

NEW MEXICO OIL CONSERVATION DIVISION
STATE LAND OFFICE BUILDING
STATE OF NEW MEXICO
CASE NO. 10471

IN THE MATTER OF:

The Application of Southwest
Royalties, Inc., for compulsory
pooling, Eddy County, New Mexico.

BEFORE:

DAVID R. CATANACH
Hearing Examiner
State Land Office Building
April 30, 1992

REPORTED BY:

DEBBIE VESTAL
Certified Shorthand Reporter
for the State of New Mexico

COPY

A P P E A R A N C E S

FOR THE APPLICANT:

RODEY, DICKASON, SLOAN, AKIN & ROBB, P.A.
Post Office Box 1357
Santa Fe, New Mexico 87504-1357
BY: PAUL A. COOTER, ESQ.

FOR YATES PETROLEUM:

LOSEE, CARSON, HAAS & CARROLL, P.A.
Post Office Drawer 239
Artesia, New Mexico 88211-0239
BY: ERNEST L. CARROLL, ESQ.

FOR CONOCO, INC.:

KELLAHIN, KELLAHIN & AUBREY
Post Office Box 2265
Santa Fe, New Mexico 87504-2265
BY: W. THOMAS KELLAHIN, ESQ.

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1 EXAMINER CATANACH: At this time we'll
2 call Case 10471, Application of Southwest
3 Royalties, Inc., for compulsory pooling, Eddy
4 County, New Mexico.

5 Are there appearances in this case?

6 MR. COOTER: Paul Cooter with the Rodey
7 law firm appearing on behalf of the applicant,
8 Southwest Royalties. I have two witnesses, John
9 Tate and Richard Masterson.

10 MR. CARROLL: Mr. Examiner, I'm Ernest
11 Carroll with the law firm of Losee, Carson, Haas
12 & Carroll of Artesia, New Mexico. I'm appearing
13 on behalf of Yates Petroleum. We do not have any
14 witnesses. I would just request time to make a
15 short statement to explain the position of Yates
16 Petroleum with respect to this application.

17 EXAMINER CATANACH: Would it be helpful
18 to make that statement before the testimony, Mr.
19 Carroll?

20 MR. CARROLL: It wouldn't hurt, because
21 I'm not going in any way to try to contest what
22 Mr. Cooter is trying to do.

23 EXAMINER CATANACH: Why don't we go
24 ahead and do that then.

25 MR. KELLAHIN: May I enter my

1 appearance, Mr. Examiner?

2 EXAMINER CATANACH: I'm sorry. Yes,
3 Mr. Kellahin.

4 MR. KELLAHIN: Tom Kellahin of the
5 Santa Fe law firm of Kellahin, Kellahin & Aubrey
6 appearing today on behalf of Conoco, Inc.

7 EXAMINER CATANACH: You may proceed,
8 Mr. Carroll.

9 MR. CARROLL: Thank you. Mr. Catanach,
10 basically the position of Yates Petroleum or why
11 it is an interested party with respect to this
12 forced pooling application is that, and it
13 relates basically with Mr. Kellahin's client,
14 Conoco, Conoco and Yates Petroleum right now have
15 a dispute with respect to a farmout agreement
16 which contains a back-in after payout. There is
17 a dispute as to when or how you determine this
18 payout.

19 So at the present time Yates
20 Petroleum's interest is only a royalty interest
21 underlying the tract that Mr. Cooter seeks to
22 compulsory pool, though we contend that if we
23 prevail in a lawsuit, which is a pending lawsuit
24 now in the Eddy County District Court, State
25 District Court, wherein we have actually brought

1 suit against Conoco for an interpretation of the
2 contract between the two of us, the only thing
3 that we wish to make known is that we would want
4 to join in, if our interest is shown and the
5 Court gives it to us. But I don't know how you
6 can even deal with that procedurally. I'm not
7 sure.

8 But Yates Petroleum instructed me,
9 knowing that and being advised that I'm not sure
10 how their interest could be legally taken into
11 account, they did want to go on the record of
12 having appeared, advising the Commission that we
13 are seeking to establish an interest through this
14 lawsuit with Conoco, and that we would like to
15 participate in the drilling of a well out there
16 should we prevail and have an interest. And that
17 is basically Yates' position.

18 EXAMINER CATANACH: Mr. Carroll, one
19 question: Who owns the interest that you claim
20 you can back into at the present time?

21 MR. CARROLL: Well, at the present time
22 Conoco would be the working interest holder. We
23 have a royalty interest there, should we prevail
24 and get the determination of how you determine
25 payout. We don't, and I honestly cannot tell you

1 if payout has occurred according to our
2 definition on this, because we're also suing for
3 an accounting out there with respect to this
4 well.

5 So I can't make any representation
6 other than right now we just have a royalty
7 interest. And we are making claim to more than
8 that, but we have not proven that nor have we had
9 access to materials which would allow me to even
10 make a prediction. So we may or may not under
11 either scenario. I just don't know.

12 EXAMINER CATANACH: Okay. Mr.
13 Kellahin?

14 MR. KELLAHIN: Mr. Examiner, I
15 represent Conoco in the litigation which Mr.
16 Carroll has described to you. I don't tell
17 fortunes, and I don't predict the outcome of
18 litigation. I can't even represent to you an
19 objective statement of the facts because Mr.
20 Carroll and I are trying to still discover those
21 facts.

22 It arises out of some farmouts and
23 operating agreements that occurred back in the
24 early 70s. And 20 years later we're trying to
25 reconstruct the interest that Yates' entities may

1 have in the Conoco interest.

2 To answer your question, though, Conoco
3 at this point, unless the Court adopts the Yates'
4 position, Conoco controls the working interest.
5 Out of that working interest, Yates has an
6 overriding royalty which may be converted to a
7 working interest subject to payout and some
8 contract interpretations.

9 So that is the problem, and we can't
10 give you any direction on what to do in this
11 particular case because it's beyond our abilities
12 to predict what will be the outcome of that
13 litigation.

14 EXAMINER CATANACH: Thank you, Mr.
15 Kellahin, Mr. Carroll.

16 Mr. Cooter, you may proceed. I'm
17 sorry. Let's get your witnesses sworn in. Will
18 the witnesses stand and be sworn in, please.

19 MR. COOTER: John Tate and Richard
20 Masterson.

21 [The witnesses were duly sworn.]

22 JOHN TATE

23 Having been duly sworn upon his oath, was
24 examined and testified as follows:

25 EXAMINATION

1 BY MR. COOTER:

2 Q. Mr. Tate, would you state your name for
3 the record, sir?

4 A. My name is John Tate.

5 Q. By whom are you employed?

6 A. Currently employed by Southwest
7 Royalties, Inc., out of Midland, Texas.

8 Q. What is your position with Southwest
9 Royalties?

10 A. I'm land manager and vice president of
11 land recovery.

12 Q. Would you summarize briefly your
13 educational background and work experience for
14 the Hearing Examiner?

15 A. Yes, sir. I'm a graduate of
16 Hardin-Simmons University. Upon graduation from
17 school, I returned to Midland. Went to work for
18 a small independent land brokerage firm for a
19 year, worked for them a year, at which point I
20 went to work for another independent, C. F.
21 Lawrence & Associates in Midland.

22 I was with Mr. Lawrence for over seven
23 years, at which time I changed jobs and joined
24 the Southwest Royalties firm. I've been there a
25 little over three years.

1 Q. Are you familiar with the application
2 filed by Southwest Royalties in this case?

3 A. Yes, sir, I am.

4 Q. And the area in the southeastern New
5 Mexico and Eddy County which is the location of
6 the proposed forced pooling?

7 A. Yes, sir.

8 MR. COOTER: I tender Mr. Tate as an
9 expert witness.

10 EXAMINER CATANACH: Mr. Tate is so
11 qualified.

12 Q. (BY MR. COOTER) Let's first turn to
13 the application, if you would, Mr. Tate, and
14 state what Southwest Royalties seeks by this
15 application.

16 A. We are currently seeking a compulsory
17 pooling of the northeast quarter of Section 17,
18 Township 19 South, Range 25 East, Eddy County,
19 New Mexico, for the purposes of drilling an Upper
20 Pennsylvanian test.

21 Q. What interest is owned by Southwest
22 Royalties in that area?

23 A. We currently own a one-eighth, or 12.5
24 percent leasehold working interest in the entire
25 160-acre tract.

1 Q. And the balance is owned by Conoco?

2 A. It's my understanding the balance is
3 owned by Conoco.

4 Q. Why do you seek to force pool this
5 160-acre tract owning only one-eighth interest?

6 A. Well, we have taken a lease from
7 another independent oil and gas company who is
8 very active, very strong in Eddy County, New
9 Mexico. Our lease is due to expire on July 21 of
10 this year, and we have no real expectation that
11 we can re-acquire that oil and gas lease. We
12 believe they will probably develop that tract on
13 their own should it no longer be under lease.

14 Q. Have you contacted Conoco in an effort
15 to get their joinder?

16 A. Yes, I have on a number of occasions,
17 both by telephone and written correspondence.

18 Q. We'll get into the details later on
19 that. But let me direct your attention first to
20 what has been marked as Exhibit No. 1. Would you
21 identify that?

22 A. This is strictly a shot of a Midland
23 map, land map, indicating the area that we are
24 interested in. You'll notice the northeast
25 quarter of Section 17 is highlighted in yellow,

1 simply indicating the tract we wish to pool.

2 Q. All right. Then next turn to what
3 we've marked as Exhibit No. 2, identify that, and
4 explain it.

5 A. That is the leasehold takeoff that was
6 prepared by a landman at my direction. It's
7 dated March 9, 1992. That shows the current
8 leasehold working interest ownership in that
9 tract. Subsequent to acquiring this takeoff and
10 visiting with Conoco, I was informed that Conoco
11 had purchased the interest of Mr. Horton and Mr.
12 Nicklaus, but those instruments of conveyance had
13 not been placed of record in Eddy County, New
14 Mexico.

15 At the time they also informed me that
16 they had tried on a number of occasions to
17 contact Ms. Nunes and were unable to locate her.
18 We did the same and were unable to locate Ms.
19 Nunes as well.

20 That exhibit shows Conoco owning -- or
21 Southwest Royalties owning one-eighth and
22 basically Conoco owning the rest of the leasehold
23 working interest in that area.

24 Q. Next turn to Exhibit No. 3, Mr. Tate.
25 It appears to be an AFE. Identify that for us,

1 please.

2 A. That is our proposed cost of completed
3 well, authority for expenditure, for an 8200-foot
4 Upper Penn well that was prepared by folks in our
5 office.

6 Q. And what is the anticipated cost of a
7 completed producing well?

8 A. As indicated by the AFE, we expect we
9 will be right at \$526,760.

10 Q. What efforts have been made to obtain
11 approval or voluntary joinder of Conoco?

12 A. Well, we have contacted Conoco on a
13 number of occasions, as I stated, both in written
14 form or written correspondence as well as over
15 the telephone. In those conversations with
16 Conoco, they told me they believed that they
17 owned the remainder 87 percent.

18 We wrote them proposing the well. On a
19 couple of occasions in my visiting with Conoco
20 land staff in Midland, they advised me that they
21 do indeed like the location, but there are three
22 or four other prospects in that immediate area
23 that they like as much, and they would prefer not
24 to participate in the drilling of this well
25 because their budget was limited for 1992 and

1 they prefer to put what few -- or the allocated
2 drilling budget they had into other locations as
3 opposed to this location.

4 Q. Let's be specific on those contacts,
5 Mr. Tate. And let me hand you, to refresh your
6 memory, when did you first contact Conoco?

7 A. Our initial contact was by certified
8 mail on March 16, 1992. It was a letter
9 basically proposing the well, inviting Conoco's
10 joinder in the drilling of this well.

11 Q. What followed after that?

12 A. Upon receipt of that, I received a
13 phone call from one of the Conoco landmen.
14 Unfortunately, his name escapes me right now.
15 And we basically had the conversation that I just
16 related to you about they liked the prospect, but
17 it's not one of their favorites and they would
18 prefer to delay drilling at this time, at which
19 point I explained to him because of the terms of
20 our lease, we felt like it was necessary that we
21 had to drill the well prior to the first of July
22 and that we were not in a position to put off the
23 drilling of the well.

24 Q. What followed after that?

25 A. Well, at that time we went ahead and we

1 re-proposed a letter back to Conoco and again
2 asked for their joinder and participation by
3 certified mail, more in an effort to let those
4 folks know that we were truly serious; that we
5 intended to go forward in as rapid manner as
6 possible to get the well drilled.

