

-OUTHWEST ROYALTIES, INC Southwest Royches Building AC N. Big Spring, Midland, IN 797014325 P.C. Box 11390, Midland, IN 79702-5330 (915) 676-9927 (1800433-7945)

February 10, 2000

Mr. Michael Stogner New Mexico Oil Conservation Commission 2040 Pacheo Santa Fe, New Mexico 87504

Re: Application for Unorthodox Gas Well Location Eaves "B" Well No. 20 Scarborough Yates-Seven Rivers Field (Created by Order No. R-2999 12/01/65) 429' FEL, 1414' FSL Section 30, T26S, R37E Lea County, New Mexico

Dear Mr. Stogner,

Southwest Royalties, Inc. respectfully requests your approval of this administrative application for an Unorthodox Gas Well Location.

Southwest Royalties, Inc. is planning to complete the subject temporarily abandoned Seven Rivers oil well as a Yates gas well in the Scarborough Yates-Seven Rivers Pool. The Eaves "B" lease covers 280 acres in Section 30 (240 acres are contiguous). 200 acres of the 240 contiguous acres are in the Scarborough Field. Eaves "B" No 8 is the only active well on the lease at this time. No. 8 is a Seven Rivers oil well, which is producing with a high volume submersible pump. Well No. 20 was chosen for recompletion as it is a modern completion having been drilled and completed in the deeper Seven Rivers formation in October 1993. If the Yates completion in No. 20 is successful No. 8 will be temporarily abandoned.

The offset operator plat shows that Conoco, Gruy Petroleum Management, Dallas McCasland, as well as Southwest Royalties, Inc. have leases that could be affected by the unorthodox location.

This work is necessary to prevent waste of Yates gas reserves, and to protect Southwest Royalties, Inc. correlative rights, i.e. Yates gas has been produced from wells in the offset section 29. A copy of this letter and attachments has been furnished by Certified Mail to the offset operators as notice of this application.

If you have any questions or require additional information, please contact the undersigned at (915) 686-9927 or by e-mail at Marty_B@SWRINC.COM.

Sincerely.

C. M. "Marty" Bloodworth, P. E. Area Supervisor

xc: CMB file Well file Operators

BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico Case No. <u>12426</u> (De Novo) Exhibit No. <u>1</u> Submitted by: <u>Southwest Royalties, Inc.</u> Hearing Date: <u>November 8, 2000</u> February 10, 2000

Eaves "B" Well No. 20 Scarborough Yates-Seven Rivers Pool 429' FEL, 1414' FSL Unit I, Section 30, T26S, R37E Lea County, New Mexico

Re: Unorthodox Location Notice

Notice provided by Certified Mail To the following:

Gruy Petroleum Management P. O. Box 140907 Irving, Texas 75014

McCasland Management P. O. Box 755 Hobbs, New Mexico 88241

Conoco Inc. 10 Desta Drive, Suite 100W Midland, Texas 79705

District I PO Box 1980, Hobbs, NM 88241-1980

District II 811 South First, Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87410

State of New Mexico Energy, Minerals & Natural Resources Department

Form C-101 Revised October 18, 1994 Instructions on back Submit to Appropriate District Office State Lease - 6 Copies Fee Lease - 5 Copies

District IV 2040 South Pacheco, Santa Fe, NM 87505 **OIL CONSERVATION DIVISION** 2040 South Pacheco Santa Fe, NM 87505

AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

SOUTHWEST ROYALT P. O. BOX 11390	Operator Name IES, INC.	and Address		20GRID Number 021355
MIDLAND, TX 79702			30 -	3API Number 025 32274
₄Property Code		sProperty Name		«Well No.
18097	EAVES B	· · · · · · · · · · · · · · · · · · ·		20
		,Surface Location		

JL or lot no.	Section	Township	Range	l.ot Idn	Feet from the	North/South line	Feet from the	East/West Line	County
<u> </u>	30	26S	37E		14 14	SOUTH	429	EAST	LEA

Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West Line	County
		Proposed	Pool 1	•			· InProposi	ed Pool 2	
SCARBORC	UGH (YA	TES-7RIV	ERS)						

