

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



SOUTHWEST ROYALTIES

April 10, 2000

Mr. Michael Stogner
New Mexico Oil Conservation Commission
2040 Pacheco
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 its administrative application for an Unorthodox Gas Well Location filed on February 10, 2000. As per our telephone conversation the following additional information is provided in support of the original application:

1. Map showing Southwest Royalties, Inc.'s well, and offset gas wells in sections 29, and 32.
2. A printout from Dwight's Energy Data showing multiple gas wells in both section 29 and 32.
3. Copies of NMOCD records for several of the gas wells on the map and Dwight's list.
4. A copy of a portion of the commission order R 368 A allowing gas wells to be allowed on less than 640 acres.

I trust this additional information answers any questions regarding Southwest Royalties, Inc. application. If you have further questions or require more 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

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case No. 12426 (De Novo) Exhibit No. 7
Submitted by:
Southwest Royalties, Inc.
Hearing Date: November 8, 2000

"McCallister"
Jay Anthony, et al (S)

Southwest Roy
to 4000
(Conoco, et al) WI
030167 "A" Bruno
McCallister
2004
33
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25
Conoco, et al
030167B
Langhorn
Partners
to 3700
Bruno
McCallister
U.S.
Jay Anthony, et al (S)

er, et al
2001
4948
787
36
Ft. Worth P.E.S.
Humble - ST-2
State, MI.
Jay Anthony, et al

Southwest Roy
to Seven Rvs. base
030168
(P/B) B
Eaves
U.S.
D.K. Boyd O.E.G. (S)

Southwest Roy to Sev. Rvs. base
030168
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T/A
Conoco
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Eaves
Southwest Roy to Sev. Rvs. base
030168
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Conoco
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U.S.
D.K. Boyd O.E.G. (S)

Conoco, et al
030168
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Conoco
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RBD-
Shelby
Agency
2
B-1
Conoco
Eaves
T/A
U.S.

UNIT
GRUY PET.
(OPER.)
U.S. Moberly
D.K. Boyd O.E.G. (S)

GRUY
Pet.
Burleson & Huff
Texaco, et al
Burleson & Huff
Date - Feb.
(R.L. Dale)
032604
Wolfson
Cash
Fed
Cit Serv.
Hanson
C.S.A. Fed
Wolfson
Cit Serv.
etal S/M
Gov
TD 3400
032604
U.S.
D.K. Boyd O.E.G. (S)

Deffs Ltd.
TO 3400
4-F (J.I.
O'Neill, Jr)
029050
O'Neill
Feb. 5-F
D.K. Boyd O.E.G. (S)
Deffs Ltd.
Cit. Serv.
Burleson
Huff
LGB
D.K. Boyd
O.E.G. (S)
Burleson
Huff
LGB
Field & C.
U.S. M.
Pubco St

