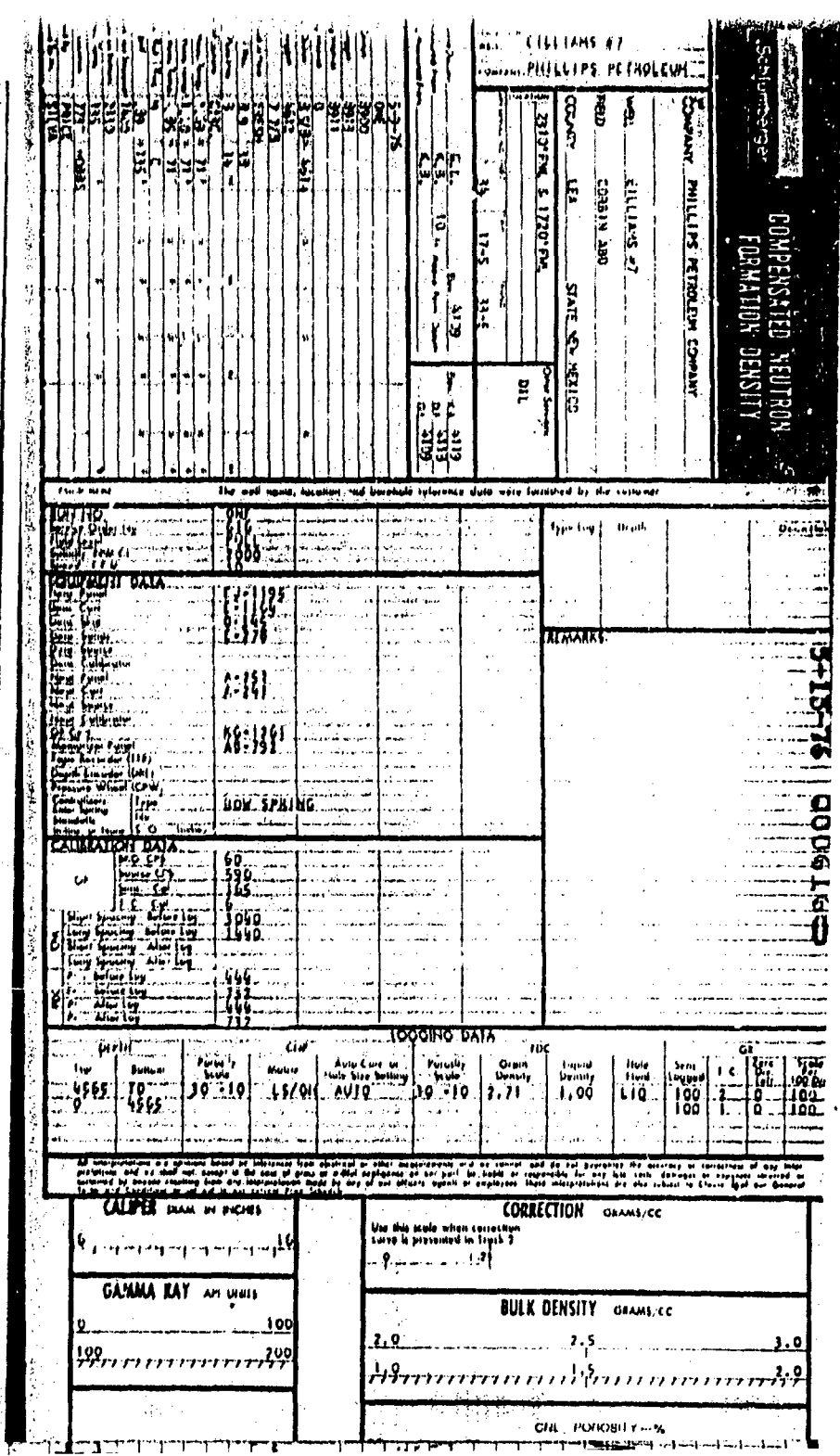
TOC @ 5124

Denius Fed #5 2310' FSL & 2310' FEL, Sec 34, T17S, R33E

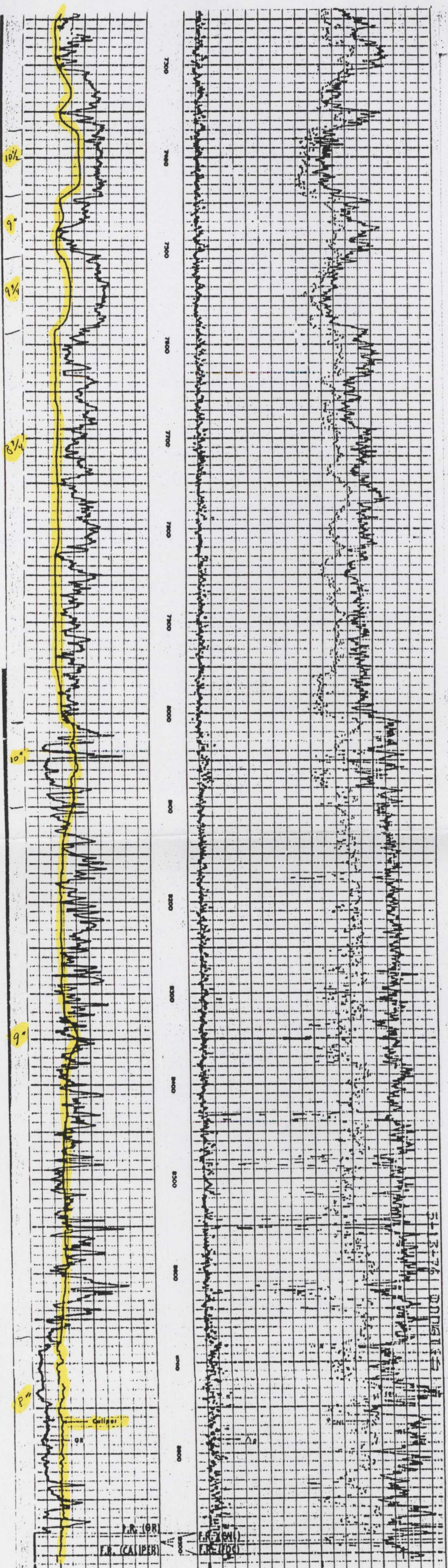
Range	Length	Diameter	cu ft/ft	Volume	Cum Vol	Sacks	Cum Sks
8877 8600	277	8	0.2386	66.1	66.1	50.1	50.1
8600 8260	340	8.25	0.2608	88.7	154.8	67.2	117.2
8260 7980	280	8	0.2386	66.8	221.6	50.6	167.9
7980 7585	395	8.75	0.3071	121.3	342.9	91.9	259.8 *
7585 7510	75	9.75	0.408	30.6	373.5	23.2	282.9
7510 7440	70	9	0.3313	23.2	396.7	17.6	300.5
7440 7370	70	10.5	0.4909	34.4	431.0	26.0	326.5
7370 6990	380	9	0.3313	125.9	556.9	95.4	421.9
6990 6850	140	9.5	0.3818	53.5	610.4	40.5	462.4
6850 6815	35	10.5	0.4909	17.2	627.6	13.0	475.4
6815 6630	185	9.5	0.3818	70.6	698.2	53.5	528.9
6630 5910	720	8.75	0.3071	221.1	919.3	167.5	696.4
5910 5880	30	10.5	0.4909	14.7	934.0	11.2	707.6
5880 5730	150	9	0.3313	49.7	983.7	37.6	745.2
5730 5650	80	9.5	0.3818	30.5	1014.3	23.1	768.4
5650 5610	40	10.5	0.4909	19.6	1033.9	14.9	783.3
5610 5550	60	9.5	0.3818	22.9	1056.8	17.4	800.6
5550 5500	50	10	0.435	21.8	1078.6	16.5	817.1
5500 5440	60	11	0.5495	33.0	1111.5	25.0	842.1
5440 5180	260	10	0.435	113.1	1224.6	85.7	927.8
5180 4930	250	10.25	0.4626	115.7	1340.3	87.6	1015.4
4930 4770	160	11	0.5495	87.9	1428.2	66.6	1082.0
4770 4610	160	10	0.435	69.6	1497.8	52.7	1134.7
4610 4420	190	10	0.435	82.7	1580.5	62.6	1197.3

