

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
September 13, 1994

*Narrow
Case File*

State of New Mexico
Energy, Minerals and Natural Resource Department
Oil Conservation Division
310 Old Santa Fe Trail
Santa Fe, NM 87505

19 1994

Attn: William J. Lemay, Director

RE: FORCED POOLING ORDER #R-10095
Lea County, New Mexico

Case No. 10934
McMillan #2 well (1358-002)
Southwest Royalties, Inc., Oper.

Gentlemen:

Enclosed is Southwest Royalties' actual well costs covering the referenced forced pooling order. Southwest still has some invoices coming in on this well and a complete final accounting won't be available until these invoices arrive.

Southwest has **leased** the 13.125% unleased mineral interests referred to in the pooling order. Southwest has **acquired (by deed)** all the interest of Jennings Drilling Co. who was only working interest owner referred to in the pooling order. Thusly, there are no forced pooled owners.

Call us if you have any questions. Thank you.

Sincerely,


Chip A. Barker
Contract Landman

CAB/sm
enc.

SOUTHWEST ROYALTIES INC.
MCMILLAN #2 COSTS (LEASE # 1358-002)
AS OF SEPTEMBER 12, 1994

FILE: RALMCMILLANCOSTSCAB

LEASEHOLD COSTS (W/2 SEC 29) AS PER ATTACHED SCHEDULE	69,605.50
LESS:	
W2/29 ADD'L LEASE	(7,200.00)
MCMILLAN #1 EQUIPMENT	(10,000.00)

TOTAL LEASEHOLD COSTS	52,405.50
	=====

MCMILLAN #2 WELL COSTS (AFE 930360):

IDC BCP	109,530.17	
IDC ACP	62,724.94	
		TOTAL IDC
		172,255.11
EQUIPMENT BCP	33,740.45	
EQUIPMENT ACP	31,141.99	
		TOTAL EQUIPMENT
		64,882.44

		TOTAL WELL COSTS
		237,137.55
		=====
		=====
TOTAL COSTS LEASEHOLD AND WELL	289,543.05	
		=====

SOUTHWEST ROYALTIES, INC.
 ARTESIA FISHING TOOL - 1993 PREPAYMENTS
 FILE NAME: RALMCMILLAND-C

MCMILLAN #2
 LSE: 1358
 AFE: 930360

(205,600.00)

VENDOR NAME	INVOICE NUMBER	INVOICE DATE	ACCT NMB	INVOICE AMOUNT	
POSEY PIPE/EQUIP	8587	03/28/94	301	12,123.29	12,123.29
POSEY PIPE/EQUIP	8595	04/04/94	304	20,787.62	20,787.62
JIM WOODS PMP/SPLY	3595	03/25/94	309	829.54	829.54
TOTAL LEASE & WELL EQUIPMENT BCP					33,740.45
MASTER TUBULARS	5688	06/10/94	405	11,130.75	11,130.75
BOVAIRD SUPPLY	823926-00	06/27/94	406	5,213.76	5,213.76
PACKER RENTAL	052551	6/20/94	406	670.31	670.31
JIM WOODS PUMP	4142	06/09/94	409	2,227.04	2,227.04
GILLIAM'S PMPG	3166	07/06/94	411	1,340.63	1,340.63
PETROPLEX EQUIP	06050	6/24/94	411	10,559.50	10,559.50
TOTAL LEASE & WELL EQUIPMENT ACP					31,141.99
NATURAL RESOURCES ENG	2281	02/03/94	540	292.19	292.19
MIDLAND MAP	26564	03/11/94	540	34.16	34.16
ELLIOTT & WALDO	13730	1/25/94	540	483.40	483.40
AMEX - J. TATE EXPENSES	680398	3/27/94	540	132.36	132.36
AMEX - J. TATE EXPENSES	680398	3/27/94	540	296.09	296.09
ELLIOTT & WALDO	89848	4/10/94	540	238.15	238.15
ROCK REPRODUCTION	10081	3/14/94	540	23.27	23.27
COX, E.W.	M20806	3/21/94	541	5,320.00	5,320.00
K&L EQUIPMENT	403-31	03/25/94	542	2,582.58	2,582.58
JOHN WEST ENG	94-11-0020	01/10/94	542	663.01	663.01
K&L EQUIPMENT	403-31	03/25/94	542	(270.00)	(270.00)
GLOBE CONSTRUCTION	494-084	04/29/94	542	2,027.86	2,027.86
GLOBE CONSTRUCTION	394-090	03/31/94	542	9,572.40	9,572.40
WEATHERFORD GEMOCO	3428646	04/07/94	545	533.47	533.47
HALLIBURTON	586561	03/28/94	545	6,351.74	6,351.74
ARTESIA FISHING TOOL	94-727	04/04/94	546	57,176.00	57,176.00
ARTESIA FISHING TOOL	94-727	04/04/94	547	4,054.33	4,054.33
MARCISZ GEOL SERV	249	04/04/94	549	2,100.00	2,100.00
BPB INSTRUMENTS	13918	04/25/94	550	5,385.27	5,385.27
ROWLAND TRUCKING	8543 H	03/31/94	551	6,064.79	6,064.79
LONE STAR MUD	933	04/12/94	552	2,403.90	2,403.90
SUPERVISION 3/94			554	825.00	825.00
SUPERVISION 4/94			554	26.73	26.73
DRILLING OVERHEAD 3/94			555	669.97	669.97
SAMUEL A. SMITH	131786	3/31/94	558	216.24	216.24
INSURANCE					546.08
CALLAWAY SAFETY EQIP	60813	03/04/94	556	253.73	253.73
BUCKS EQUIPMENT	1026	04/10/94	556	439.73	439.73
RENO EQUIPMENT	6329	03/27/94	559	254.40	254.40
MATADOR O/F SERVICES	10137	04/06/94	572	833.32	833.32
TOTAL INTANGIBLE BCP					109,530.17
RENO EQUIPMENT	6463	06/10/94	642	190.80	190.80
MATADOR O/F SERVICES	10419	04/02/94	644	1,105.13	1,105.13

SOUTHWEST ROYALTIES, INC.
 ARTESIA FISHING TOOL - 1993 PREPAYMENTS
 FILE NAME: RALMCMILLAND-C

MCMILLAN #2
 LSE: 1358
 AFE: 930360

(205,600.00)

VENDOR NAME	INVOICE NUMBER	INVOICE DATE	ACCT NMB	INVOICE AMOUNT	
HALLIBURTON	538954	04/02/94	645	5,790.30	5,790.30
MICA TOOL & TURBULATOR	3931	04/02/94	645	1,449.00	1,449.00
WESTERN CO N.A.	449094	06/14/94	645	2,225.10	2,225.10
WEATHERFORD GEMOCO	3430047	04/30/94	645	538.59	538.59
PATE TRUCKING	3118	06/21/94	652	364.11	364.11
LUCKY WELL SERVICES	0006246-IN	06/08/94	652	1,526.65	1,526.65
GOLD STAR SEVICE CO	107374	06/10/94	652	688.35	688.35
LUCKY WELL SERVICES	0006331-IN	06/23/94	652	727.80	727.80
SUPERVISION 6/94			654	2,950.00	2,950.00
COMPLETION O/H			655	1,892.70	1,892.70
T&C TANK RENTAL	HNT 0694-23	06/26/94	656	646.60	646.60
PACKER SALES/RENTAL	40130	06/11/94	656	777.56	777.56
LUCKY WELL SERVICE	006260-IN	06/08/94	656	126.30	126.30
ENTERRA O/F RENTAL	3340486	06/28/94	656	669.92	669.92
BUCKS EQUIPMENT	1033	06/21/94	656	482.63	482.63
T & C TANK RENTAL	HNT079433	7/26/94	656	1,399.20	1,399.20
BUCKS EQUIPMENT	1032	6/21/94	656	922.35	922.35
DAVIS TOOL COMPANY	01-16075	6/10/94	656	644.91	644.91
LUCKY WELL SERVICE	5224	6/09/94	657	17,311.18	17,311.18
S&S EQUIP/SUPPLY	47152	04/04/94	658	360.32	360.32
SAMUEL A SMITH WELDING	4851	04/30/94	658	189.90	189.90
PERMIAN ANCHORS	10366	06/10/94	658	664.63	664.63
GUNN'S ELECTRIC	5434	6/24/94	658	211.22	211.22
GUNN'S ELECTRIC	4896	6/22/94	658	422.44	422.44
RENO EQUIPMENT	6372	04/02/94	659	127.20	127.20
RENO EQUIPMENT	6495	06/10/94	659	254.40	254.40
BOVAIRD SUPPLY	959225-00	07/25/94	660	6,743.29	6,743.29
PETROPLEX ACIDIZING	18263	06/16/94	661	3,449.42	3,449.42
KERBY BROTHERS	9217	06/11/94	661	417.36	417.36
PETROPLEX ACIDIZING	18281	06/21/94	661	2,171.90	2,171.90
MATADOR O/F SERVICES	10452	04/02/94	672	619.40	619.40
UNION SUPPLY	326341801	07/12/94	674	39.11	39.11
UNION SUPPLY	326360801	07/28/94	674	482.12	482.12
WEDGE WIRELINE	75224	06/21/94	676	1,200.34	1,200.34
WEDGE WIRELINE	64121	06/16/94	676	2,175.66	2,175.66
KERBY BROTHERS SWD	9246	6/14/94	683	237.05	237.05
BANTA OILFIELD	34016	7/15/94	699	530.00	530.00
TOTAL INTANGIBLE ACP					62,724.94