Gas Wells -- Scarborough Field

4/10/00

Page 1 of 1

Operator Name	Well/Lease Name	Well Number	Field Name	Location	Status	Oil Cum (bbls)	Gas Cum (mcf)
WOLFSON OIL CO	CASH FEDERAL	000001	SCARBOROUGH (YATES SEVEN RI	29E 26S 37E	P&A	28706	59273
HANSON OIL CORP	CSA FEDERAL	000001	SCARBOROUGH (YATES SEVEN RI	29L 26S 37E	P&A	21477	572
BURLESON LEWIS B INC	DALE FEDERAL	000001	SCARBOROUGH (YATES SEVEN RI	29A 26S 37E	INA	0	21434
MCCASLAND DALLAS	FEDERAL F	2	SCARBOROUGH (YATES SEVEN RI	29I 26S 37E	ACT	8639	102250
MCCASLAND DALLAS	FEDERAL F	3	SCARBOROUGH (YATES SEVEN RI	29O 26S 37E	ACT	16521	136690
MCCASLAND DALLAS	FEDERAL F	4	SCARBOROUGH (YATES SEVEN RI	29J 26S 37E	ACT	6727	54993
MCCASLAND DALLAS	FEDERAL F	5	SCARBOROUGH (YATES SEVEN RI	29P 26S 37E	ACT	12668	44100
ONEILL JOSEPH I JR	FEDERAL F	000001	SCARBOROUGH (YATES SEVEN RI	29O 26S 37E	P&A	2932	394157
GRUY PETROLEUM MGMT C PARKER A FEDERAL		1	SCARBOROUGH (YATES SEVEN RI	29D 26S 37E	ACT	25797	12224625
LONGHORN SERV & DRLG C PUBCO STATE		000001	SCARBOROUGH (YATES SEVEN RI	32H 26S 37E	P&A	16159	171994
LONGHORN SERV & DRLG C PUBCO STATE		000002	SCARBOROUGH (YATES SEVEN RI	32A 26S 37E	P&A	8492	275579
LONGHORN SERV & DRLG C PUBCO STATE		000003	SCARBOROUGH (YATES SEVEN RI	32G 26S 37E	P&A	7698	263109
BRINNSTOOL W H	SHEARN STATE	1	SCARBOROUGH (YATES SEVEN RI	32G 26S 37E	INA	24163	45874
MCCASLAND DALLAS	STATE O	3	SCARBOROUGH (YATES SEVEN RI	32F 26S 37E	INA	305	782378
MCCASLAND DALLAS	STATE O	4	SCARBOROUGH (YATES SEVEN RI	32B 26S 37E	ACT	3694	695961
MCCASLAND DALLAS	STATE O	5	SCARBOROUGH (YATES SEVEN RI	32C 26S 37E	INA	4796	288515
MCCASLAND DALLAS	STATE O	6	SCARBOROUGH (YATES SEVEN RI	32D 26S 37E	INA	1408	150704
OXY U S A INC	STATE O	000002	SCARBOROUGH (YATES SEVEN RI	32B 26S 37E	P&A	5570	1994

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DATE 11/14 19 77

6

ADVICE ON WELLS TIED INTO GAS GATHERING SYSTEMS

Name of Producer Dallas McCasland (5911)

Well Name and Number State 0 #5

Location 6 60'N, 1980'W, Sec. 32, T-26-S, R-37-E, Lea Co., NM

Pool Name Scarborough-Yates Seven Rivers

Producing Formation Yates

Top of Gas Pay 2970'

Oil or Gas Well Gas

Gas Unit Allocation 40 Acres

Date Tied Into Gathering Systems November 9, 1977

Date of First Delivery November 10, 1977

Gas Gathering System Lea County Low Pressure Gathering System

Processed through Gasoline Plant (yes or no) Yes

Station Number 64-058-01

Remarks: 24426 - Site Code

James R. Smith

CITIES SERVICE OIL COMPANY

DEC 23 1958

BOX 97

HOBBS, NEW MEXICO

5

December 24, 1958

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Attn: Mr. A. L. Porter, Jr.

Re: Change of Well Dedication--Non-Standard
Gas Proration Unit, Jalmat Gas Pool, Lea
County, New Mexico

Gentlemen:

Cities Service Oil Company was assigned a 153.12 acre non-standard gas proration unit by administrative order N&P-450 to consist of the NW/4 NE/4, N/2 NW/4, and Lot 3, Section 32, T-26-S, R-37-E. The unit was dedicated to the State "O" No. 2, located 660' FNL, 1980' FEL, Section 32. This well is a dual completion from Upper and Lower Yates allowed by DC-688.

The State "O" No. 3 was drilled for oil from the Lower Yates 1960' FNL and 1980' FEL, Section 32, T-26-S, R-37-E, but was unsuccessful because of high water production. The well was plugged back and the Upper Yates perforated. The Upper Yates produced gas with a calculated open flow of 2.5 MMCF per day.