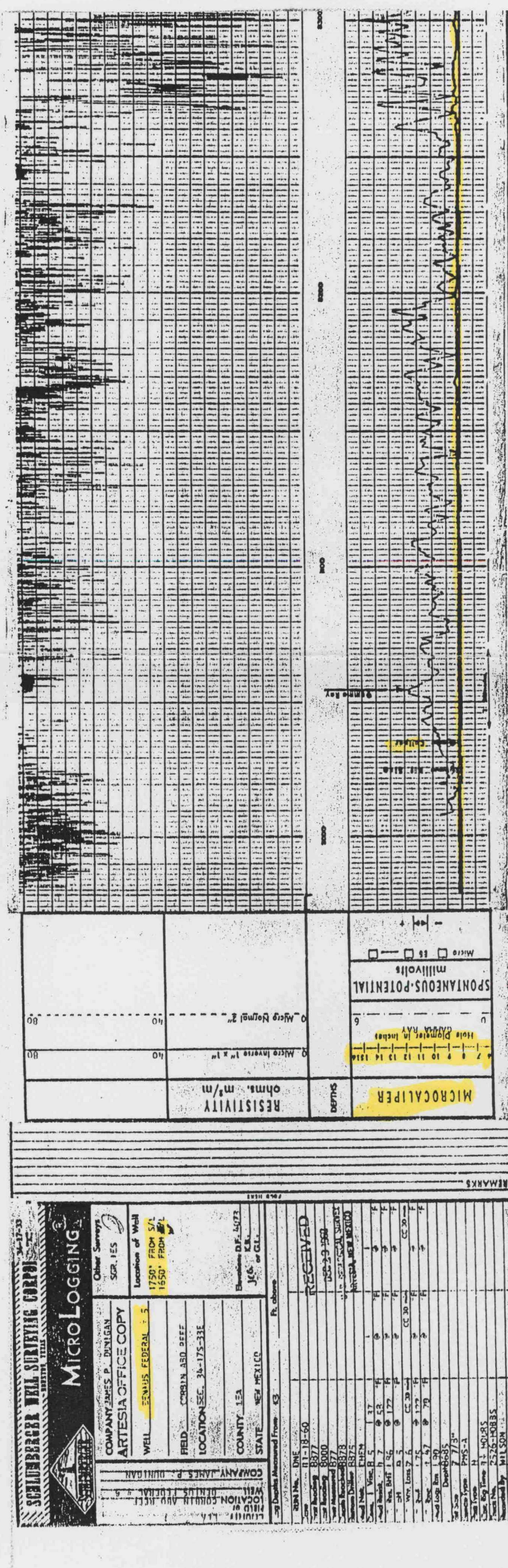
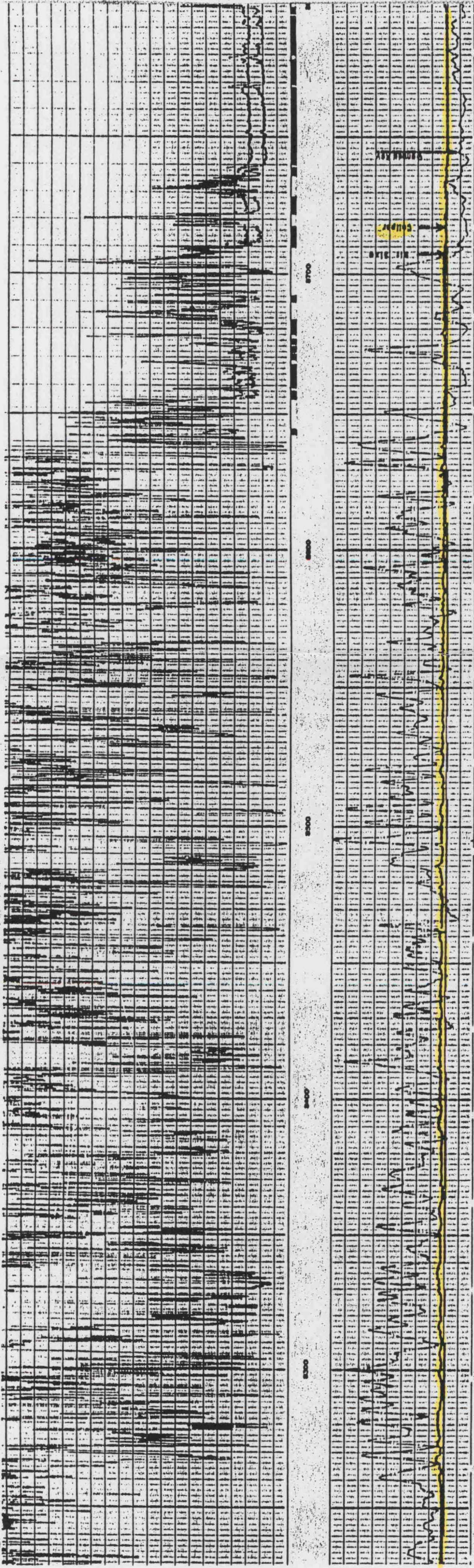
TOC @ 4420'

* caliper assumed based on Elliams #7 above 7980'



ELL1A2 #7 (CONT)





SCHEIDT & BERNARD WELL SURVEYING CORPORATION
1414 L. A. STREET, SUITE 100, DALLAS, TEXAS 75201
TELEPHONE 734-1111

MICROLOGGING

COMPANY: JAMES P. DUNIGAN
ARTESIA OFFICE COPY
WELL: DENNIS FEDERAL # 5
FIELD: CORBIN AND DEEF
LOCATION SEC. 36-175-33E
COUNTY: LEA
STATE: NEW MEXICO
Elevation DFL 5473
J.G. or G.L.
F. above

RECEIVED
DATE: 11-18-60
BY: [Signature]
CITY: DALLAS, TEXAS

REMARKS:
[Handwritten notes and data]