

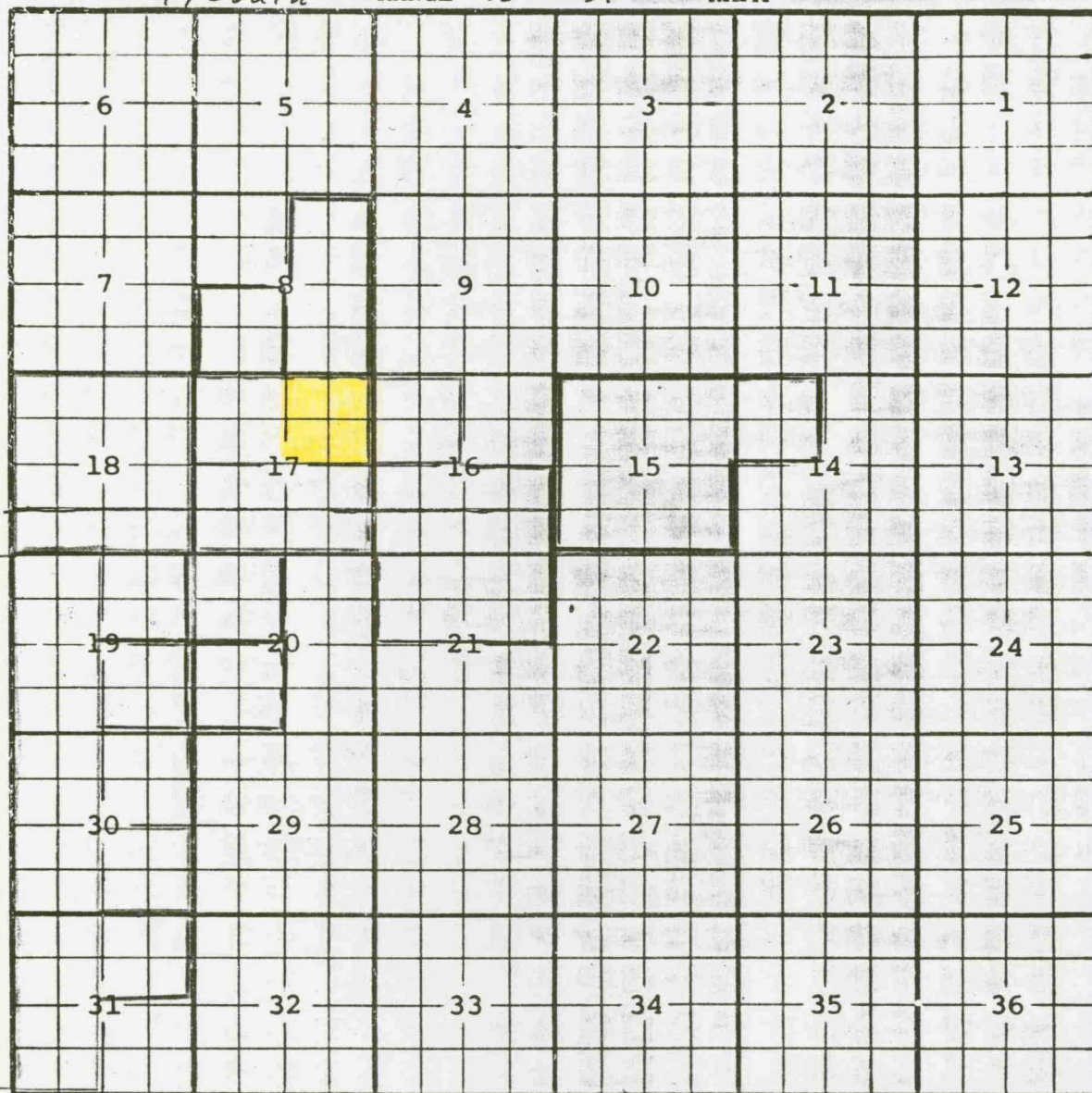
COUNTY Eddy

POOL North Dagger Draw - Upper Pennsylvanian

TOWNSHIP 19 South

RANGE 25 East

NMPM



Description: All Sec 18, $\frac{1}{2}$ Sec 19, $\frac{1}{2}$ Sec 30, $\frac{1}{2}$ Sec 31 (R-4691, 1-1-74)