7 We were again given pretty much the
8 same answer. It was just something they couldn't
9 do right now.

10 Q. Was a copy of the AFE furnished Conoco
11 before this application was filed?

12 A. Yes, it was. We went ahead about the
13 same time, on March 30, by certified mail and
14 furnished Conoco with an AFE stating our proposed
15 costs in drilling completion of this well.

16 Q. After this application was filed, were
17 the interest owners, as shown on Exhibit 2, all
18 furnished copies of the application and notified
19 of this hearing date?

20 A. Yes, sir, they were by certified mail.
21 Unfortunately, the notification sent to Ms. Nunes
22 returned to us, as I suppose the address is bad.
23 But Mr. Horton and Mr. Nicklaus and Conoco were
24 indeed informed of this hearing.

25 MR. COOTER: Mr. Examiner, I'd tender

1 Exhibit 4, which is an affidavit of Mr. Carr, who
2 was then representing Southwest Royalties, of the
3 mailing of the application and notification of
4 this hearing date.

5 Q. Are you prepared at this time to make a
6 recommendation to the Hearing Examiner as to the
7 risk penalty that should be assessed against the
8 nonconsenting interest owners if the application
9 is granted?

10 A. Yes, sir, I am.

11 Q. What is that recommendation?

12 A. We would request and recommend that a
13 penalty of 200 percent be assessed to the
14 property.

15 Q. And upon what do you base this 200
16 percent recommendation?

17 A. Well, there is a number of things
18 really. It's a fairly risky well to drill. I
19 guess most importantly we're basically banking
20 the deal. We're going to pay -- actually
21 seven-eighths of every dollar we spend is being
22 paid for somebody else in that we only have an
23 eighth interest. We're banking the deal out of
24 our own pocket, taking the risk of drilling the
25 well, bringing the well in.

1 I'm not a geologist, but I've been in
2 the oil business long enough to know that there
3 is some risk associated with this well inasmuch
4 as it is down-dip from the other production.

5 Also, we have had to put very strong
6 consideration into the amount of water a well
7 such as this could produce. It could be very
8 high volume, and that in itself could make the
9 well uneconomic. You could have a producing oil,
10 but if you don't have the proper disposal
11 facilities, your well could be very
12 uneconomical.

13 Q. Do you believe that there is a distinct
14 possibility that a well drilled at your proposed
15 location would not be a commercial success?

16 A. Absolutely.

17 Q. Do you have an estimate of overhead and
18 administrative costs while drilling and then
19 after drilling while the well is producing?

20 A. Yes, sir, I do. We believe for a well
21 of this depth that our company would be inclined
22 to charge approximately \$5,000 a month for
23 drilling well overhead and \$500 a month as a
24 producing well rate.

25 Q. Are those in line with similar charges

1 by other area operators?

2 A. I believe they are if not substantially
3 cheaper than what most other folks are charging
4 in that area.

5 Q. Southwest Royalties does ask to be
6 designated operator --

7 A. Yes, sir, we do.

8 Q. -- If the application is granted. In
9 your opinion would the granting of this
10 application be in the best interests of
11 conservation, prevention of waste, and protection
12 of correlative rights?

13 A. Yes, sir, very much.

14 MR. COOTER: That concludes my direct
15 examination.

16 EXAMINER CATANACH: Mr. Cooter, do you
17 want to enter your exhibits as evidence?

18 MR. COOTER: Yes. Thank you, sir. We
19 would tender -- well, let me ask you a question.

20 Q. Were Exhibits 1 through 3 either
21 prepared by you or under your direction and
22 supervision?

23 A. Yes, sir, they were.

24 MR. COOTER: Exhibit No. 4 is the
25 affidavit of Mr. Carr, and we would tender all

1 four exhibits.

2 EXAMINER CATANACH: Okay. Exhibits 1
3 through 4 will be admitted as evidence.

4 Any questions of the witness? Mr.
5 Kellahin.

6 MR. KELLAHIN: Thank you, Mr.
7 Examiner.

8 EXAMINATION

9 BY MR. KELLAHIN:

10 Q. Mr. Tate, when I look at Exhibit 1,
11 you've outlined for me the northeast quarter of
12 Section 17?

13 A. Yes, sir.

14 Q. Do you have an undivided one-eighth
15 working interest underlying the entire northeast
16 quarter of that section?

17 A. Yes, sir, we do.

18 Q. Does your company have any other
19 working interest in the immediate vicinity?

20 A. I don't know. I really can't answer
21 that question. We have a number of holdings in
22 Eddy County, New Mexico. And I really can't
23 answer that question, whether we do or not in
24 that immediate vicinity.

25 Q. Do you currently operate any of the

1 Dagger Draw wells?

2 A. If I could defer to our second witness,
3 I think he's more qualified to answer that than I
4 am because I really don't know.

5 Q. Do you know if you have any working
6 interest in the production attributed to wells
7 producing out of the Dagger Draw Pool?

8 A. No, sir, I don't.

9 Q. The preparation of the AFE that you
10 testified to, did you determine what the current
11 costs were that other operators in this vicinity
12 were experiencing for the costs of drilling this
13 type of well to this depth?

14 A. As best we could. What we do when we
15 prepare an AFE, it's pretty much out of company
16 policy that you take a minimum of three bids from
17 all of your various vendors and contractors. We
18 went ahead and we prepared this AFE in the same
19 manner. We took bids with those contractors that
20 operate, whether they drill, treat, provide pipe
21 services, or whatever in that area. And we think
22 they're very much in line.

23 Q. Do you recall the three contractors you
24 obtained bids from?

25 A. No, sir. I did not actually prepare

1 this AFE. It was prepared under my supervision
2 by Mr. Steve Garner.

3 Q. Garner's signature is the one at the
4 bottom?

5 A. Yes, sir, that's correct.

6 Q. Have you awarded a bid to a contractor
7 for this well?

8 A. No, sir, not until this compulsory
9 pooling, hopefully, is ruled in our favor.

10 Q. Are there contingencies in there to
11 handle the disposal of the produced water?

12 A. No, there's not in our AFE.

13 Q. Help me understand the chronology of
14 events with regards to your interest. What is
15 the beginning date of the primary term of the
16 lease in question that you hold?

17 A. May I defer to my file?

18 Q. Certainly.

19 A. We have an oil and gas lease dated July
20 20, 1990.

21 Q. July 20 of 1990?

22 A. Yes, sir.

23 Q. Was it a two-year lease then expiring
24 on July 20 of 92?

25 A. 92, yes, sir.

1 Q. Prior to your initial letter to Conoco,
2 which was the March 16, 1992, letter --

3 A. Yes, sir.

4 Q. -- did you make any efforts to initiate
5 the proposed drilling of this well in this
6 spacing unit prior to that date?

7 A. Not the type you're talking about. I
8 think, if you're talking about notifying Conoco
9 or stuff, we run a very lean shop where we work.
10 We have a very busy schedule, very lean shop, and
11 we pretty much have to concentrate on things as
12 they come. We don't have the luxury to have
13 enough people to start working on these things a
14 year or six months in advance.

15 We are very much aware of this
16 circumstance. We knew it was coming, time that
17 we needed to do something about it, and we take
18 basically each buyer as they come.

19 Q. Okay. So for the first 17 months or
20 so, the primary term, you didn't do anything to
21 develop your lease?

22 A. That's right. We're kind of of the
23 position that we had an eighth and Conoco had
24 87-1/2 percent, if something was to be done, it's
25 kind of standard operating procedure that Conoco

1 would have proposed the well.

2 When it became obvious that not only
3 were they not going to propose the well, but that
4 they had no interest in drilling the well, we had
5 no other alternative than to file for this
6 compulsory pooling.

7 Q. Did you make any inquiries prior to
8 March 16 of 92 about having Conoco initiate at
9 your request the drilling of this well?

10 A. No, sir.

11 Q. Who is the interest owner from whom you
12 obtained your lease?

13 A. Our lessor is Marshall & Winston, Inc.
14 It's an independent oil and gas company out of --

15 Q. Marshall --

16 A. Marshal & Winston, Inc.

17 Q. Yes. I know the company. The proposal
18 to Conoco on the 16th of March was one in which
19 you asked them to participate in the well?

20 A. That is correct.

21 Q. Did you give them any other options or
22 alternatives?

23 A. Yes, we did. We offered them the
24 option, at the time we said we would even be
25 willing to consider a farmout under the following

1 terms. It was at that point that Conoco brought
2 to our attention that this was subject to a
3 lawsuit, the issue of which was a reversionary
4 interest that somebody was entitled to after
5 payout of evidently a number of wells out there.

6 With that in mind, we became a little
7 less inclined to take a farmout from Conoco.
8 Inasmuch as we didn't know what the other court
9 might hold someday, we didn't feel like we could
10 roll the dice on a deal like that.

11 Q. Have you submitted to Conoco a proposed
12 joint operating agreement at this time?

13 A. No, sir, I have not. I did not see any
14 need to. They told me they had no interest for
15 doing that.

16 Q. I'm interested in your assessment of
17 the risk penalty.

18 A. Uh-huh.

19 Q. Tell me again the components by which
20 you support your conclusion that 200 percent is
21 reasonable.

22 A. By and large, if this well is -- if
23 this well is going to get drilled, we're the only
24 guys that are going to drill it. Nobody else is
25 going to drill it. In doing so, even that we

1 have 12-1/2 percent working interest, we're
2 basically banking another 87.5 percent of the
3 drilling costs, which is our well's AFE for half
4 a million dollars.

5 If we should drill an uneconomic well
6 or dry hole, that's it. We have put the money up
7 for a very expensive dry hole. Conoco gets their
8 acreage evaluated with no cost to them. If Yates
9 should ultimately prevail, they get their acreage
10 evaluated at no cost to them. I think we're
11 providing a service to those folks as well as the
12 state of New Mexico, hopefully to ourselves.

13 Q. Are there any other reasons that you
14 used to support that conclusion about the penalty
15 factor?

16 A. Again, I'm not a geologist. I do know
17 enough about the oil business to know that there
18 is a relative risk. We feel like we're certainly
19 down-dip on the well. It could be that we could
20 make a dry hole regardless of how much water we
21 make.

22 And also the water is another concern.
23 If you get a high-volume water well, it's going
24 to be difficult to dispose of that water in a
25 timely and cost-effective manner.

1 Q. In coming up to a conclusion about the
2 penalty factor --

3 A. Uh-huh.

4 Q. -- what portion of that risk do you
5 attribute to the risk you undertake in disposing
6 of produced water from the well?

7 A. Maybe a third.

8 Q. What percentage of the risk do you
9 attribute to the geologic portion of the project?

10 A. I don't know. Something -- probably a
11 third, I guess.

12 Q. Okay. Then the remaining third is the
13 risk you undertake in financing the deal when you
14 have such a small percentage?

15 A. Yes, sir.

16 Q. Would it make a difference to you if
17 Marshall & Winston would extend your lease for
18 you?

19 A. Not particularly. We have come in and
20 we set up these things. We look at an annual
21 budget. We have the dollars budgeted to drill
22 this well, and we have certain moneys committed
23 to drill this well. We have commitments to other
24 folks as well. And I think we would still be
25 inclined to go ahead and drill the well before

1 the first of July.

2 Q. Is this a financial arrangement where
3 Southwest Royalties fronts the entire cost of the
4 well, or do you have investors that help you bear
5 that risk?

6 A. We would front the entire cost of this
7 well.

8 MR. KELLAHIN: Thank you, Mr.
9 Examiner.

10 EXAMINER CATANACH: Any questions, Mr.
11 Carroll.

12 MR. CARROLL: No, Mr. Examiner.

13 EXAMINATION

14 BY EXAMINER CATANACH:

15 Q. Mr. Tate, the parties you're actually
16 pooling in this application are Conoco and the
17 Nunes' interest?

18 A. Yes, sir, that would be true.
19 Unfortunately, we cannot locate Ms. Nunes.

20 Q. Can you describe for me your efforts to
21 do so?

22 A. It's my understanding that Mr. Carr
23 originally represented us in this pooling hearing
24 and Mr. Carr sent to her a notification of
25 pooling by certified mail, return receipt

1 requested, which was returned to his office by
2 the Postal Service.

3 Q. Do you know where Mr. Carr obtained the
4 address?

5 A. He got -- I believe he got the address
6 off of our takeoff, I think, Exhibit 2, which is
7 my understanding that address for Ms. Nunes came
8 out of the Eddy County Tax Assessor's Office.