11Work Type Code	12Well Type Code	3Cable/Rotary	14Lease Type Code	15Ground Level Elevation 2938
16Multiple	17Proposed Depth	18Formation	19Contractor	∞Spud Date

²¹Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
14-3/4	10-3/4	40.5	556	450	CIRC TO SURF
9-7/8	7-5/8	26.4	3379	775	200'

²²Describe the proposed program. If this application is to DEEPEN or PLUG BACK give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary,

PERFORATE FROM 2789' - 2899' OA. BREAK PERFORATIONS WITH ACID & STIMULATE PERFORATIONS WITH A FRACTURE TREATMENT. SHOULD THIS ZONE BE PRODUCTIVE OF GAS ALL THE OIL WELLS ON THIS LEASE WILL BE TA'ed.

²³ I hereby of best of my	certify that the information g knowledge and belief.	iven solve is true and complete to the	OIL CON	ISERVATION DIVISION
Signature:	Mont	The second secon	Approved By:	
Printed na	ame. C. M. Bloodworth		Title:	
Tite: Ar	ea Supervisor		Approval Date:	Expiration Date:
Date:	02-07-00	^{Phone:} 915 686-9927	Conditions of Approval: Attached:	

District I PO Box 1980, Hobos, NM 88241-1980

District II 911 South First, Artesia, NM 88210

Distinct III 1000 Rio Brazos Rd., Aztec, NM 87410

Distnet IV 2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico Energy, Minerais & Natural Resources Department

OIL CONSERVATION DIVISION 2040 South Pacheco Santa Fe, NM 87505 Form C-102 Revised October 18, 1994 Instructions on back Submit to Appropriate District Office State Lease - 4 Copies Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Numb 35-025-32		₂Pool Code 55560	Scarborough Yates-Seven Rivers	
Property Code 18097	Eaves B		£Ргорегту Name	₀Weil Number 20
OGRID No. 021355	Southwest I	Royalties, Inc.	Operator Name	∍Elevation 2938

"Surface Location

JL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West Line	County
1	30	26S	37E		1414	South	429	East	Lea

"Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West Line	· County
12Dedicated Acr 200.00	esi uJoint	or Infill	Consolidat	ion Code	IsOrder No.	-			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

25	Scarbo Southwe	rough Field st Royalties	Eaves "B" .	le ase	"OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief
	GPUL 🧐		**B"	and and and a light	Signature Signature
	``В″		D	*B #	Marty Bloodworth Printed Name Area Supervisor Title 02-09-00 Date
* yes-		,)		->1429 20	
	ж	B	B"	1414	Date of Survey Signature and Seal of Protessional Surveyer Certificate Number