Ext: $\frac{1}{2}$ Sec 17 (R-4821, 8-1-74) Ext: $\frac{5}{2}$ Sec 17 (R-5063, 7-1-75)

Ext: $\frac{5}{4}$ Sec 30 (R-5309, 11-1-76) Ext: $\frac{1}{4}$ Sec 16 (R-5667, 4-1-78)

Ext: $\frac{5}{2}$ Sec 16, $\frac{1}{2}$ Sec 21 (R-7131, 11-30-82) Ext: $\frac{1}{4}$ Sec 19 (R-8391, 1-22-87)

Ext: $\frac{5}{4}$ Sec 19 (R-8484, 8-13-87) Ext: $\frac{1}{4}$ Sec 30 (R-8665, 6/9/88)

Ext: $\frac{1}{4}$ Sec 8 (R-8827, 12-22-88) Ext: $\frac{1}{4}$ Sec 20 (R-8945, 5-31-89)

Ext: $\frac{1}{4}$ Sec 20 (R-9096, 1-1-90) Ext: $\frac{1}{4}$ Sec 14, All sec 15 (R-9134, 4-1-90)

Ext: $\frac{1}{2}$ Sec 8, $\frac{1}{4}$ Sec 31 (R-9578, 9-10-91)

Conoco Inc.
Julie (am W11 No.1)
1980 '54L - 990'52 (Unit H)
Spd: 7/20/76
North Passer-Due Upper
Pennsylvanian Completion
Prod'd: Nov. 1986
Cum. 15 8962 mcf / 65435 Bbl.

15551 LAST RETURN CODE WAS 0000

* STEP 5 PRINT ACTIVITY WELL LIST OF SELECTED OPERATIONS

// ASSIGN SYS022,SYSLST

11201 SYS022 HAS BEEN ASSIGNED TO X'FEF' (TEMP)

// DL3L SYS008,'ACTIVITY.FILE'

// EXTENT SYS008,WIMFDA,1,0,1,1878

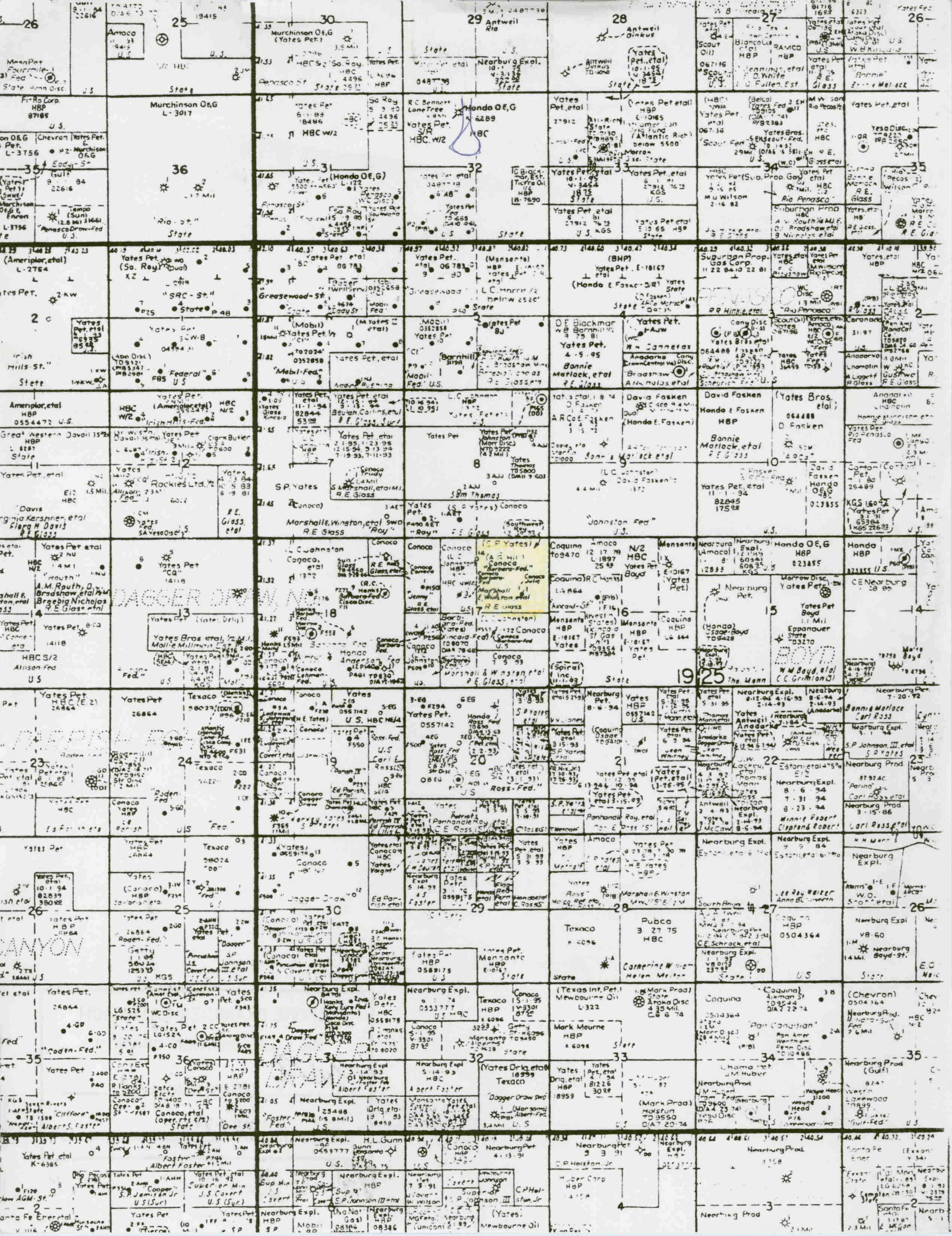
// DE3L IJ3SYSCT,'VSAM.MASTER.CATALOG','VSAM