9 Q. So there's not been any additional
10 efforts to track her down?

11 A. No, sir. In visiting with Conoco when
12 we originally started talking about this deal,
13 they told me -- they obviously were interested in
14 buying other interests in there. They told me
15 that they had bought the two gentlemen's
16 interest, just not placed them of record, and
17 that they had tried very hard to find Ms. Nunes.

18 As a matter of fact, they told me,
19 "Good luck in trying to find her." They
20 indicated to me they had spent a lot of time and
21 effort trying to locate Ms. Nunes and were unable
22 to do so.

23 Q. Mr. Tate, has Southwest drilled any
24 Pennsylvanian wells in this area?

25 A. Not to my knowledge.

1 Q. Have you examined the drilling costs of
2 any other operators in the area?

3 A. Our company is structured, by and
4 large, we acquire a lot of properties. Most of
5 the properties we acquire, a large majority of
6 them come from major oil companies. We are very
7 familiar with those costs, both administration
8 and drilling well rates. We consistently have --
9 our AFEs for drilling the workovers consistently
10 cheaper, light-years cheaper.

11 We know what the costs are to operate
12 in there. We believe our administrative overhead
13 is substantially less than most folks. We feel
14 like we have a good handle on the costs for what
15 other folks would charge in that area; we know we
16 do.

17 EXAMINER CATANACH: I have nothing
18 further of the witness. He may be excused.

19 MR. COOTER: May I ask just another
20 question very briefly?

21 FURTHER EXAMINATION

22 BY MR. COOTER:

23 Q. In response to Mr. Kellahin's question
24 about the factors that went into your
25 recommendation for the risk penalty, I think you

1 named three of them. Has there been any really
2 division of -- you named three factors and then
3 indicated that maybe each one was a third to it.
4 Has that been done purposely to attach a third
5 factor to each one of those or just generalized
6 ballpark?

7 A. Just trying to answer Mr. Kellahin's
8 question.

9 MR. COOTER: Thank you.

10 EXAMINER CATANACH: The witness may be
11 excused.

12 MR. COOTER: Next we call Richard
13 Masterson.

14 RICHARD MASTERSON

15 Having been duly sworn upon his oath, was
16 examined and testified as follows:

17 EXAMINATION

18 BY MR. COOTER:

19 Q. State your name for the record, sir.

20 A. Richard Masterson.

21 Q. And by whom are you employed?

22 A. Southwest Royalties, Inc.

23 Q. And where do you work for the company?

24 A. Midland, Texas.

25 Q. What's your position with Southwest

1 Royalties?

2 A. Vice President of Exploration and
3 Acquisitions.

4 Q. Relate briefly your educational
5 background and work experience.

6 A. I graduated from Trinity University in
7 1974 with a BA in geology. I went to work for
8 Texaco, Monsanto, and Grand Banks Energy. In
9 1986 I went to work for Southwest Royalties and
10 have been there since.

11 Q. What was your degree in at Trinity?

12 A. Geology.

13 Q. Have you practiced that profession?

14 A. Since 1974.

15 Q. Are you familiar with the application
16 filed by your company in this case?

17 A. Yes.

18 Q. And familiar with the area concerned in
19 southeastern New Mexico?

20 A. Yes.

21 MR. COOTER: We would tender Mr.
22 Masterson as an expert witness.

23 EXAMINER CATANACH: He is so qualified.

24 Q. (BY MR. COOTER) Let me direct your
25 attention, please, to Exhibit No. 5. Would you

1 identify that and explain it to the Examiner.

2 A. This is a structural map based on --
3 mapped on the top of the Upper Penn Reef
4 carbonates mapping horizon. The yellow is our
5 subject acreage; green dots, proposed location
6 signified with the red arrow. The red dots are
7 mainly control points to construct the map. And
8 the green triangles are basically nearby water
9 disposal wells that were shown in the January,
10 Volume I, Conservation Committee's publication.

11 Q. Where is the location of your proposed
12 well on the structure?

13 A. It's on the -- appears to be on the
14 down-dip edge of the basically monoclinal dip
15 down to the east.

16 Q. Are you ready to go to the
17 cross-section?

18 A. The mapping horizon that this map is
19 constructed on is signified by this correlation
20 line.

21 Q. Now, we're looking at Exhibit 6?

22 A. Here. The cross-section basically runs
23 from northwest to southeast starting in the Yates
24 No. 2 Roy AET, going through the No. 1 well on
25 that lease through the Roger Hanks, Barbero

1 Federal No. 3, through the proposed location into
2 the Roger Hanks Julie Com. lease.

3 The red coloration or perforated
4 intervals in each well, scout card information is
5 below each well. It's a structural cross-section
6 hung on minus 4,000 feet below sea level. And
7 vertical scale is 1 inch equals 40 feet;
8 horizontal, 1 inch equals 200.

9 Basically this is used to just show the
10 structural dip, its relationship between the
11 other wells in the area. One of the things we
12 were looking at and some of the questions asked
13 Mr. Tate probably could be answered if they're
14 re-asked to me in a little more concise form on
15 the risk and the predictability of risk.

16 Q. I wanted to ask you that next. You
17 heard Mr. Tate's testimony. One factor for
18 seeking the 200 percent risk factor was the
19 location of this proposed well on the structure,
20 is it not?

21 A. That's correct. And the main
22 predictability problem we have is in the amount
23 of oil cut or water cut in each individual well.

24 Q. All right. Let's go to Exhibit No. 7.

25 A. 7.

1 Q. That's what you're referring to, are
2 you not?

3 A. Right. Variations in water production
4 are pretty hard to predict. A well that's
5 slightly up-dip and on this cross-section, Yates
6 No. 1 Roy, in January produced 2,000 barrels of
7 water a day.

8 And this helps to show the risk in
9 getting an economical well and predicting how
10 much water will be moved, predicting what type of
11 pumping mechanism will have to be used versus a
12 beam pump, submersible pump, and the expenditures
13 in each case. Water disposal was also a major
14 concern to us.

15 Q. Go a little further with what is shown
16 on Exhibit No. 7, if you would, Mr. Masterson.

17 A. Basically these are just numbers
18 derived from the latest production book, the
19 statistical information from the Conservation
20 Committee's most recent production.

21 Q. There are a couple of wells to the
22 north in the south half-south half of Section 8.
23 What are those figures?

24 A. The No. 1 Roy is an older well that
25 basically produces approximately 90 barrels of

1 oil per day and approximately 2,000 barrels of
2 water a day with Mcf, you know, Mcf of gas per
3 month.

4 Q. That well, too, is a little higher on
5 the structure than your proposed well, is it not?

6 A. That's correct. Also there's new
7 information on the 3 AJJ well just to the
8 northeast of there in the northwest quarter of
9 the southeast quarter of Section 8. It
10 originally came in with a rather large water cut.

11 Q. And that same finding is throughout the
12 area as far as the amount of water?

13 A. That's correct. Water varies
14 throughout the field depending on the perforated
15 interval and depending somewhat on structural
16 situation. It's a combination of these two
17 things.

18 Q. Considering the location of the
19 proposed well on the down-dip side of the
20 formation and also the problems with reference to
21 the water and water disposal, do you believe that
22 there is a distinct possibility that the well
23 which Southwest Royalties proposes drilled at the
24 location contemplated would not be a commercial
25 success?

1 A. There's definitely that risk involved.
2 That's one of the main reasons we're asking the
3 penalty.

4 Q. Did you participate with Mr. Tate in
5 the review of those problems and in formulating
6 the recommendation that was made to the Examiner
7 today?

8 A. Yes.

9 Q. Anything else?

10 A. One of the things -- AFE.

11 Q. Yes. Okay.

12 A. As far as water -- one of the questions
13 that was asked: Was water disposal input in the
14 initial AFE? No, it isn't. Probably a
15 supplemental AFE would have to be issued to know
16 how much flow line, how much work over an
17 existing dry hole in the area, what would be the
18 results, and then this would be based somewhat on
19 the results of the well test and what we found in
20 the wellbore. But research has been gathered in
21 the area for water disposal.

22 Cost on the well, we'll bid out. We
23 have not agreed to any bids at this point. And
24 we do operate wells in Eddy County. We do not
25 operate any in the North Dagger Draw. We do have

1 working interests. Our company buys many
2 nonoperated working interests. We have
3 nonoperated working interests in many wells in
4 Eddy and Lea Counties and many wells in this type
5 reservoir, and we do have a pretty good handle of
6 what normal operating expenditures are.

7 One problem in nailing this down
8 exactly is: What is the final result of water
9 disposal? What is the final result of type of
10 pumping mechanism? And where will the water go?
11 That's a very difficult number.

12 Q. That completes my -- oh, first, were
13 Exhibit Nos. 5, 6, and 7 either prepared by you
14 or under your direction and supervision?

15 A. Yes, sir.

16 MR. COOTER: We would tender Exhibits
17 5, 6, and 7 at this time.

18 EXAMINER CATANACH: Exhibits 5 through
19 7 will be admitted as evidence.

20 MR. COOTER: That concludes our direct
21 examination.

22 EXAMINER CATANACH: Mr. Kellahin.

23 MR. KELLAHIN: Thank you, Mr.
24 Examiner.

25 EXAMINATION

1 BY MR. KELLAHIN:

2 Q. Mr. Masterson, on your cross-section
3 can you use one of those wells to identify for me
4 what would be the top and the bottom of the North
5 Dagger Draw Pennsylvanian Pool?

6 A. Different wells have been perforated,
7 not on this cross-section unfortunately, to the
8 south in various different zones and intervals.
9 But for the most part, in the local area of this
10 wellbore, the upper section in between the first
11 two correlative lines here on the cross-section
12 in the upper part between the second and third is
13 mainly tight and it's in a nonproductive. And
14 there are localized instances where it develops.

15 We do not expect that to develop in
16 this wellbore. It would be very hard to predict
17 that it would, and it would be very risky.

18 Q. What I'm looking at, the datum, minus
19 4,000 feet on the cross-section, where is that in
20 relation to the top of the pool?

21 A. Where is that in relation to the top of
22 the pool? I'm not sure. It's within 100 feet
23 general.

24 Q. In which direction?

25 A. It's above 100 feet.

1 Q. This datum point, minus 4,000 is
2 approximately 100 feet?

3 A. Above the top of the Upper Penn Reef.
4 Above the main perforations it's several hundred
5 feet.

6 Q. Okay. When we look at the bottom
7 section of the cross-section, how deep can we go
8 in the Pennsylvanian Reef and still attain oil
9 production in this pool?

10 A. We're expecting in our wellbore to be
11 able to go approximately 7900. We will base this
12 on mud logging information, well log information,
13 and if there is not lost circulation, there are a
14 lot of other problems involved here. Basically
15 on logs and any type offset, further offset
16 production. Initially the well will be produced
17 basically in this interval much like the offset
18 wells where it's shaded red on the map.

19 Q. The drilling plan is to take the well
20 down to a total depth to penetrate at least the
21 lowest horizontal?

22 A. Yes.

23 Q. Until it basically shales out. You can
24 see it better on the first log here because they
25 went deep enough and had enough rat hole when

1 they logged the well that you can see the base of
2 the carbonate.

3 Q. Have the operators that have drilled
4 wells in the pool been able to affect the
5 oil-water ratio by perforating in certain
6 portions of the reef?

7 A. They have -- with my limited knowledge
8 of each individual wellbore and what they have
9 done, especially in recent times on workovers,
10 not all that information is available to me.
11 They have improved in cutting down on some water
12 production throughout the pool, yes. The answer
13 to that is yes.

14 In the local area I have not seen that
15 occur. In fact, all the recent wells on strike
16 or even slightly up-dip in this local area have
17 large water production. In fact, this field, as
18 you know, was about to be abandoned by Conoco
19 when it was revitalized because they did find
20 that oil and other zones would be found in oil
21 below existing water pays or wells that have gone
22 to water. I know I'm not wording that properly.
23 But basically they found new oil pays below
24 existing water production.

25 Q. On your structure map, when you mapped

1 the top of the Upper Penn Reef --

2 A. Yes.

3 Q. -- does that correspond on the
4 cross-section to the line that you've identified
5 as the top of the Upper Penn Reef?

6 A. Right.

7 Q. That's what you're mapping?

8 A. Right. It is mainly -- the map is to
9 show that it's mainly just slight dip, monoclinal
10 dip, down-dip to the east. It's to show that
11 there isn't -- it's not a structural closure, so
12 to speak, in this localized area.

13 Q. I believe I heard you to say under
14 direct examination that structure did affect your
15 decision in picking a location for the well.

16 A. It's not a tectonic, I should say, type
17 of trapping mechanism. In other words, there's
18 not major faulting occurring here. There's not
19 major folding occurring here. It's a build-up
20 type, or sort of, to use the correct vocabulary.

21 Q. Structure taking part in --

22 A. Structure --

23 Q. Let me ask you the question before you
24 answer it. Does structure play a part in picking
25 a location in the northeast quarter of the

1 section?

2 A. Structural position is of some
3 importance in picking the location. The wells to
4 the north on strike have big water already
5 up-dip, structurally up-dip. There's two things
6 that go into picking location, known porosity
7 development and structural position, okay.

8 Q. Did you prepare an isopach to show me
9 the porosity distribution?

10 A. No. Isopach was not prepared to show
11 porosity distribution. Isopach on the electric
12 log calculations is even suspect. You're dealing
13 with the type of porosity development that isn't
14 always a quantitative cutoff that you can use.
15 It's somewhat qualitative on electric log
16 calculations. This is one reason why so much has
17 been passed up in the area.

18 Q. I'm trying to understand the geologic
19 tools that you have selected upon which to base
20 your location. And you have told me now you have
21 not used an isopach methodology to help you
22 define the porosity of the reservoir.

23 A. This is one problem. Isopach
24 methodology is not always the correct way to find
25 the continuity of a reservoir. Sometimes direct

1 correlation between logs can -- it can be
2 discontinuous between wells.

3 Q. I didn't ask you why you didn't use
4 it. You just didn't use it?

5 A. I didn't use it, and that's why, or the
6 reason why.

7 Q. You've used a structure map, though?

8 A. Yes. I've used a structure map just to
9 show basically our position on the down-dip edge
10 of the field.

11 Q. When you look at the structure map, did
12 you pick a location based on the structural
13 relationship?

14 A. Not totally, no. Partially it is based
15 on structural position, partially because we have
16 two logs here, two known points where we would be
17 in between that do have porosity development
18 within the field and the formation, and this also
19 helps to reduce risk.

20 Q. Can you define a water well contact?

21 A. No.

22 Q. Why did you choose to take your
23 cross-section the way you did?

24 A. Log availability. The wells -- many of
25 the logs have not been released. I contacted the

1 Conservation Committee. Logs have not been
2 released or through PDI. That's one of the main
3 reasons, the newer wells. But these wells are
4 representative wells.

5 Q. What caused you not to pick a location
6 in the northeast -- I'm sorry, the northwest of
7 the northeast? That would be an up-structure
8 position.

9 A. We possibly might change that bearing
10 the outcome of any information we find in the
11 future. This is an ongoing area of development.
12 The main risk difference is that it is not
13 between two logs where I have control of
14 porosity.

15 Q. How are you going to change?

16 A. Structurally it will be slightly
17 up-dip. It will have higher risk for porosity
18 development. That's my answer.

19 Q. You running out of time on your base
20 lease, Mr. Masterson?

21 A. That's right.

22 Q. What more information are you going to
23 get on which to decide what to do?

24 A. Offset drilling to the north of us, if
25 the logs are released and are available, we will

1 be able to input even more information into the
2 drilling of this location.

3 Q. North of you then --

4 A. Yates.

5 Q. -- in Section 8?

6 A. Yes.

7 Q. There is what looks like a well
8 location that's identified with a No. 4?

9 A. That's correct.

10 Q. Is that a drilling well?

11 A. That's a stake location. It may be
12 drilling at this time, I don't know. They may
13 have moved the rig out since the last PI report.
14 The location to the north is a completion out of
15 that vicinity.

16 Q. Is there a change in the oil-water
17 ratio as you move structurally within the
18 reservoir?

19 A. Basically the higher water initial --
20 higher initial water-to-oil ratio or higher water
21 percentage is in the down-dip wells. There are
22 wells after time, especially depending on where
23 you're looking in the lives of these wells, that
24 make production structurally up-dip.

25 This is part of my point, and the

1 cross-section itself is the No. 1 well -- was
2 completed a little earlier on the Roy lease than
3 the No. 2. A lot of the wells come in making
4 lower water percentage and over anywhere from a
5 range of several months to several years go to
6 large water cut.

7 Q. Your proposed well location appears to
8 be offset on three sides by dry well symbols.

9 A. Plug producers.

10 Q. Those are plug producers?

11 A. Plug producers. They all complete. In
12 fact, two of them are on this cross-section, and
13 they show the producing intervals.

14 Q. Have you examined the ultimate recovery
15 of production from those wells to determine if
16 they were economic successes?

17 A. They vary. Of the three wells, the
18 wells that were drilling in between were, I would
19 think, economic successes at the time they were
20 drilled. I don't know. I didn't calculate. But
21 they would be economical successes to date. The
22 well to the south would not.

23 Q. If you move up again?

24 A. I can't remember the exact "cums," but
25 I can find that out.

1 Q. If you move up again into the northwest
2 of the northeast, there is a 40-acre tract within
3 that area that appears not to have been exposed
4 prior to depletion by produced wells.

5 A. To some extent it would be -- it may be
6 less depleted than this location.

7 Q. Wouldn't that reduce your risk?

8 A. It's arguable that it might. It does
9 increase the risk on the reservoir development.
10 It reduces risk on drainage. It reduces slightly
11 the risk on structural position.

12 Q. In response to a question of Mr. Cooter
13 you said that this represented a high-risk
14 location for you.

15 A. It's, okay, relatively high risk in
16 that the water disposal problem, the water
17 production problem, the unpredictability of
18 initial water production and further water
19 production down the line, yes. That's true for
20 us.

21 Q. On a scale of 1 to 100, what is the
22 percentage of risk that you will get on a
23 noncommercial well?

24 A. I don't know if I can -- a
25 noncommercial well?

1 Q. I'm trying to have you focus for me as
2 a layman to understand when you roll in all these
3 technical things --

4 A. I understand what you're --

5 Q. -- and reach a conclusion, if I'm the
6 guy writing the check so that you do this deal --

7 A. What would I tell my boss?

8 Q. Yes. What would you tell him?

9 A. All right. I'd tell him -- I would
10 explain this in more than zero to 100 percent.
11 Is that okay? Tell me if this is a good answer,
12 and you can ask it again if it's not. To get a
13 well that would pay out is -- depending on what
14 happens while drilling.

15 After drilling getting a well that will
16 pay out barring no mechanical problems, you would
17 probably have a fifty-fifty chance to get a well
18 that would be future revenues to cost of
19 two-to-one, your risk goes up quite a bit, and
20 you have probably a third of a chance to do this
21 at the situation it is now.

22 The risks increase as you predict rate
23 of return. As you approach different "cums," oil
24 cumulative production. Is that --

25 MR. KELLAHIN: Yes, sir. That helps me


CERTIFICATE OF REPORTER

STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

I, Debbie Vestal, Certified Shorthand Reporter and Notary Public, HEREBY CERTIFY that the foregoing transcript of proceedings before the Oil Conservation Division was reported by me; that I caused my notes to be transcribed under my personal supervision; and that the foregoing is a true and accurate record of the proceedings.

I FURTHER CERTIFY that I am not a relative or employee of any of the parties or attorneys involved in this matter and that I have no personal interest in the final disposition of this matter.

WITNESS MY HAND AND SEAL May 6, 1992.



DEBBIE VESTAL, RPR
NEW MEXICO CSR NO. 3



SOUTHWEST ROYALTIES

NEW MEXICO OIL CONSERVATION DIVISION
RECEIVED

APR 12 1993 9 55

SOUTHWEST ROYALTIES, INC.
Southwest Royalties Building
407 N. Big Spring, Midland, TX. 79701-4330
P.O. Box 11390, Midland, TX. 79702-8390
(915) 686-9927, 1-800-433-7945
FAX (915) 686-0364

April 12, 1993

Case 10471

New Mexico Oil Conservation Division
310 Old Santa Fe Trail
Santa Fe, New Mexico 87501

Attention: Mr. Michael Stogner

Re: Southwest Royalties, Inc.
Dagger Draw A-1 Well
S/2 NE/4 Sec 17-19S-25E
Eddy County, New Mexico
Order No. R-9673-A

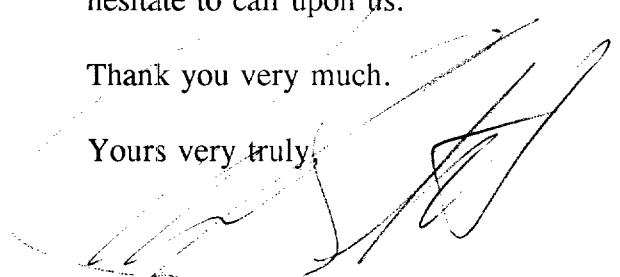
Gentlemen:

Pursuant to the captioned order, we are enclosing herewith a copy of the actual well costs incurred in the drilling and completion of the referenced well. We trust that the enclosed will be sufficient so as to meet all of your requirements regarding the force pooling regulations.

If there is anything further that you should require in regard to this matter, please do not hesitate to call upon us.

Thank you very much.

Yours very truly,


Jon P. Tate
Land Manager

JPT/tbm

SOUTHWEST ROYALTIES INC.
 JULIE #1 SWD CONVERT - LEASE 1333
 FILE: RALDAGGERDRAWJPT

DESCRIPTION	TOTAL	BCP	ACP

INTANGIBLE DEVELOPMENT COSTS:			

LAND & LEGAL SVCS.	3,833.44		3,833.44
ROADS & LOCATION	587.12		587.12
POWER, FUEL & WATER	2,946.66		2,946.66
DRILLING MUD & CHEMICALS	170.30		170.30
ENGINEERING & GEOLOGICAL	785.00		785.00
COMPANY SUPERVISION	935.70		935.70
EQUIPMENT RENTAL	10,137.22		10,137.22
COMPLETION, W/O, PULLING UNIT	10,848.15		10,848.15
CONTRACT LABOR	2,634.93		2,634.93
TRUCKING & HAULING	3,038.81		3,038.81
SMALL TOOLS & OPER. SUPPLIES	1,353.04		1,353.04
STIMULATION	5,158.69		5,158.69
BITS & REAMERS	381.97		381.97
REPAIR MATERIAL (VALVES ETC)	1,951.63		1,951.63
PERFORATING/LOGGING	5,084.63		5,084.63

TOTAL INTANG. DRLG. COSTS	49,847.29	0.00	49,847.29
LEASE & WELL EQUIPMENT BCP:			

TUBING	20,749.87		20,749.87
RODS, SUBSURFACE PUMPS, ANCHORS	6,000.00		6,000.00
PACKERS & PLUGS	4,236.39		4,236.39
FLOWLINE	12,610.77		12,610.77
TANK, TREATER, SEPARATOR	10,775.00		10,775.00

TOTAL LSE & WELL EQUIP.	54,372.03	0.00	54,372.03

TOTAL JULIE #1 SWD	104,219.32	0.00	104,219.32
=====			

SOUTHWEST ROYALTIES, INC.

LEASE HISTORY EXP/REV REPORT BY WELL

For Leases: 1333 thru 1333-ZZZ For Accounting Dates ALL For Accounts ALL
Current Lease: 1333-OIL JULIE #1 Current Account:

ACCT. PROD/	--PURCHASER/VENDOR--	PROD UNIT	VOLUME	GROSS	TAX	HANDLING	WPT	NET
DATE	POST NUMBER NAME	PRICE	SVC DATE	INVOICE #	DESCRIPTION			

1333-OIL JULIE #1

LEASE & WELL EQUIP-ACP-COMPLTN

405-000	TUBING							
02/93	01/93 R1229 RICE ENGINEERIN		12/22/1992	505785	TUBING			20,749.87
03/93	03/93 S0851 S W R INC		01/01/1993	3-06-16	XFER TO 1333-SWD			20,749.87-
	405-000 TUBING				CURRENT PERIOD			.00 *

406-000	RODS, SUBSURFACE PUMPS,ANCHORS							
03/93	02/93 S0851 S W R INC		08/10/1992	2-06-19	MT1424:1 TRIPLEX PUMP W/MTR			6,000.00
03/93	03/93 S0851 S W R INC		01/01/1993	3-06-16	XFER TO 1333-SWD			6,000.00-
	406-000 RODS, SUBSURFACE PUMPS,ANCHORS				CURRENT PERIOD			.00 *

407-000	PACKERS & PLUGS							
02/93	01/93 PA425 PACKER RENTAL		01/05/1993	050067	PRODUCTION PACKERS			4,236.39
03/93	03/93 S0851 S W R INC		01/01/1993	3-06-16	XFER TO 1333-SWD			4,236.39-
	407-000 PACKERS & PLUGS				CURRENT PERIOD			.00 *

412-000	FLOWLINE							
03/93	02/93 R1229 RICE ENGINEERIN		08/10/1992	2-06-19	R1229:PIPE			12,610.77
03/93	03/93 S0851 S W R INC		01/01/1993	3-06-16	XFER TO 1333-SWD			12,610.77-
	412-000 FLOWLINE				CURRENT PERIOD			.00 *

413-000	TANK, TREATER, SEPARATOR							
03/93	02/93 S0851 S W R INC		08/10/1992	2-06-19	2/750 BBL FIBERGLASS TANK			10,775.00
03/93	03/93 S0851 S W R INC		01/01/1993	3-06-16	XFER TO 1333-SWD			10,775.00-
	413-000 TANK, TREATER, SEPARATOR				CURRENT PERIOD			.00 *

LEASE & WELL EQUIP-ACP-COMPLTN	CURRENT PERIOD	.00 *
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INTANGIBLE DEV COSTS-BCP-DRLG

540-000	LAND & LEGAL SERVICES							
09/92	08/92 AR747 ARTESIA DAILY P		08/01/1992	30875	LEGAL NOTICE PUBLICATION			9.90
09/92	08/92 WE795 WTOR		07/30/1992	8-08-45	WEST TEXAS OIL REPORTS			99.10
09/92	08/92 AR747 ARTESIA DAILY P		06/21/1992	8-08-45	ARTESIA DAILY PRESS			4.95
03/93	03/93 S0851 S W R INC		01/01/1993	3-06-16	XFER TO 1333-SWD			113.95-
	540-000 LAND & LEGAL SERVICES				CURRENT PERIOD			.00 *

INTANGIBLE DEV COSTS-BCP-DRLG	CURRENT PERIOD	.00 *
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INTANG. DEV.COSTS-ACP-COMPLETN

654-000	SUPERVISION							
02/93	01/93 M0820 MOTEL STEVENS		12/30/1992	123092	HOTEL CHGS 11/30-12/11/92			303.23
02/93	02/93 M0820 MOTEL STEVENS		12/31/1992	12993	HOTEL CHGS:K SMITH 1/5-6/93			84.41
03/93	03/93 S0851 S W R INC		01/01/1993	3-06-16	XFER TO 1333-SWD			387.64-
	654-000 SUPERVISION				CURRENT PERIOD			.00 *

SOUTHWEST ROYALTIES, INC.

LEASE HISTORY EXP/REV REPORT BY WELL

For Leases: 1333 thru 1333-ZZZ For Accounting Dates ALL For Accounts ALL
 Current Lease: 1333-OIL JULIE #1 Current Account: 654-000 SUPERVISION

ACCT.	PROD/	--PURCHASER/VENDOR--	PROD UNIT	VOLUME	GROSS	TAX	HANDLING	WPT	NET
DATE	POST	NUMBER	NAME	PRICE	SVC DATE	INVOICE #	DESCRIPTION		
			INTANG. DEV.COSTS-ACP-COMPLETN				CURRENT PERIOD		.00 *

LEASE OPERATING COSTS

740-000 LAND & LEGAL SERVICES

09/92	08/92	CA735	CARLSBAD CURREN		08/04/1992	62592	LEGAL NOTIFICATION IN PAPER		19.83
03/93	03/93	S0851	S W R INC		01/01/1993	3-06-16	XFER TO 1333-SWD		19.83-
			740-000 LAND & LEGAL SERVICES				CURRENT PERIOD		.00 *

754-000 SUPERVISION

02/93	02/93	PE756	AL PERRY		01/31/1993	2-00-01	PE756: SUPERVISION 1/93		111.69
02/93	02/93	S0851	S W R INC		01/31/1993	2-00-01	INDIRECT EXP 1/93		21.92
02/93	02/93	S0851	S W R INC		01/31/1993	2-00-01	PE756: SUPERVISION 1/93		37.32-
03/93	03/93	S0851	S W R INC		01/01/1993	3-06-16	XFER TO 1333-SWD		96.29-
			754-000 SUPERVISION				CURRENT PERIOD		.00 *

783-000 SWD-PIPELINE & TRUCK

02/93	02/93	S0851	S W R INC		01/31/1993	2-00-01	OVERHEAD 1/93		400.00
03/93	03/93	S0851	S W R INC		01/01/1993	3-06-16	XFER TO 1333-SWD		400.00-
			783-000 SWD-PIPELINE & TRUCK				CURRENT PERIOD		.00 *

787-000 INSURANCE-GENERAL LIABILITY

02/93	02/93	S0851	S W R INC		01/31/1993	2-00-01	G/L INSURANCE 2/93		4.89
03/93	03/93	S0851	S W R INC		01/01/1993	3-06-16	XFER TO 1333-SWD		4.89-
			787-000 INSURANCE-GENERAL LIABILITY				CURRENT PERIOD		.00 *

LEASE OPERATING COSTS

CURRENT PERIOD .00 *

WORKOVER EXPENSES

840-000 LAND & LEGAL SERVICES

09/92	08/92	EL573	EDWIN L ELLIS		07/31/1992	160FFSET07	DAYWORK 7/1-7/31/92		1,016.27
12/92	11/92	R0245	RODEY,DICKASON,		01/01/1992	112592	LEGAL SERVICES-LESS PYMT		96.67
12/92	11/92	R0245	RODEY,DICKASON,		10/31/1992	M1819	LEGAL SERVICES 10/92		1,260.00
02/93	01/93	R0245	RODEY,DICKASON,		12/18/1992	123192	LAND & LEGAL SERVICES		1,346.55
03/93	03/93	S0851	S W R INC		01/01/1993	3-06-16	XFER TO 1333-SWD		3,719.49-
			840-000 LAND & LEGAL SERVICES				CURRENT PERIOD		.00 *

842-000 ROAD & LOCATION

12/92	12/92	SW200	SWEATT CONSTRUC		12/01/1992	119280	ROAD & LOCATION-BULLDOZER		437.32
01/93	12/92	F0765	FORKLIFT ENTERP		12/12/1992	36009	ROAD & LOCATION-BULLDOZER		149.80
03/93	03/93	S0851	S W R INC		01/01/1993	3-06-16	XFER TO 1333-SWD		587.12-
			842-000 ROAD & LOCATION				CURRENT PERIOD		.00 *

851-000 POWER, FUEL & WATER

01/93	12/92	J1615	JIM'S WATER SER		12/04/1992	061480	COMPLETION FLUIDS		722.21
01/93	12/92	J1615	JIM'S WATER SER		12/08/1992	061511	COMPLETION FLUIDS		774.78
01/93	12/92	J1615	JIM'S WATER SER		12/10/1992	061629	WORKOVER FLUIDS		659.66
02/93	01/93	J1615	JIM'S WATER SER		01/06/1993	062207	COMPLETION FLUIDS		790.01

SOUTHWEST ROYALTIES, INC.

LEASE HISTORY EXP / REV REPORT BY WELL

For Leases: 1333 thru 1333-ZZZ For Accounting Dates ALL For Accounts ALL
Current Lease: 1333-OIL JULIE #1 Current Account: 851-000 POWER, FUEL & WATER

ACCT.	PROD/	--PURCHASER/VENDOR--	PROD	UNIT	VOLUME	GROSS	TAX	HANDLING	WPT	NET
DATE	POST	NUMBER NAME	PRICE	SVC	DATE INVOICE #	DESCRIPTION				
03/93	03/93	S0851 S W R INC			01/01/1993 3-06-16	XFER TO 1333-SWD				2,946.66-
		851-000 POWER, FUEL & WATER				CURRENT PERIOD				.00 *
852-000 DRILLING MUD & CHEMICALS										
12/92	12/92	J1615 JIM'S WATER SER			12/02/1992 061443	DRILLING MUD & CHEMICALS				170.30
03/93	03/93	S0851 S W R INC			01/01/1993 3-06-16	XFER TO 1333-SWD				170.30-
		852-000 DRILLING MUD & CHEMICALS				CURRENT PERIOD				.00 *
853-000 ENGINEERING & GEOLOGICAL										
11/92	10/92	CH330 MITCH CHENEY			10/22/1992 M1623	CONSULTING SWD/DAGGER DRAW				785.00
03/93	03/93	S0851 S W R INC			01/01/1993 3-06-16	XFER TO 1333-SWD				785.00-
		853-000 ENGINEERING & GEOLOGICAL				CURRENT PERIOD				.00 *
854-000 SUPERVISION										
02/93	01/93	SM436 KENNY SMITH			12/11/1992 20393	DIRECT CHARGES 1/93				54.78
02/93	01/93	SM436 KENNY SMITH			01/05/1993 20393	DIRECT CHARGES 1/93				18.28
02/93	02/93	S0851 S W R INC			01/31/1993 2-00-01	SM436: COMPANY LABOR 1/93				200.00
02/93	02/93	S0851 S W R INC			01/31/1993 2-00-01	SM436: COMPANY LABOR 1/93				275.00
03/93	03/93	S0851 S W R INC			01/01/1993 3-06-16	XFER TO 1333-SWD				548.06-
		854-000 SUPERVISION				CURRENT PERIOD				.00 *
856-000 EQUIPMENT RENTAL										
01/93	12/92	F0765 FORKLIFT ENTERP			12/15/1992 36108	RENTAL OF EQUIPMENT				630.75
01/93	12/92	PA425 PACKER RENTAL			12/02/1992 038759	RENTAL OF EQUIPMENT				2,895.75
01/93	12/92	PA425 PACKER RENTAL			12/10/1992 038758	RENATL-PACKER				1,072.50
01/93	12/92	F0765 FORKLIFT ENTERP			12/15/1992 36058	RENTAL OF EQUIPMENT				467.36
01/93	12/92	TC810 T & C TANK RENT			12/17/1992 1292325	RENTAL-FRAC TANKS				260.71
01/93	12/92	PE772 WEATHERFORD-PET			12/02/1992 12237548	RENTAL OF EQUIPMENT				4,184.53
02/93	01/93	PE772 WEATHERFORD-PET			12/11/1992 12237585	RENTAL-BOP				625.62
03/93	03/93	S0851 S W R INC			01/01/1993 3-06-16	XFER TO 1333-SWD				10,137.22-
		856-000 EQUIPMENT RENTAL				CURRENT PERIOD				.00 *
857-000 COMPLETION, W/O, PULLING UNIT										
01/93	12/92	P0633 POOL WELL SERVI			12/11/1992 500184923	COMPLETION, W/O, PULLING SERV.				9,415.03
02/93	01/93	LU326 LUCKY WELL SERV			01/06/1993 3995	COMPLETION, W/O, PULLING SERV.				1,433.12
03/93	03/93	S0851 S W R INC			01/01/1993 3-06-16	XFER TO 1333-SWD				10,848.15-
		857-000 COMPLETION, W/O, PULLING UNIT				CURRENT PERIOD				.00 *
858-000 CONTRACT LABOR										
12/92	12/92	F0765 FORKLIFT ENTERP			12/01/1992 35821	CONTRACT LABOR-WORKOVER PITS				200.93
12/92	12/92	F0765 FORKLIFT ENTERP			12/02/1992 35833	CONTRACT LABOR				283.33
12/92	12/92	SU652 SUPERIOR WELDIN			12/02/1992 006419	WELDING CONTRACT LABOR				151.38
01/93	12/92	FA702 E.L. FARMER & C			12/01/1992 5855	CONTRACT LABOR				390.12
01/93	12/92	TC810 T & C TANK RENT			12/14/1992 1292117	CONTRACT LABOR				620.24
02/93	01/93	F0765 FORKLIFT ENTERP			12/31/1992 36403	CONTRACT LABOR-WORKOVER PITS				149.80
02/93	01/93	RI229 RICE ENGINEERIN			01/05/1993 506008	CONTRACT LABOR				839.13
03/93	03/93	S0851 S W R INC			01/01/1993 3-06-16	XFER TO 1333-SWD				2,634.93-
		858-000 CONTRACT LABOR				CURRENT PERIOD				.00 *

SOUTHWEST ROYALTIES, INC.

LEASE HISTORY EXP / REV REPORT BY WELL

For Leases: 1333 thru 1333-ZZZ For Accounting Dates ALL For Accounts ALL
Current Lease: 1333-OIL JULIE #1 Current Account: 859-000 TRUCKING & HAULING

ACCT.	PROD/	--PURCHASER/VENDOR--	PROD UNIT	VOLUME	GROSS	TAX	HANDLING	WPT	NET
DATE	POST	NUMBER NAME	PRICE	SVC DATE	INVOICE #	DESCRIPTION			
859-000 TRUCKING & HAULING									
12/92	12/92	MC242 MCCLATCHY BROS.		12/01/1992	62866	TRANSPORTATION OF TUBING			433.68
01/93	12/92	F0765 FORKLIFT ENTERP		12/14/1992	36027	TRANSPORTATION OF TUBING			1,534.71
01/93	12/92	F0765 FORKLIFT ENTERP		12/22/1992	36165	TRANSPORTATION OF TUBING			535.21
02/93	01/93	F0765 FORKLIFT ENTERP		12/31/1992	36349	TRANSPORTATION OF TUBING			535.21
03/93	03/93	S0851 S W R INC		01/01/1993	3-06-16	XFER TO 1333-SWD			3,038.81-
			859-000	TRUCKING & HAULING		CURRENT PERIOD			.00 *
860-000 SMALL TOOLS & OP. SUPPLIES									
01/93	12/92	AP431 API PIPE & SUPP		12/01/1992	54583	WELLHEAD & FITTINGS			1,318.36
02/93	01/93	UN433 UNION SUPPLY CO		01/13/1993	0316051301	OPERATING SUPPLIES			34.68
03/93	03/93	S0851 S W R INC		01/01/1993	3-06-16	XFER TO 1333-SWD			1,353.04-
			860-000	SMALL TOOLS & OP. SUPPLIES		CURRENT PERIOD			.00 *
861-000 STIMULATION (FRAC/ACID)									
12/92	12/92	HA573 HALLIBURTON		12/10/1992	297947	ACIDIZATION			5,158.69
03/93	03/93	S0851 S W R INC		01/01/1993	3-06-16	XFER TO 1333-SWD			5,158.69-
			861-000	STIMULATION (FRAC/ACID)		CURRENT PERIOD			.00 *
867-000 BITS & REAMERS									
01/93	12/92	HT113 H & T BIT SERVI		12/02/1992	125017	BITS			381.97
03/93	03/93	S0851 S W R INC		01/01/1993	3-06-16	XFER TO 1333-SWD			381.97-
			867-000	BITS & REAMERS		CURRENT PERIOD			.00 *
874-000 REPAIR MATERIAL (VALVES, ETC.)									
02/93	01/93	UN433 UNION SUPPLY CO		01/11/1993	0316048901	CONNECTIONS, FITTINGS & VALVES			1,951.63
03/93	03/93	S0851 S W R INC		01/01/1993	3-06-16	XFER TO 1333-SWD			1,951.63-
			874-000	REPAIR MATERIAL (VALVES, ETC.)		CURRENT PERIOD			.00 *
876-000 PERFORATING/LOGGING									
01/93	12/92	AC299 ACE PERFORATORS		12/09/1992	4478	PERFORATING/LOGGING			5,084.63
03/93	03/93	S0851 S W R INC		01/01/1993	3-06-16	XFER TO 1333-SWD			5,084.63-
			876-000	PERFORATING/LOGGING		CURRENT PERIOD			.00 *
WORKOVER EXPENSES									
						CURRENT PERIOD			.00 *
PHASE/WELL TOTALS:									
						CURRENT REVENUE			.00 *
						CURRENT EXPENSES			.00 *
						CURRENT NET			.00 *
1333-SWD JULIE #1 SWD									
LEASE & WELL EQUIP-ACP-COMPLTN									
405-000 TUBING									
03/93	03/93	S0851 S W R INC		01/01/1993	3-06-16	ORIG CONVERSION COSTS			20,749.87
			405-000	TUBING		CURRENT PERIOD			20,749.87 *
406-000 RODS, SUBSURFACE PUMPS, ANCHORS									

SOUTHWEST ROYALTIES, INC.

LEASE HISTORY EXP / REV REPORT BY WELL

For Leases: 1333 thru 1333-ZZZ For Accounting Dates ALL For Accounts ALL
Current Lease: 1333-SWD JULIE #1 SWD Current Account: 406-000 RODS, SUBSURFACE PUMPS, ANCHORS

ACCT.	PROD/	--PURCHASER/VENDOR--	PROD UNIT	VOLUME	GROSS	TAX	HANDLING	WPT	NET
DATE	POST	NUMBER	NAME	PRICE	SVC DATE	INVOICE #	DESCRIPTION		
03/93	03/93	S0851 S W R INC		01/01/1993 3-06-16			ORIG CONVERSION COSTS		6,000.00
		406-000	RODS, SUBSURFACE PUMPS, ANCHORS				CURRENT PERIOD		6,000.00 *
407-000 PACKERS & PLUGS									
03/93	03/93	S0851 S W R INC		01/01/1993 3-06-16			ORIG CONVERSION COSTS		4,236.39
		407-000	PACKERS & PLUGS				CURRENT PERIOD		4,236.39 *
412-000 FLOWLINE									
03/93	03/93	S0851 S W R INC		01/01/1993 3-06-16			ORIG CONVERSION COSTS		12,610.77
		412-000	FLOWLINE				CURRENT PERIOD		12,610.77 *
413-000 TANK, TREATER, SEPARATOR									
03/93	03/93	S0851 S W R INC		01/01/1993 3-06-16			ORIG CONVERSION COSTS		10,775.00
		413-000	TANK, TREATER, SEPARATOR				CURRENT PERIOD		10,775.00 *
LEASE & WELL EQUIP-ACP-COMPLTN									54,372.03 *
INTANGIBLE DEV COSTS-BCP-DRLG									
540-000 LAND & LEGAL SERVICES									
03/93	03/93	S0851 S W R INC		01/01/1993 3-06-16			ORIG CONVERSION COSTS		113.95
		540-000	LAND & LEGAL SERVICES				CURRENT PERIOD		113.95 *
INTANGIBLE DEV COSTS-BCP-DRLG									113.95 *
INTANG. DEV.COSTS-ACP-COMPLETN									
654-000 SUPERVISION									
03/93	03/93	S0851 S W R INC		01/01/1993 3-06-16			ORIG CONVERSION COSTS		387.64
		654-000	SUPERVISION				CURRENT PERIOD		387.64 *
INTANG. DEV.COSTS-ACP-COMPLETN									387.64 *
LEASE OPERATING COSTS									
740-000 LAND & LEGAL SERVICES									
03/93	03/93	S0851 S W R INC		01/01/1993 3-06-16			ORIG CONVERSION COSTS		19.83
		740-000	LAND & LEGAL SERVICES				CURRENT PERIOD		19.83 *
754-000 SUPERVISION									
03/93	03/93	PE756 AL PERRY		02/28/1993			SUPERVISION 2/93		46.07
03/93	03/93	PE756 AL PERRY		02/28/1993			INDIRECT EXP 2/93		8.39
03/93	03/93	S0851 S W R INC		01/01/1993 3-06-16			ORIG CONVERSION COSTS		96.29
		754-000	SUPERVISION				CURRENT PERIOD		150.75 *
755-000 OVERHEAD									
03/93	03/93	S0851 S W R INC		02/28/1993			OVERHEAD 2/93		400.00
		755-000	OVERHEAD				CURRENT PERIOD		400.00 *

SOUTHWEST ROYALTIES, INC.

LEASE HISTORY EXP / REV REPORT BY WELL

For Leases: 1333 thru 1333-ZZZ For Accounting Dates ALL For Accounts ALL
 Current Lease: 1333-SWD JULIE #1 SWD Current Account: 783-000 SWD-PIPELINE & TRUCK

ACCT.	PROD/	--PURCHASER/VENDOR--	PROD	UNIT	VOLUME	GROSS	TAX	HANDLING	WPT	NET
DATE	POST	NUMBER	NAME	PRICE	SVC DATE	INVOICE #	DESCRIPTION			
783-000										
03/93	03/93	HO959	HOWARD HOWELL		02/28/1993	SWD 2/93	SWD ROYALTY 1/15-2/28			1,250.00
03/93	03/93	SO851	S W R INC		02/01/1993	3-02-24	SWD 1/15-2/28: DAGGER DRAW			4,621.50-
03/93	03/93	SO851	S W R INC		02/25/1993	3-06-11	SWD 1/15-2/15/1993			833.33
03/93	03/93	SO851	S W R INC		01/01/1993	3-06-16	ORIG CONVERSION COSTS			400.00
			783-000	SWD-PIPELINE & TRUCK			CURRENT PERIOD			2,138.17-*
787-000										
03/93	03/93	SO851	S W R INC		03/01/1993		G/L INSURANCE 3/93			4.92
03/93	03/93	SO851	S W R INC		01/01/1993	3-06-16	ORIG CONVERSION COSTS			4.89
			787-000	INSURANCE-GENERAL LIABILITY			CURRENT PERIOD			9.81 *
788-000										
03/93	03/93	SO851	S W R INC		11/15/1992		W/C AUDIT MAY-NOV 92			2.48
			788-000	INSURANCE - WORKMEN'S COMP.			CURRENT PERIOD			2.48 *
				LEASE OPERATING COSTS			CURRENT PERIOD			1,555.30-*
WORKOVER EXPENSES										
840-000										
03/93	03/93	SO851	S W R INC		01/01/1993	3-06-16	ORIG CONVERSION COSTS			3,719.49
			840-000	LAND & LEGAL SERVICES			CURRENT PERIOD			3,719.49 *
842-000										
03/93	03/93	SO851	S W R INC		01/01/1993	3-06-16	ORIG CONVERSION COSTS			587.12
			842-000	ROAD & LOCATION			CURRENT PERIOD			587.12 *
851-000										
03/93	03/93	SO851	S W R INC		01/01/1993	3-06-16	ORIG CONVERSION COSTS			2,946.66
			851-000	POWER, FUEL & WATER			CURRENT PERIOD			2,946.66 *
852-000										
03/93	03/93	SO851	S W R INC		01/01/1993	3-06-16	ORIG CONVERSION COSTS			170.30
			852-000	DRILLING MUD & CHEMICALS			CURRENT PERIOD			170.30 *
853-000										
03/93	03/93	SO851	S W R INC		01/01/1993	3-06-16	ORIG CONVERSION COSTS			785.00
			853-000	ENGINEERING & GEOLOGICAL			CURRENT PERIOD			785.00 *
854-000										
03/93	03/93	SO851	S W R INC		01/01/1993	3-06-16	ORIG CONVERSION COSTS			548.06
			854-000	SUPERVISION			CURRENT PERIOD			548.06 *
856-000										
03/93	03/93	SO851	S W R INC		01/01/1993	3-06-16	ORIG CONVERSION COSTS			10,137.22
			856-000	EQUIPMENT RENTAL			CURRENT PERIOD			10,137.22 *
857-000										
				COMPLETION, W/O, PULLING UNIT						

SOUTHWEST ROYALTIES, INC.

LEASE HISTORY EXP / REV REPORT BY WELL

For Leases: 1333 thru 1333-ZZZ For Accounting Dates ALL For Accounts ALL
Current Lease: 1333-SWD JULIE #1 SWD Current Account: 857-000 COMPLETION, W/O, PULLING UNIT

ACCT. PROD/	--PURCHASER/VENDOR--	PROD UNIT	VOLUME	GROSS	TAX	HANDLING	WPT	NET
DATE POST	NUMBER NAME	PRICE SVC DATE	INVOICE #	DESCRIPTION				
03/93 03/93	S0851 S W R INC		01/01/1993 3-06-16	ORIG CONVERSION COSTS				10,848.15
		857-000	COMPLETION, W/O, PULLING UNIT	CURRENT PERIOD				10,848.15 *
858-000 CONTRACT LABOR								
03/93 03/93	S0851 S W R INC		01/01/1993 3-06-16	ORIG CONVERSION COSTS				2,634.93
		858-000	CONTRACT LABOR	CURRENT PERIOD				2,634.93 *
859-000 TRUCKING & HAULING								
03/93 03/93	S0851 S W R INC		01/01/1993 3-06-16	ORIG CONVERSION COSTS				3,038.81
		859-000	TRUCKING & HAULING	CURRENT PERIOD				3,038.81 *
860-000 SMALL TOOLS & OP. SUPPLIES								
03/93 03/93	S0851 S W R INC		01/01/1993 3-06-16	ORIG CONVERSION COSTS				1,353.04
		860-000	SMALL TOOLS & OP. SUPPLIES	CURRENT PERIOD				1,353.04 *
861-000 STIMULATION (FRAC/ACID)								
03/93 03/93	S0851 S W R INC		01/01/1993 3-06-16	ORIG CONVERSION COSTS				5,158.69
		861-000	STIMULATION (FRAC/ACID)	CURRENT PERIOD				5,158.69 *
867-000 BITS & REAMERS								
03/93 03/93	S0851 S W R INC		01/01/1993 3-06-16	ORIG CONVERSION COSTS				381.97
		867-000	BITS & REAMERS	CURRENT PERIOD				381.97 *
874-000 REPAIR MATERIAL (VALVES, ETC.)								
03/93 03/93	S0851 S W R INC		01/01/1993 3-06-16	ORIG CONVERSION COSTS				1,951.63
		874-000	REPAIR MATERIAL (VALVES, ETC.)	CURRENT PERIOD				1,951.63 *
876-000 PERFORATING/LOGGING								
03/93 03/93	S0851 S W R INC		01/01/1993 3-06-16	ORIG CONVERSION COSTS				5,084.63
		876-000	PERFORATING/LOGGING	CURRENT PERIOD				5,084.63 *
				WORKOVER EXPENSES				49,345.70 *
PHASE/WELL TOTALS:				CURRENT REVENUE				.00 *
				CURRENT EXPENSES				102,664.02 *
				CURRENT NET				102,664.02-*
LEASE TOTALS:				CURRENT REVENUE				.00 *
				CURRENT EXPENSES				102,664.02 *
				CURRENT NET				102,664.02-*
REPORT TOTALS:				CURRENT REVENUE				.00 *
				CURRENT EXPENSES				102,664.02 *
				CURRENT NET				102,664.02-*

SOUTHWEST ROYALTIES INC.
DAGGER DRAW A #1 - LEASE #1357
FILE: RALDAGGERDRAWJPT1

DESCRIPTION	TOTAL	BCP	ACP

PROSPECT COSTS:			
DAGGER DRAW/WINSTON MARSHALL	24,482.26	24,482.26	
	=====	=====	=====
INTANGIBLE DRILLING COSTS:			

LAND & LEGAL SVCS.	24,285.50	15,469.80	8,815.70
ROADS & LOCATION	17,229.07	11,398.17	5,830.90
CASING CREWS	2,724.84	2,724.84	
CEMENT & SERVICES	50,557.98	50,557.98	
DRILLING - FOOTAGE	17,042.01	17,042.01	
DRILLING - DAYWORK	120,446.26	120,446.26	
LOGGING - WIRELINE	13,510.60	13,510.60	
POWER, FUEL & WATER	38,714.65	17,342.51	21,372.14
DRILLING MUD & CHEMICALS	11,355.13	8,267.75	3,087.38
COMPANY SUPERVISION	6,927.10	2,222.70	4,704.40
OVERHEAD	7,053.47	3,386.73	3,666.74
EQUIPMENT RENTAL	26,716.98	9,735.64	16,981.34
CONTRACT LABOR	2,876.05	2,876.05	
TRUCKING & HAULING	12,288.71	779.16	11,509.55
COMPLETION, W/O, PULLING UNIT	2,419.98		2,419.98
CONTRACT LABOR	44,730.37		44,730.37
SMALL TOOLS & OPER. SUPPLIES	5,537.28		5,537.28
STIMULATION	5,336.27		5,336.27
RENTAL OF EQUIPMENT	105.00		105.00
BITS & REAMERS	264.38		264.38
TESTING	109.42		109.42
PERFORATING/LOGGING	2,800.00		2,800.00
WATER HAULING	698.55		698.55
CATWALK	645.08		645.08
	-----	-----	-----
TOTAL INTANG. DRLG. COSTS	414,374.68	275,760.20	138,614.48
LEASE & WELL EQUIPMENT BCP:			

SURFACE CASING	13,629.80	13,629.80	
INTERMEDIATE CASING	64,662.94	64,662.94	
WELL HEAD EQUIPMENT	957.08	957.08	
TUBING	21,769.26		21,769.26
RODS, SUBSURFACE PUMPS, ANCHORS	11,946.15		11,946.15
OTHER SUBSURFACE EQUIP.	911.63		911.63
WELL HEAD EQUIPMENT	19,318.17		19,318.17
FITTINGS	19,856.87		19,856.87
FLOWLINE	646.76		646.76
TANK, TREATER, SEPARATOR	15,841.64		15,841.64
ELECTRICAL EQUIPMENT	14,635.84		14,635.84
SALES EQUIP-METERS & GUAGES	488.26		488.26
OTHER SURFACE EQUIPMENT	5,950.00		5,950.00
PUMP UNITS	18,000.00		18,000.00
	-----	-----	-----
TOTAL LSE & WELL EQUIP.	208,614.40	79,249.82	129,364.58
TOTAL DAGGER DRAW A-1	622,989.08	355,010.02	267,979.06
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SOUTHWEST ROYALTIES, INC.

LEASE HISTORY EXP/REV REPORT BY WELL

For Leases: 1357 thru 1357-ZZZ For Accounting Dates ALL For Accounts ALL
Current Lease: 1357-BPO DAGGER DRAW A #1 Current Account:

ACCT.	PROD/	--PURCHASER/VENDOR--	PROD UNIT	VOLUME	GROSS	TAX	HANDLING	WPT	NET
DATE	POST	NUMBER	NAME	PRICE	SVC DATE	INVOICE #	DESCRIPTION		
1357-BPO DAGGER DRAW A #1									
LEASEHOLD COSTS									
230-000	TITLE EXAMINATION & RECORDING								
11/92	11/92	KE766	KERR-FITZ-GERAL		11/11/1992	111192	PROF SERV-EXAMINATION OF TITLE		5,544.96
02/93	02/93	S0851	S W R INC		11/30/1992	2-06-04	RECLASS TO 540		5,544.96-
			230-000	TITLE EXAMINATION & RECORDING				CURRENT PERIOD	.00 *
			LEASEHOLD COSTS				CURRENT PERIOD		.00 *
LEASE & WELL EQUIP -BCP- DRLG									
301-000	SURFACE CASING								
12/92	11/92	P0790	POSEY PIPE & EQ		11/07/1992	7833	NEW CASING 29 JOINTS		13,629.80
			301-000	SURFACE CASING				CURRENT PERIOD	13,629.80 *
303-000	INTERMEDIATE CASING II								
01/93	12/92	P0790	POSEY PIPE & EQ		11/21/1992	7861	INTERMEDIATE CASING II		64,662.94
			303-000	INTERMEDIATE CASING II				CURRENT PERIOD	64,662.94 *
309-000	WELL HEAD EQUIPMENT-BCP								
12/92	11/92	ER230	ERC INDUSTRIES,		11/18/1992	23889	CONTROLLABLE WELLHEAD VALVES		957.08
			309-000	WELL HEAD EQUIPMENT-BCP				CURRENT PERIOD	957.08 *
			LEASE & WELL EQUIP -BCP- DRLG				CURRENT PERIOD		79,249.82 *
LEASE & WELL EQUIP-ACP-COMPLTN									
405-000	TUBING								
02/93	02/93	P0790	POSEY PIPE & EQ		12/31/1992	2-06-04	P0790:TUBING		21,769.26
			405-000	TUBING				CURRENT PERIOD	21,769.26 *
406-000	RODS, SUBSURFACE PUMPS,ANCHORS								
02/93	01/93	L1211	LIBERTY PUMP &		01/06/1993	3053	SUBSURFACE PUMPS		1,797.10
02/93	01/93	S0851	S W R INC		12/14/1992	1-04-02	MT1424:1 TRIPLEX PUMP W/MOTOR		6,000.00
02/93	01/93	B0950	BOVARD SUPPLY C		01/12/1993	74267200	SUCKER RODS		202.85
02/93	01/93	B0950	BOVARD SUPPLY C		01/06/1993	74259800	SUCKER RODS		9,946.20
03/93	02/93	S0851	S W R INC		08/10/1992	2-06-19	RECLASS TO JULIE #1		6,000.00-
			406-000	RODS, SUBSURFACE PUMPS,ANCHORS				CURRENT PERIOD	11,946.15 *
408-000	OTHER SUBSURFACE EQUIPMENT								
02/93	01/93	PA425	PACKER RENTAL		01/06/1993	050055	PACKERS-TAC		911.63
			408-000	OTHER SUBSURFACE EQUIPMENT				CURRENT PERIOD	911.63 *
409-000	WELL HEAD EQUIPMENT								
01/93	12/92	ER230	ERC INDUSTRIES,		12/07/1992	24924	TUBING HEAD		1,169.70
01/93	12/92	NA806	NATIONAL OILWEL		12/08/1992	7734031483	CONTROLLABLE WELLHEAD VALVES		1,372.42
01/93	12/92	P0633	POOL WELL SERVI		12/10/1992	500184924	CONTROLLABLE WELLHEAD VALVES		11,465.95

SOUTHWEST ROYALTIES, INC.

LEASE HISTORY EXP / REV REPORT BY WELL

For Leases: 1357 thru 1357-ZZZ For Accounting Dates ALL For Accounts ALL
 Current Lease: 1357-BPO DAGGER DRAW A #1 Current Account: 409-000 WELL HEAD EQUIPMENT

ACCT.	PROD/	--PURCHASER/VENDOR--	PROD UNIT	VOLUME	GROSS	TAX	HANDLING	WPT	NET
DATE	POST	NUMBER	NAME	PRICE	SVC DATE	INVOICE #	DESCRIPTION		
02/93	01/93	ER230	ERC INDUSTRIES,		11/24/1992	24181	TUBING HEAD		3,673.69
02/93	01/93	ER230	ERC INDUSTRIES,		11/18/1992	23889	TUBING HEAD		957.08
02/93	01/93	ER230	ERC INDUSTRIES,		11/18/1992	23889	TUBING HEAD		957.08-
03/93	03/93	AP431	API PIPE & SUPP		12/03/1992	54670	CONTROLLABLE WELLHEAD VALVES		1,636.41
			409-000 WELL HEAD EQUIPMENT				CURRENT PERIOD		19,318.17 *
410-000 FITTINGS									
01/93	12/92	AP431	API PIPE & SUPP		12/08/1992	54787	WELLHEAD & FITTINGS		165.29
01/93	12/92	NA350	NATCO		12/22/1992	105305	CONNECTIONS, FITTINGS & VALVES		175.02
02/93	01/93	UN433	UNION SUPPLY CO		12/30/1992	0316016301	CONNECTIONS, FITTINGS & VALVES		19,545.05
02/93	01/93	NI700	NIPCO, INC.		01/07/1993	39865	CONNECTIONS, FITTINGS & VALVES		205.55
02/93	02/93	AP431	API PIPE & SUPP		01/06/1993	55846	WELLHEAD & FITTINGS		365.96
			410-000 FITTINGS				CURRENT PERIOD		20,456.87 *
412-000 FLOWLINE									
02/93	01/93	RI229	RICE ENGINEERIN		12/22/1992	505866	PIPE FITTINGS		646.76
02/93	01/93	RI229	RICE ENGINEERIN		12/22/1992	505785	PIPE		12,610.77
02/93	02/93	RI229	RICE ENGINEERIN		01/31/1993	2-06-04	RI229:PIPE		12,610.77
02/93	02/93	SO851	S W R INC		01/31/1993	2-06-04	RECLASS TO AFE 920068		12,610.77-
03/93	02/93	SO851	S W R INC		08/10/1992	2-06-19	RECLASS TO JULIE #1		12,610.77-
			412-000 FLOWLINE				CURRENT PERIOD		646.76 *
413-000 TANK, TREATER, SEPARATOR									
11/92	10/92	SO851	S W R INC		08/10/1992	10-06-16	2/750 BBL FIBERGLASS TANK		10,775.00
01/93	12/92	EA304	EAGLE METR/PUMP		12/21/1992	61143	CIRCULATING PUMP		425.12
02/93	01/93	SO851	S W R INC		12/14/1992	1-04-01	MT1423:1-30X10 2 PHASE SEP		800.00
02/93	01/93	SO851	S W R INC		12/14/1992	1-04-02	MT1424:1-500 BBL F/G TANK		3,500.00
02/93	01/93	SO851	S W R INC		12/14/1992	1-04-01	MT1423:2-400 BBL STEEL TANKS		4,000.00
02/93	01/93	SO851	S W R INC		12/14/1992	1-04-02	MT1424:2-400 BBL STEEL TANKS		4,000.00
02/93	02/93	SO851	S W R INC		12/31/1992	2-06-04	RECLASS TO AFE 920068		425.12-
02/93	02/93	EA304	EAGLE METR/PUMP		12/31/1992	2-06-04	EA304:CIRCULATING PUMP		425.12
02/93	02/93	CO621	CONTROL EQUIPME		12/31/1992	2-06-04	CO621:VALVES		3,116.52
03/93	02/93	SO851	S W R INC		08/10/1992	2-06-19	RECLASS TO JULIE #1		10,775.00-
			413-000 TANK, TREATER, SEPARATOR				CURRENT PERIOD		15,841.64 *
414-000 ELECTRICAL EQUIPMENT									
01/93	12/92	CE624	CENTRAL VALLEY		12/14/1992	M1993	INSTALL OF SERV FOR DAGGER		8,539.00
02/93	01/93	SO851	S W R INC		12/14/1992	1-04-02	MT1424:1-TOSHIBA 2 HP MOTOR		50.00
02/93	02/93	DE216	DEANS INC.		01/12/1993	2200	ELECTRICAL REPAIRS		6,046.84
			414-000 ELECTRICAL EQUIPMENT				CURRENT PERIOD		14,635.84 *
415-000 SALES EQUIP-METERS & GAUGES									
01/93	12/92	EA304	EAGLE METR/PUMP		12/22/1992	61169	METER		488.26
			415-000 SALES EQUIP-METERS & GAUGES				CURRENT PERIOD		488.26 *
417-000 OTHER SURFACE EQUIPMENT									
02/93	01/93	SO851	S W R INC		12/14/1992	1-04-02	MT1424:4 MAJOR HEAD SWITCHES		300.00
02/93	01/93	SO851	S W R INC		12/14/1992	1-04-01	MT1423:2 MAJOR HEAD SWITCHES		150.00
02/93	01/93	SO851	S W R INC		12/14/1992	1-04-02	MT1424:500 BBL STEEL GUN BBL		2,000.00