1

Scarborough Field. Southwe Royallies, Inc Eures B" Offset Operators

Store	1/A 3423	111000000	
Altura Yates Sournwest HBP 12.1.2008 Roy J30180 101617 1 HBP 12.1.2008 T/A J01617 1 1 J01617 1 1 J0180 101617 1 J0180 101617 1 J1090 T/A T/A J1090 T/A	T/A Southwest Roy KTer. Poc	H.M.Mod berly Ellisticii (Texaca) America 12-1-97 BP 064019 Gruy Pet. (Jexaca) America Rhodes 1 Wo Jano Texace Amerada Gruy Pet. Mai Hellisti Ellisti Ellisti	2 78 +87 8 7683 Cit. Serv. HBP 8-1484
Jay Anthony, etaks	030180 4.8, Gruy Pe 0, 31220 1, 3, 5100. 103245 1, 9, Fornsworth U.S. D.K. Boyd OE, G (5)	Burlington Fornsworth- Fed iMoberly El Pase Heri Fed " U.S. States States D.K. Boyd OE, G TIA 3850	Gruy Pet- Rhogdes
11 (Conoco, etal) 109 030167 7 24	Conoco, etal 03016 9 4 16-012945 8-1 9 4 17 17 5 Southwest Ray.	To xo to Prod. Colling & Warzi D/R Colum. Corbon 1 H.B.P. <u>0301818</u> MOBERLY-1 RHODES 2061.011 2061.011 2061.011 Prod.	(H P. HUH ZGr Elliott Fe U.S. 1
1 10 4000	2 E aves " 15 D.K. Boyd OE, G (S)	UNIT IGRUY PET. (OPER.) D.K.Boyd OEG(S)	D.K.E (0 9 1 100
(Conoco, etal) W 030167 "A" 2004 S 33 Mc- 33 Callister 25 Conoco, etai I A 0301678	14.A 030168 13 11 Eaves Southwest Roy to Sev. Rusbos 15 30168 7/A 030168 7/A 13 7/A 14 030168 7/A 13 7/A	Pet. Pet. Parker: Wolfson 1 1 Cash. 1 CitSonv. 29 Delles M. Custon Delles M. Custon	2.8 Gruy Pet osozis Gregory ' (wo)
U.S. Jay Anthony, etal, (S)	Conoco Eaves 8. 1 II. Eoles T/A US PA D.K.BOYO OE,G(S) Conoco, etcl RBD- 10, 030168 c Shelby	CSA FEG Wolfson 10 3400 2.F Cit Serv Wolfson 0 4.F (LI. Govt etal S/N 5.F TD 34 00 032604/1 5.F D.K. Boyd OE, G (S) 1.0 SEDIDALAS CIECUS/BURSONS	D
THE -36Ft. Worth PE.S	onoco aves 8. 31 Eaves 8. Boya DEG(S)"8 91 Eaves 1. U.S. M.1	Honson D. K. 58 40 22 Store OE,G (S) 32 W & munstool	.K. 1

SENDER: COMPLETE THIS SECTION	
Complete iterns 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.	A. Received by (Please Print Clearly) B. Date of Delivery
Print your name and address on the reverse	C. Signature
so that we can return the card to you. ■ Attach this card to the back of the mailpiece,	
or on the front if space permits.	X Addressee
1. Article Addressed to:	D. Is delivery address different from item 1? Yes
	If YES, enter delivery address below:
McCasland Management PO Box 755 Hobbs, New Mexico	
Pro Bay 755	· · ·
FC BOP 100	
Hobbs, New Mexico	3. Service Type
00271	Certified Mail Express Mail
	Registered Return Receipt for Merchandise
	Insured Mail C.O.D.
	4. Restricted Delivery? (Extra Fee) □ Yes
2. Article Number (Copy from service label)	
PS Form 3811, July 1999 Domestic	c Return Receipt 102595-99-M-1789
PS Form 3811, July 1999 Domestic	2 Return Receipt 102595-99-M-1789
PS Form 3811, July 1999 Domestic	
PS Form 3811, July 1999 Domestic	C Return Receipt 102595-99-M-1789 COMPLETE THIS SECTION ON DELIVERY
SENDER: COMPLETE THIS SECTION Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.	
SENDER: COMPLETE THIS SECTION Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse	COMPLETE THIS SECTION ON DELIVERY
SENDER: COMPLETE THIS SECTION Complete iterns 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.	COMPLETE THIS SECTION ON DELIVERY A. Received by (Please Print Clearly) B. Date of Delivery C. Signature X
 SENDER: COMPLETE THIS SECTION Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. 	COMPLETE THIS SECTION ON DELIVERY A. Received by (Please Print Clearly) B. Date of Delivery C. Signature X Image: Addressee
 SENDER: COMPLETE THIS SECTION Complete iterns 1, 2, and 3. Also complete itern 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 1. Article Addressed to: 	COMPLETE THIS SECTION ON DELIVERY A. Received by (Please Print Clearly) B. Date of Delivery C. Signature
 SENDER: COMPLETE THIS SECTION Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 1. Article Addressed to: 	COMPLETE THIS SECTION ON DELIVERY A. Received by (Please Print Clearly) B. Date of Delivery C. Signature
 SENDER: COMPLETE THIS SECTION Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 1. Article Addressed to: 	COMPLETE THIS SECTION ON DELIVERY A. Received by (Please Print Clearly) B. Date of Delivery C. Signature
 SENDER: COMPLETE THIS SECTION Complete iterns 1, 2, and 3. Also complete itern 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 1. Article Addressed to: 	COMPLETE THIS SECTION ON DELIVERY A. Received by (Please Print Clearly) B. Date of Delivery C. Signature
 SENDER: COMPLETE THIS SECTION Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 1. Article Addressed to: 	COMPLETE THIS SECTION ON DELIVERY A. Received by (Please Print Clearly) B. Date of Delivery C. Signature
 SENDER: COMPLETE THIS SECTION Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 1. Article Addressed to: 	COMPLETE THIS SECTION ON DELIVERY A. Received by (Please Print Clearly) B. Date of Delivery C. Signature
 SENDER: COMPLETE THIS SECTION Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 	COMPLETE THIS SECTION ON DELIVERY A. Received by (Please Print Clearly) B. Date of Delivery C. Signature
 SENDER: COMPLETE THIS SECTION Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 1. Article Addressed to: 	COMPLETE THIS SECTION ON DELIVERY A. Received by (Please Print Clearly) B. Date of Delivery C. Signature
 SENDER: COMPLETE THIS SECTION Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 1. Article Addressed to: 	COMPLETE THIS SECTION ON DELIVERY A. Received by (Please Print Clearly) B. Date of Delivery C. Signature
 SENDER: COMPLETE THIS SECTION Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 1. Article Addressed to: 	COMPLETE THIS SECTION ON DELIVERY A. Received by (Please Print Clearly) B. Date of Delivery C. Signature
 SENDER: COMPLETE THIS SECTION Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 1. Article Addressed to: 	COMPLETE THIS SECTION ON DELIVERY A. Received by (Please Print Clearly) B. Date of Delivery C. Signature