// DL3L IJ3SYSU2,'USER.VSAM.CATALOG.TWO','VSAM,CAT=IJ3SYSCT

// DL3L SYS011,'OCD.MASTER.OPER','VSAM,CAT=IJ3SYSU2

// EXEC ACTVS0ND,SIZE=64K

1	11201	SYS022	HAS BEEN ASSIGNED TO X'FEF' (TEMP)
2	//	DL3L	SYS008,'ACTIVITY.FILE'
3	//	EXTENT	SYS008,WIMFDA,1,0,1,1878
4	//	DE3L	IJ3SYSCT,'VSAM.MASTER.CATALOG','VSAM
5	//	DL3L	IJ3SYSU2,'USER.VSAM.CATALOG.TWO','VSAM,CAT=IJ3SYSCT
6	//	DL3L	SYS011,'OCD.MASTER.OPER','VSAM,CAT=IJ3SYSU2
7	//	EXEC	ACTVS0ND,SIZE=64K
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BEFORE EXAMINER CATANACH

OIL CONSERVATION DIVISION

SW Roy

EXHIBIT NO. 1

CASE NO. 10471

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION OF
SOUTHWEST ROYALTIES, INC., FOR
COMPULSORY POOLING, EDDY COUNTY,

CASE NO. 10471

AFFIDAVIT OF MAILING

William F. Carr, being duly sworn, states that on April 8, 1992 he mailed a copy of the Application of Southwest Royalties, Inc. for Compulsory Pooling, Eddy County, New Mexico with letter(s) setting forth the hearing date, by certified mail, return receipt requested, to the following parties:

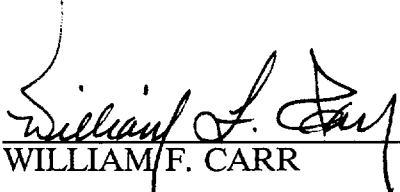
Conoco, Inc.
10 Desta Drive, Suite 100 West
Midland, Texas 79705

Scarlett Nunes
100 South Doheny Drive, Apt. 120
Los Angeles, California 70052

Christopher M. W. Horton
1135 South Pasadena, Suite 150
St. Petersburg, Florida 33707

Albert P. Nicklaus
c/o Christopher M. W. Horton
1135 South Pasadena, Suite 150
St. Petersburg, Florida 33707

Further Affiant says not.

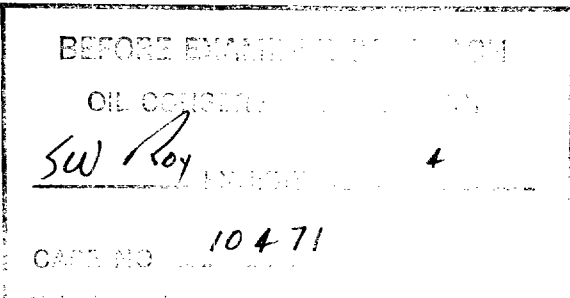

WILLIAM F. CARR

Subscribed and sworn to before me this 30 day of April, 1992.


Notary Public

My commission expires:

10-2-93



SUPPLEMENTAL LEASEHOLD TAKEOFF

DAGGER DRAW PROSPECT

Ellis & Ellis

9 March 1992

LAND: NE/4 OF SECTION 17, T-19-S, R-25-E, NMPM, EDDY COUNTY, NEW MEXICO, CONTAINING 160.00 ACRES, MORE OR LESS.

SURFACE DOWN TO TD IN BARBARA #3 WELL LOCATED IN SE NW OF SECTION 17:

Owner	W.I.(%)	N.R.I.	Comments
Conoco, Inc.	43.0000	?	OGLs 1 & 6
P. O. Box 2197	32.2500	?	OGLs 2-5 and 7-9
Houston, Texas 77001			
Miss Scarlet Nunes	2.0000	?	OGLs 1 & 6
100 South Doheny Drive, Apt.	1.5000	?	OGLs 2-5 and 7-9
1020			See Copy of Assignment
Los Angeles, California 90052			attached hereto.
Christopher M. W. Horton, MD	2.5000	?	OGLs 1 & 6
1135 South Pasadena, Suite 150	1.8750	?	OGLs 2-5 and 7-9
St. Petersburg, Florida 33707			See Copy of Assignment
			attached hereto.
Albert P. Nicklaus	2.5000	?	OGLs 1 & 6
c/o Christopher M. W. Horton	1.8750	?	OGLs 2-5 and 7-9
1135 South Pasadena, Suite 150			See Copy of Assignment
St. Petersburg, Florida 33707			attached hereto.
Southwest Royalties, Inc.	12.5000	.09375000	OGL 10
P. O. Box 11390			
Midland, Texas 79702			

FROM TD IN BARBARA #3 WELL DOWN TO 8,050 FEET:

Owner	W.I.(%)	N.R.I.	Comments
Conoco, Inc.	50.0000	?	OGLs 1 & 6
P. O. Box 2197	37.5000	?	OGLs 2-5 and 7-9
Houston, Texas 77001			
Southwest Royalties, Inc.	12.5000	.09375000	OGL 10
P. O. Box 11390			
Midland, Texas 79702			

BELOW 8,050 FEET:

Owner	W.I.(%)	N.R.I.	Comments
Conoco, Inc.	37.5000	?	OGLs 2-5 and 7-9
P. O. Box 2197			
Houston, Texas 77001			
Yates Petroleum Corp. (1/2),	50.0000	?	OGLs 1 & 6
Yates Drilling Company (1/6),			
John A. Yates (1/6), and Martin			
Yates, III (1/6)			
Artesia, New Mexico			
Southwest Royalties, Inc.	12.5000	.09375000	OGL 10
P. O. Box 11390			
Midland, Texas 79702			

BEFORE EXAMINER CATERBACH	
OIL CONSERVATION DIVISION	
SW Roy	EXHIBIT NO. 2
CASE NO. 10471	

NOTE: The leasehold interest of Conoco, Inc., et al in OGLs 1 and 6 is subject to a lawsuit which was filed in Eddy County, New Mexico District Court on 8 November 1991 and is styled Yates Petroleum Corporation, et al VS Conoco, Inc. This lawsuit has not been resolved as of this date. The Cause Number is CV91-305.

OIL & GAS LEASES:

OGL 1: Lessor: Cordella M. Kincaid, et al
Lessee: Yates Petroleum Corporation
Date: February 1, 1967
Royalty: 1/8th
Term: Five years
Lands: Lots 1, 2, 3, 4, W/2 SW/4, S/2 SE/4 of Section 7; S/2 S/2 of Section 8; NE/4 NE/4 of Section 18; and, NE/4, S/2 SE/4, E/2 SW/4, W/2 NW/4 of Section 17, T-19-S, R-25-E, containing 1,006.4 acres, more or less.
Recorded: V175, P207, OGL Records

OGL 2: Lessor: Opal Taylor Hinkle, et al
Lessee: Roger C. Hanks
Date: November 5, 1970
Royalty: 3/16ths
Term: Five years
Lands: W/2 NW/4, SW/4, S/2 SE/4 of Section 7; S/2 S/2 of Section 8; NE/4 NE/4 of Section 18; and, NE/4, S/2 SE/4, E/2 SW/4, W/2 NW/4 of Section 17, T-19-S, R-25-E, containing 920 acres, more or less.
Recorded: V78, P514, Misc. Records

OGL 3: Lessor: CA Land and Cattle Company
Lessee: Roger C. Hanks
Date: November 4, 1970
Royalty: 3/16ths
Term: Five years
Lands: W/2 NW/4, SW/4, S/2 SE/4 of Section 7; S/2 S/2 of Section 8; NE/4 NE/4 of Section 18; and, NE/4, S/2 SE/4, E/2 SW/4, W/2 NW/4 of Section 17, T-19-S, R-25-E, containing 920 acres, more or less.
Recorded: V78, P508, Misc. Records

OGL 4: Lessor: Floyd Childress, et ux
Lessee: Roger C. Hanks
Date: November 5, 1970
Royalty: 3/16ths
Term: Five years
Lands: W/2 NW/4, SW/4, S/2 SE/4 of Section 7; S/2 S/2 of Section 8; NE/4 NE/4 of Section 18; and, NE/4, S/2 SE/4, E/2 SW/4, W/2 NW/4 of Section 17, T-19-S, R-25-E, containing 920 acres, more or less.
Recorded: V78, P518, Misc. Records

OGL 5: Lessor: I. J. Marshall, et ux
Lessee: Roger C. Hanks
Date: November 4, 1970
Royalty: 3/16ths
Term: Five years
Lands: W/2 NW/4, SW/4, S/2 SE/4 of Section 7; S/2 S/2 of Section 8; NE/4 NE/4 of Section 18; and, NE/4, S/2 SE/4, E/2 SW/4, W/2 NW/4 of Section 17, T-19-S, R-25-E, containing 920 acres, more or less.
Recorded: V78, P510, Misc. Records

OGL 6: Lessor: Dr. Roy E. Glass, et ux
Lessee: Yates Petroleum Corporation
Date: February 1, 1967
Royalty: 1/8th
Term: Five years
Lands: Lots 1, 2, 3, 4, W/2 SW/4, S/2 SE/4 of Section 7; S/2 S/2 of Section 8; NE/4 NE/4 of Section 18; and, NE/4, S/2 SE/4, E/2 SW/4, W/2 NW/4 of Section 17, T-19-S, R-25-E, containing 1,006.4 acres, more or less.
Recorded: V174, P563, OGL Records

OGL 7: Lessor: Clarence E. Hinkle, et ux
 Lessee: Roger C. Hanks
 Date: November 5, 1970
 Royalty: 3/16ths
 Term: Five years
 Lands: W/2 NW/4, SW/4, S/2 SE/4 of Section 7; S/2 S/2 of Section 8; NE/4 of Section 18; and, NE/4, S/2 SE/4, E/2 SW/4, W/2 NW/4 of Section 17, T-19-S, R-25-E, containing 920 acres, more or less.
 Recorded: V78, P516, Misc. Records

OGL 8: Lessor: Quetico Superior Foundation
 Lessee: Roger C. Hanks
 Date: November 25, 1970
 Royalty: 3/16ths
 Term: Five years
 Lands: W/2 NW/4, SW/4, S/2 SE/4 of Section 7; S/2 S/2 of Section 8; NE/4 of Section 18; and, NE/4, S/2 SE/4, E/2 SW/4, W/2 NW/4 of Section 17, T-19-S, R-25-E, containing 920 acres, more or less.
 Recorded: V78, P569, Misc. Records

OGL 9: Lessor: Don Phillips & Associates
 Lessee: Roger C. Hanks
 Date: November 20, 1970
 Royalty: 3/16ths
 Term: Five years
 Lands: W/2 NW/4, SW/4, S/2 SE/4 of Section 7; S/2 S/2 of Section 8; NE/4 of Section 18; and, NE/4, S/2 SE/4, E/2 SW/4, W/2 NW/4 of Section 17, T-19-S, R-25-E, containing 920 acres, more or less.
 Recorded: V78, P544, Misc. Records