It is requested that the non-standard gas proration unit now be dedicated to the State "O" No. 3 and that DC-688 for the State "O" No. 2 be cancelled. The State "O" No. 2 will remain as an oil well producing from the Lower Yates.

A plat of the area and schematic diagram are attached. Copies of this application have been sent to all offset operators.

Very truly yours,



E. F. Motter
Asst. Division Engineer

EFM/gk
Attachs.

DATE 11/14 19 77

(4)

ADVICE ON WELLS TIED INTO GAS GATHERING SYSTEMS

Name of Producer Dallas McCasland (5911)

Well Name and Number State 0 #4

Location 990'N, 2310'E, Sec. 32, T-26-S, R-37-E, Lea Co., NM

Pool Name Scarborough Yates 7-Rivers

Producing Formation Yates

Top of Gas Pay 2972'

Oil or Gas Well Gas

Gas Unit Allocation 40 Acres

Date Tied Into Gathering Systems November 7, 1977

Date of First Delivery November 7, 1977

Gas Gathering System Lea County Low Pressure Gathering System

Processed through Gasoline Plant (yes or no) Yes

Station Number 64-057-01

Remarks: Site Code - 24424-4

By Bruce R. Elliott District Engineer

GEOLOGICAL SURVEY
DEPARTMENT OF THE INTERIOR

RECEIVED 214152

1960 OCT 18 PM 10:50

RECEIVED 214152

HOBBS

HOBBS BLK 600

NEW MEXICO OIL CONSERVATION COMMISSION

P. O. BOX 2045

HOBBS, NEW MEXICO

DATE October 18, 1960

TO:

RE: GAS WELLS

J. I. O'Neill, Jr.

This is:

410 West Ohio

A New Gas Well (x)
An Oil Well Converted to Gas ()
An Oil-Gas Dual ()
A Gas-Gas Dual ()

Midland, Texas

Gentlemen:

Form C-104 has been received on your Federal "F" #1-0 29-26-37

Lease Well No. Unit S-T-R

☐ But no allowable can be assigned this well until the following forms have been received:

Form C-104 _____

Form C-110 _____

Form C-128 _____

NSP Order _____

Notice of Connection _____

Deliverability Test _____

And a 160 acre allowable will be assigned in the Jalmat Pool under Order No. NSP-503.

Filed 8/10/59

Filed 9/18/60

Filed 9/20/60

Approved 9/14/59

Date of Connection 9/16/60

Filed 10/7/60

OIL CONSERVATION COMMISSION

Anthony M. M.
Engineer, District 1

Original-Operator

Original-OCC, Santa Fe
cc-File, Operator & let

DATE 3/31/78

2

ADVICE ON WELLS TIED INTO GAS GATHERING SYSTEMS

Name of Producer Dallas McCasland (5911)

Well Name and Number State 0 #6

Location 330'N, 990'W, Sec. 32, T-26-S, R-37-E, Lea Co., NM

Pool Name Scarborough Yates - 7 Rivers

Producing Formation Yates

Top of Gas Pay 2981'

Oil or Gas Well Gas

Gas Unit Allocation 40 Acres NW 1/4 of NW 1/4

are Tied Into Gathering Systems 3/16/78

ate of First Delivery 3/16/78

as Gathering System Lea County Low Pressure Gathering System

rocessed through Gasoline Plant (yes or no) Yes

ation Number 61-931-01

emarks: Site Code: 25016-3

This well produced thru meter #61-875-01

By Irwin R. Elliott Dispatching

DUPLICATE

(1)

NEW MEXICO OIL CONSERVATION COMMISSION
BOX 2045
HOBBS, NEW MEXICO

DATE December 29, 1953

TO: El Paso Natural Gas Company

Box 1384, Jal, New Mexico

GENTLEMEN:

Form C-104 for your Parker

LEASE

1

WELL

29-26-37

S.T.R.

Jalco

POOL

has been approved, however, since this well is:

- () An unorthodox location,
- (X) Located on an unorthodox proration unit,
- () Outside the boundaries of a designated pool,

it will be necessary for you to;

- () Comply with the provisions of Rule 4 of Commission Order _____
- (X) Comply with the provisions of Rule 7 of Commission Order R 368 A
- () File Form C-123

Pending further Commission action this unit will be assigned an 80 acre allowable.

Stanley J. Stanley
A. L. Porter, Jr.
Proration Manager

ALP/pb

cc/ Transporter El Paso Natural Gas Co.

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 582
Order No. R-368-A

THE APPLICATION OF THE OIL
CONSERVATION COMMISSION ON ITS
OWN MOTION FOR ALL OPERATORS
AND INTERESTED PARTIES IN THE
JALCO GAS POOL TO SHOW CAUSE
WHY THE RULES AND REGULATIONS
AS SET OUT IN ORDER R-356, WITH
ANY ESSENTIAL AMENDMENTS, SHOULD
NOT BE PUT INTO EFFECT.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This case came on for hearing at 9 o'clock a. m., on October 26, 1953, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

NOW, on this ~~10TH~~ day of November, 1953, the Commission, a quorum being present, having considered the testimony adduced, the exhibits received, the statements of interested parties, the official records of the Commission and other pertinent data, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given, the Commission has jurisdiction of this cause.

(2) That the Commission, for the purpose of preventing waste and drainage, and for the protection of correlative rights, entered Order R-356, establishing certain general or "stand-by" rules and regulations relating to the proration of gas well gas, proration units, well spacing, and other related matters in the gas pools of Eddy, Lea, Chaves and Roosevelt Counties, New Mexico, applicable in all cases only after special rules for each gas pool shall have been promulgated.

(3) That thereafter, after due notice and hearing, Order R-368 was duly entered by the Commission. Order R-368 adopted the general or "Stand-by" rules promulgated by Order R-356 as the Special Rules and Regulations of the Jalco Gas Pool, heretofore established. R-368 was entered pending a further order in the premises, said order to be entered only after all interested parties were afforded the opportunity to be heard in the matter.

1. The non-standard unit consists of less acreage than a standard proration unit.
2. The acreage assigned to the non-standard unit lies wholly within a legal quarter section and contains a well capable of producing gas into a gas transportation facility on the date of this order.
3. The operator receives written consent in the form of waivers from all operators in the adjoining 160 acre proration units.

GAS ALLOCATION

RULE 8 At least 30 days prior to the beginning of each gas proration period the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each gas purchaser its "Preliminary Nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration period, by months, from the Jalco Gas Pool. The Commission shall consider the "Preliminary Nominations" of purchasers, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste within the ensuing proration period. "Preliminary Nominations" shall be submitted on a form prescribed by the Commission.

RULE 9. Each month, the Commission shall cause to be submitted by each gas purchaser its "Supplemental Nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration month from the Jalco Gas Pool. The Commission shall hold a public hearing between the 15th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month, and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month. Included in the monthly proration schedule shall be a tabulation of allowable and production for the second preceding month together with an adjusted allowable computation for the second preceding month. Said adjusted allowable shall be computed by comparing the actual allowable assigned with the actual production. In the event the allowable assigned is greater than the actual production, the allowables assigned the top allowable units shall be reduced proportionately, and in the event the allowable assigned is less than the production then the allowables assigned the top allowable units shall be increased proportionately. "Supplemental Nominations" shall be submitted on a form prescribed by the Commission.

The Commission shall include in the proration schedule the gas wells in the Jalco Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule of the Jalco Gas Pool any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well. The total allowable to be allocated to the pool each month shall be equal to the sum of the supplemental nominations together with any adjustment which the Commission deems advisable. The allocation to a pool remaining after subtracting the capacities of marginal units shall be divided and allocated ratably among the non-marginal units in the proportion that the acreage contained in each unit bears to the

LARGE FORMAT
EXHIBIT HAS
BEEN REMOVED
AND IS LOCATED
IN THE NEXT FILE