SENDER: © Complete items 1 and/or 2 for additional services. © Complete items 3, 4a, and 4b. Print your name and address on the reverse of this form s card to you. ■ Attach this form to the front of the mailpiece, or on the bad permit. ■ Write "Return Receipt Requested" on the mailpiece below ■ The Return Receipt Will show to whom the article was deliv delivered.	k if space does not	I also wish to red following service extra fee): 1.	es (for an ee's Address ed Delivery
3. Article Addressed to: BLM 414 W. TAYLOR HOBBS, NM 88240	4a. Article N Z 3 4b. Service Register Express Return Re 7. Date of D	Number 305711 Type red Mail xceipt for Merchandise	96 Certified Insured COD
 5. Received By: (Print Name) 6. Signature: (Addressee or Agent) X 		ddressee's Address (Only if requested nd fee is paid)	

at we can return this space does not article number. d and the date	following services extra fee): 1.	ee's Address d Delivery
4a. Article Number Z 150343148		
Register Express Return Re	red Mail aceipt for Merchandise	Certified
	8. Addressee's Address (Only if requested and fee is paid)	
	Appece does not article number. d and the date 4a. Article N 2.15 4b. Service Register Express Retum Re 7. Date of D 8. Addresse	space does not 1. □ Addresse article number. 2. □ Restricter d and the date 2. □ Restricter 4a. Article Number 2. □ Restricter 4b. Service Type Registered □ Express Mail □ Return Receipt for Merchandise 7. Date of Delivery 8. Addressee's Address (Only and fee is paid)

.. .

SENDER: Complete items 1 and/or 2 for additional services. Complete items 3, 4a, and 4b. Print your name and address on the reverse of this form so that y card to yo Attach this form to the front of the mailpiece, or on the back if spi permit. Write 'Ratum Receipt Requested' on the mailpiece below the an The Return Receipt will show to whom the article was delivered a delivered.	ace does not licle number.	I also wish to receive the following services (for an extra fee): 1. Addressee's Address 2. Restricted Delivery Consult postmaster for fee.		
3. Article Addressed to: NMOCD 1625 N. French Drive Hobbs, NM 88240	4b. Service	PT459696 Type red Certifie Mail Insured sceipt for Merchandise COD		
 5. Received By: (Print Name) 6. Signature: (Addressee or Agent) X 		8. Addressee's Address (Only if requested and fee is paid)		

. . .

: