

SOUTHWEST ROYALTIES, INC.
Southwest Royalties Building
407 N. Big Spring, Midland, TX 79701-4329
P.O. Box 11390, Midland, TX 79702-8390
(915) 686-9927 • 800-453-7945



SOUTHWEST ROYALTIES

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. 12426 (De Novo) Exhibit No. 1
Submitted by:
Southwest Royalties, Inc.
Hearing Date: November 8, 2000

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
 District IV
 2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
 2040 South Pacheco
 Santa Fe, NM 87505

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

AMENDED REPORT

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

¹ Operator Name and Address SOUTHWEST ROYALTIES, INC. P. O. BOX 11390 MIDLAND, TX 79702		² OGRID Number 021355
		³ API Number 30 - 025 32274
⁴ Property Code 18097	⁵ Property Name EAVES B	⁶ Well No. 20

⁷Surface Location

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

⁸Proposed Bottom Hole Location If Different From Surface

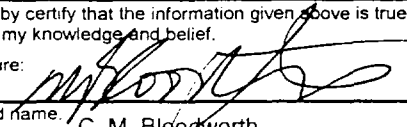
JL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West Line	County
⁹ Proposed Pool 1 SCARBOROUGH (YATES-7RIVERS)					¹⁰ Proposed Pool 2				

¹¹ Work Type Code	¹² Well Type Code	¹³ Cable/Rotary	¹⁴ Lease Type Code	¹⁵ Ground Level Elevation 2938
¹⁶ Multiple	¹⁷ Proposed Depth	¹⁸ Formation	¹⁹ Contractor	²⁰ 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 certify that the information given above is true and complete to the best of my knowledge and belief.		OIL CONSERVATION DIVISION	
Signature: 	Approved By:		
Printed name: C. M. Bloodworth	Title:		
Title: Area Supervisor	Approval Date:	Expiration Date:	
Date: 02-07-00	Phone: 915 686-9927	Conditions of Approval: Attached: <input type="checkbox"/>	

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

District II
911 South First, Artesia, NM 88210

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

District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & 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 Number 35-025-32274		Pool Code 55560	Pool Name Scarborough Yates-Seven Rivers
Property Code 18097	Property Name Eaves B		Well Number 20
GRID No. 021355	Operator Name Southwest Royalties, Inc.		Elevation 2938

Surface Location

UL 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

Dedicated Acres 200.00	Joint or Infill	Consolidation Code	Order No.
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NO ALL-WAY WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p>Scarborough Field Southwest Royalties Eaves "B" lease GPU</p>	<p>"B"</p>		<p>"B"</p>		<p>17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p> <p><i>Marty Bloodworth</i> Signature Marty Bloodworth Printed Name Area Supervisor Title 02-09-00 Date</p>
	<p>30</p>		<p>"B"</p>		
<p>"B"</p>		<p>"B"</p>		<p>18 SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>Date of Survey Signature and Seal of Professional Surveyor</p>	
<p>"B"</p>		<p>"B"</p>		<p>Certificate Number</p>	

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:

McCasland Management
 PO Box 755
 Hobbs, New Mexico
 88241

2. Article Number (Copy from service label)

2150343146

PS Form 3811, July 1999

Domestic Return Receipt

102595-99-M-1789

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery

C. Signature

X

 Agent AddresseeD. Is delivery address different from item 1? YesIf YES, enter delivery address below: No

3. Service Type

 Certified Mail Express Mail Registered Return Receipt for Merchandise Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee)

 Yes**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:

Conoco Inc.
 10 Deste Dr., Ste. 1006
 Midland, TX 79705

2. Article Number (Copy from service label)

2150343147

PS Form 3811, July 1999

Domestic Return Receipt

102595-99-M-1789

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery

C. Signature

X

 Agent AddresseeD. Is delivery address different from item 1? YesIf YES, enter delivery address below: No

3. Service Type

 Certified Mail Express Mail Registered Return Receipt for Merchandise Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee)

 Yes

Is your RETURN ADDRESS completed on the reverse side?

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 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: BLM 414 W. TAYLOR HOBBS, NM 88240	4a. Article Number 2330571196
	4b. Service Type <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> COD
5. Received by: (Print Name)	7. Date of Delivery
6. Signature: (Addressee or Agent) X	8. Addressee's Address (Only if requested and fee is paid)

Thank you for using Return Receipt Service.

PS Form 3811, December 1994.

102595-98-8-0229

Domestic Return Receipt

Is your RETURN ADDRESS completed on the reverse side?

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 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: BLM 2909 W. 2nd ROSWELL, NM 88201	4a. Article Number 2150343148
	4b. Service Type <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> COD
5. Received by: (Print Name)	7. Date of Delivery
6. Signature: (Addressee or Agent) X	8. Addressee's Address (Only if requested and fee is paid)

Thank you for using Return Receipt Service.

PS Form 3811, December 1994.

102595-98-8-0229

Domestic Return Receipt

Is your RETURN ADDRESS completed on the reverse side?

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 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:

NMOCD
1625 N. French Drive
Hobbs, NM 88240

4a. Article Number

P497459696

4b. Service Type

- Registered Certified
- Express Mail Insured
- Return Receipt for Merchandise COD

7. Date of Delivery

5. Received By: (Print Name)

6. Signature: (Addressee or Agent)

X

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

Thank you for using Return Receipt Service.