



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

MV
5-25-00

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

May 25, 2000

Southwest Royalties, Inc.
P. O. Box 11390
Midland, Texas 79702-8390

Attention: C. M. Bloodworth

Re: Case No. 12426.

Dear Mr. Bloodworth:

Per your letter dated May 22, 2000; this case will be continued to the July 13, 2000 docket.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division - Hobbs

SOUTHWEST ROYALTIES, INC.
Southwest Royalties Building
400 North Spring, Midland, TX 79701-4100
Phone: (806) 687-1200
Fax: (806) 687-1200



SOUTHWEST ROYALTIES

May 22, 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. once again respectfully requests your approval of its administrative application for an Unorthodox Gas Well Location filed on February 10, 2000. In my opinion a hearing should not be necessary unless you have received a protest of my original request. As stated in that request, the subject well is the only modern completion on Southwest's lease, and would be the only active well should it be successful. True the well is in the same county as the JalMat field, but is not close to the leases where 40 acre development is in dispute. Based on the JalMat meetings I attended in Hobbs and Midland, a gas well on 160 or more acres would not cause a protest from any of the operators at those meetings. Southwest's proposed completion would have 200 contiguous acres. In addition I supplied to you records for the eight gas wells completed in the 320 acres of section 32 that are in New Mexico, and the three gas wells in section 29. Each of those wells was granted approval on less than 640 acres. As we have previously discussed one of the section 29 wells has been allowed to produce 12 BCF from an original 80 acre unit. The "B" number 20 well is closer than 1,980' to the lease, but it is to be a re-completion in an existing wellbore originally drilled to a deeper horizon. In the absence of a protest it is my opinion that the application has meet the criteria to be granted administratively. Should you not agree, Southwest requests Case 12426 to be heard on July 13, 2000, not on June 1, 2000.

Sincerely,

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

xc: CMB File
Well File

Return Receipt P497459659