OGL 10: Lessor: Marshall & Winston, Inc.
 Lessee: Southwest Royalties, Inc.
 Date: July 20, 1990
 Royalty: 1/4th
 Term: Two years
 Lands: NE/4 of Section 17, T-19-S, R-25-E, containing 160 acres, more or less.
 Recorded: V73, P43, Official Public Records

SOUTHWEST ROYALTIES, INC.
DRILLING AFE

Development Well
Exploration Well

AFE No. _____
Lease No. _____
SWR WI _____
SWR Est Cost _____
AFE Date 3-30-92

LEASE DEPTH 8200'
WELL NO. 8200' Upper Penn well FORMATION Penn

LOCATION E 1/2 of SW 1/4 Sec 17, T19S, R25E

COUNTY & STATE Eddy County, NM FIELD

OPERATOR SOUTHWEST ROYALTIES, INC. ESTIMATED SPUD DATE

CODES		ESTIMATED COST TO CSG. PT.	ESTIMATED COST AFTER CSG. PT.	TOTAL
BCP/ACP	INTANGIBLE WELL COST			
540/640	Land & Legal Services	1000		1000
541/641	Damages	5000		5000
542/642	Road & Location	20,000		20,000
543/643	Rig Move	16,500		16,500
544/644	Casing Crews	2000	5000	7000
545/645	Cement & Services	15,200	30,500	45,700
546/	Drilling-Footage 8200@ \$12/ft	98,400		98,400
547/	Drilling-Daywork 4 days@\$4000	16,000		16,000
548/	Drilling-Turnkey			
549/	Logging-Mud	3000		3000
550/650	Logging-Wireline	10,000		10,000
551/651	Power, Fuel & Water			
552/652	Drilling Mud & Chemicals	8000		8000
553/653	Engineering/Geological			
554/654	Supervision	2000	3000	5000
555/655	Overhead			
556/656	Equipment Rental		5000	5000
/657	Completion Unit 5 DAYS @ 1200		6000	6000
558/658	Contract Labor	2000	5000	7000
559/659	Trucking & Hauling	5000	2000	7000
560/660	Small Tools & Op. Supplies	500	500	1000
/661	Stimulation		10,000	10,000
562/662	Plug & Abandon			
567/667	Bits & Reamers			
568/668	Rig Fuel			
569/	Coring, Assoc. Analysis			
570/	Drill Stem Testing			
/671	Testing-Other (Hydro)			
572/672	Tubular Inspection			
/676	Perforating/Logging		3000	3000
566/666	Contingencies 10%	20,460	7000	27,460
	TOTAL INTANGIBLE	225,060	77,000	302,060
BCP/ACP	TANGIBLE WELL COST	BCP	ACP	TOTAL
301/	Surface Casing 40' 20"	1700		1700
302/	Intermediate Cs-1100' 9-5/8"	13,500		13,500
303/	Intermediate Casing II			
/404	Production Casing 8200'-7" 23#&26#		70,000	70,000
/405	Tubing 3800' 2-7/8"		23,000	23,000
/406	Rods, Subsurface Pumps & Anchors		17,000	17,000
/407	Packers & Plugs			
308/408	Other Subsurface Equipment			
309/409	Well Head Equipment	7500	7500	15,000
/410	Fittings			
/411	Pumping Equipment & Prime Mover		35,000	35,000
/412	Flow Line		1500	1500
/413	Tank, Treater, Separator		30,000	30,000
/414	Electrical Equipment		10,000	10,000
/415	Sales Equip.-Meters & Gauges		8000	8000
/416	Compressor			
/417	Other Surface Equipment			
/418	Building			
	TOTAL TANGIBLE	22,700	202,000	224,700
	TOTAL WELL COST	247,760	279,000	526,760

SOUTHWEST ROYALTIES APPROVAL

BY: A.C. Mann 3/30/92 Date BY: _____ Date BY: _____ Date
Firm _____ By _____ Title _____ Date _____

BENGINEERING

OIL

SW Roy 3

CASE NO. 10471

BEFORE EXAMINER GATWACH

OIL CONSERVATION DIVISION

SW Roy

EXHIBIT NO. 5

CASE NO. 10471