TOTAL DRILLING & COMPLETION 237,137.55

UPDATED SEPTEMBER 12, 1994

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

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:

Geodyne Nominee Corp.
 Attn: Mr. David Hoffman
 2 W. 2nd Street
 Tulsa, OK 74103

4a. Article Number

P 690-033 177

4b. Service Type

Registered Insured

Certified COD

Express Mail Return Receipt for Merchandise

7. Date of Delivery

MAR - 4 1994

5. Signature (Addressee)

8. Addressee's Address (Only if requested and fee is paid)

6. Signature (Agent)

PS Form 3811, December 1991 ☆ U.S.G.P.O.: 1992-307-530 **DOMESTIC RETURN RECEIPT**

Thank you for using Return Receipt Service.

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

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:

Mr. Elliott Johnson
 P.O. Drawer 220
 Hobbs, NM 88241

4a. Article Number

P690033181

4b. Service Type

Registered Insured

Certified COD

Express Mail Return Receipt for Merchandise

7. Date of Delivery

5. Signature (Addressee)

8. Addressee's Address (Only if requested and fee is paid)

6. Signature (Agent)

3-10-94

PS Form 3811, December 1991 ☆ U.S.G.P.O.: 1992-307-530 **DOMESTIC RETURN RECEIPT**

Thank you for using Return Receipt Service.

RODEY, DICKASON, SLOAN, AKIN & ROBB, P.A.

COUNSELORS AND ATTORNEYS AT LAW

MARCY PLAZA
123 EAST MARCY, SUITE 101
SANTA FE, NEW MEXICO 87501

P. O. BOX 1357
SANTA FE, NEW MEXICO 87504-1357

TELEPHONE (505) 884-0100

FACSIMILE (505) 888-9542

DIRECT NUMBER
(505) 889-8615

PAUL A. COOTER
COUNSEL

February 23, 1994

FAX COVER SHEET

10934

TO: Mr. Mike Stogner
Oil Conservation Division
Santa Fe, New Mexico

FAX NO: 827-5741

FROM: Paul A. Cooter

NUMBER OF PAGES INCLUDING THE COVER SHEET: 2
(If you do not receive the entire document, please call our Santa Fe office as soon as possible at (505) 984-0100)

DOCUMENTS SENT: Letter w/enclosures dated 2/23/94.

MESSAGE: Sincere thanks for receiving the Application of Southwest Royalties, Inc. for compulsory pooling. Faxed to you is the proposed notice. I'm frank to state that I have not prepared many of these, so I know you can improve on it.

IMPORTANT

THE INFORMATION CONTAINED IN THIS FACSIMILE MESSAGE IS CONFIDENTIAL AND INTENDED SOLELY FOR THE USE OF THE INDIVIDUAL OR ENTITY NAMED ABOVE. IF THE READER OF THIS MESSAGE IS NOT THE INTENDED RECIPIENT, OR THE EMPLOYEE OR AGENT RESPONSIBLE FOR DELIVERING IT TO THE INTENDED RECIPIENT, YOU ARE HEREBY NOTIFIED THAT ANY DISSEMINATION, DISTRIBUTION, COPYING, OR UNAUTHORIZED USE OF THIS COMMUNICATION IS STRICTLY PROHIBITED. IF YOU HAVE RECEIVED THIS FACSIMILE IN ERROR, PLEASE NOTIFY THE SENDER IMMEDIATELY BY TELEPHONE, AND RETURN THE FACSIMILE TO THE SENDER AT THE ABOVE ADDRESS VIA THE UNITED STATES POSTAL SERVICE. THANK YOU.

CLIENT MATTER NO.: n/c
February 23, 1994 3:20 pm OPERATOR: Nancy

CASE _____ :

Application of Southwest Royalties, Inc. for compulsory pooling, Lea County, New Mexico. Applicant seeks an Order pooling all mineral interests in the NE $\frac{1}{4}$ SW $\frac{1}{4}$ Section 29, Township 18 South, Range 37 East, N.M.P.M. Lea County, New Mexico, for the drilling of a well located at a standard location thereon to the base of the San Andres formation or to a depth of 4,900 feet in the Eumont Pool. Among the matters to be considered at the hearing will be Applicant's request to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including overhead charges, and imposing a risk factor for the risk assumed by it in drilling, completing and equipping the well. The above described land is located approximately six (6) miles west of Hobbs, New Mexico.

10934