SOUTHWEST ROYALTIES, INC.

LEASE HISTORY EXP / REV REPORT BY WELL

For Leases: 1357 thru 1357-ZZZ For Accounting Dates ALL For Accounts ALL
Current Lease: 1357-BPO DAGGER DRAW A #1 Current Account: 417-000 OTHER SURFACE EQUIPMENT

ACCT.	PROD/	--PURCHASER/VENDOR--	PROD UNIT	VOLUME	GROSS	TAX	HANDLING	WPT	NET
DATE	POST	NUMBER	NAME	PRICE	SVC DATE	INVOICE #	DESCRIPTION		
02/93	01/93	S0851	S W R INC		12/14/1992	1-04-01	MT1423:8X10 FREE WTR KNOCKOUT		3,000.00
02/93	01/93	S0851	S W R INC		12/14/1992	1-04-02	MT1424:4-BREATHING AIR BOTTLES		500.00
			417-000	OTHER SURFACE EQUIPMENT			CURRENT PERIOD		5,950.00 *
			LEASE & WELL EQUIP-ACP-COMPLTN				CURRENT PERIOD		111,964.58 *

INTANGIBLE DEV COSTS-BCP-DRLG

540-000 LAND & LEGAL SERVICES									
10/92	10/92	S0851	S W R INC		07/30/1992	10-06-01	EDDY CO ABSTRACT		5,030.01
11/92	11/92	J0360	JOHN WEST ENGIN		09/30/1992	92111412	STAKE LOCATION		444.15
02/93	02/93	ST635	STOLTZ & COMPAN		09/15/1992	51267	LIABILITY INS 9/15-12/15/92		3,094.00
02/93	02/93	R0245	RODEY,DICKASON,		11/30/1992	2-06-04	R0245:LEGAL SERVICES 10/92		1,260.00
02/93	02/93	R0245	RODEY,DICKASON,		11/30/1992	2-06-04	R0245:LEGAL SERV-LESS PYMT		96.68
02/93	02/93	S0851	S W R INC		10/31/1992	2-06-04	RECLASS TO AFE 920068		5,030.01-
02/93	02/93	S0851	S W R INC		10/31/1992	2-06-04	S0851:EDDY CO ABSTRACT		5,030.01
02/93	02/93	KE766	KERR-FITZ-GERAL		11/30/1992	2-06-04	KE766:PROF SERV-EXAM OF TITLE		5,544.96
			540-000	LAND & LEGAL SERVICES			CURRENT PERIOD		15,469.80 *

542-000 ROAD & LOCATION									
11/92	11/92	J0360	JOHN WEST ENGIN		10/23/1992	92111600	ROAD & LOCATION-SURVEYOR		273.89
01/93	12/92	SW200	SWEATT CONSTRUC		11/20/1992	119251	ROAD & LOCATION-BULLDOZER		5,688.32
01/93	12/92	MA249	MAD-A-BAC SERVI		11/03/1992	1275	ROAD & LOCATION-PIT LINING		1,537.90
02/93	02/93	HO959	HOWARD HOWELL		11/30/1992	2-06-04	HO959:LOC-1130 YDS CALICHE		3,831.36
03/93	02/93	SU660	SUTTLES LOGGING		11/30/1992	M1828	AIRTIME 11/08-11/20		66.70
			542-000	ROAD & LOCATION			CURRENT PERIOD		11,398.17 *

544-000 CASING CREWS									
02/93	02/93	MA800	MATADOR CASING		12/31/1992	2-06-04	MA800:CASING CREW EXP		2,724.84
			544-000	CASING CREWS			CURRENT PERIOD		2,724.84 *

545-000 CEMENT & SERVICES									
12/92	11/92	S0836	SOUTHEAST READY		11/08/1992	1901	CEMENT, SERV. & RELATED EQUIP.		333.17
12/92	11/92	S0836	SOUTHEAST READY		11/08/1992	1902	CEMENT, SERV. & RELATED EQUIP.		353.62
01/93	12/92	HA573	HALLIBURTON		11/06/1992	297734	CEMENT, SERV. & RELATED EQUIP.		9,407.94
01/93	12/92	HA573	HALLIBURTON		11/07/1992	297735	CEMENT, SERV. & RELATED EQUIP.		13,016.68
01/93	12/92	HA573	HALLIBURTON		11/22/1992	297766	CEMENT, SERV. & RELATED EQUIP.		24,683.32
01/93	12/92	KE580	KELTIC SERVICES		11/24/1992	211002	CEMENT, SERV. & RELATED EQUIP.		450.77
02/93	02/93	J1615	JIM'S WATER SER		12/31/1992	2-06-04	J1615:CEM,SERV & REL EQUIP		520.36
02/93	02/93	M1080	MICA TOOL & TUR		12/31/1992	2-06-04	M1080:CEM, SERV & REL EQUIP		1,438.50
02/93	02/93	S0836	SOUTHEAST READY		12/31/1992	2-06-04	S0836:CEM,SERV & REL EQUIP		353.62
			545-000	CEMENT & SERVICES			CURRENT PERIOD		50,557.98 *

546-000 DRILLING-FOOTAGE									
02/93	02/93	PE802	PETERSON DRILLI		12/31/1992	2-06-04	PE802:DRILL CONTRACTOR-FOOTAGE		17,042.01
			546-000	DRILLING-FOOTAGE			CURRENT PERIOD		17,042.01 *

547-000 DRILLING-DAYWORK									
02/93	02/93	PE802	PETERSON DRILLI		12/31/1992	2-06-04	PE802:DRILL CONTRACTOR:DAYWORK		120,446.26

SOUTHWEST ROYALTIES, INC.

LEASE HISTORY EXP / REV REPORT BY WELL

For Leases: 1357 thru 1357-ZZZ For Accounting Dates ALL For Accounts ALL
 Current Lease: 1357-BPO DAGGER DRAW A #1 Current Account: 547-000 DRILLING-DAYWORK

ACCT. PROD/	--PURCHASER/VENDOR--	PROD UNIT	VOLUME	GROSS	TAX	HANDLING	WPT	NET
DATE POST	NUMBER NAME	PRICE	SVC DATE	INVOICE #	DESCRIPTION			
		547-000	DRILLING-DAYWORK		CURRENT PERIOD			120,446.26 *
550-000	LOGGING-WIRELINE							
02/93	02/93 BP600 B.P.B. INSTRUME		11/30/1992 2-06-04		BP600:ACOUSTICAL TESTING			9,087.45
02/93	02/93 SU660 SUTTLES LOGGING		11/30/1992 2-06-04		SU660:HYDROCARBON WELL LOGGING			1,766.65
02/93	02/93 SU660 SUTTLES LOGGING		11/30/1992 2-06-04		SU660:HYDROCARBON WELL LOGGING			2,656.50
		550-000	LOGGING-WIRELINE		CURRENT PERIOD			13,510.60 *
551-000	POWER, FUEL & WATER							
02/93	02/93 SC860 SCURLOCK PERMIA		12/31/1992 2-06-04		SC860:DRILLING FLUID			2,459.93
02/93	02/93 SC860 SCURLOCK PERMIA		12/31/1992 2-06-04		SC860:DRILLING FLUID			368.99
02/93	02/93 SC860 SCURLOCK PERMIA		12/31/1992 2-06-04		SC860:DRILLING FLUID			614.98
02/93	02/93 SC860 SCURLOCK PERMIA		12/31/1992 2-06-04		SC860:DRILLING FLUID			2,459.93
02/93	02/93 SC860 SCURLOCK PERMIA		12/31/1992 2-06-04		SC860:DRILLING FLUID			2,459.93
02/93	02/93 SC860 SCURLOCK PERMIA		12/31/1992 2-06-04		SC860:DRILLING FLUID			1,475.96
02/93	02/93 SC860 SCURLOCK PERMIA		12/31/1992 2-06-04		SC860:DRILLING FLUID			2,459.93
02/93	02/93 SC860 SCURLOCK PERMIA		12/31/1992 2-06-04		SC860:DRILLING FLUID			123.00
02/93	02/93 SC860 SCURLOCK PERMIA		12/31/1992 2-06-04		SC860:DRILLING FLUID			2,459.93
02/93	02/93 SC860 SCURLOCK PERMIA		12/31/1992 2-06-04		SC860:DRILLING FLUID			2,459.93
		551-000	POWER, FUEL & WATER		CURRENT PERIOD			17,342.51 *
552-000	DRILLING MUD & CHEMICALS							
12/92	11/92 MU200 MUD-TECH, INC.		11/04/1992 11001		DRILLING MUD & CHEMICALS			1,891.90
01/93	12/92 SC860 SCURLOCK PERMIA		11/30/1992 1102579		DRILLING MUD & CHEMICALS			183.93
01/93	12/92 MU200 MUD-TECH, INC.		11/16/1992 11017		DRILLING MUD & CHEMICALS			3,277.59
01/93	12/92 SC860 SCURLOCK PERMIA		11/30/1992 1102581		DRILLING MUD & CHEMICALS			2,682.00
01/93	12/92 SC860 SCURLOCK PERMIA		11/30/1992 1102580		DRILLING MUD & CHEMICALS			414.97
02/93	02/93 MU200 MUD-TECH, INC.		12/31/1992 2-06-04		MU200:DRILL MUD & CHEM			385.21
02/93	02/93 MU200 MUD-TECH, INC.		12/31/1992 2-06-04		MU200:CREDIT-51			567.85-
		552-000	DRILLING MUD & CHEMICALS		CURRENT PERIOD			8,267.75 *
554-000	SUPERVISION							
12/92	12/92 SM436 KENNY SMITH		10/31/1992 121692		DIRECT CHARGES 10/92			22.70
12/92	12/92 SM436 KENNY SMITH		10/31/1992 12-06-13		COMPANY LABOR 10/92			275.00
12/92	12/92 SM436 KENNY SMITH		11/30/1992 12-06-12		COMPANY LABOR 11/92			1,925.00
		554-000	SUPERVISION		CURRENT PERIOD			2,222.70 *
555-000	OVERHEAD							
11/92	11/92 SO851 S W R INC		11/15/1992 11-06-12		DRLG O/H 11/5-11/15			2,053.37
12/92	12/92 SO851 S W R INC		10/31/1992 12-06-14		DRLG O/H 11/16-11/23			1,333.36
		555-000	OVERHEAD		CURRENT PERIOD			3,386.73 *
556-000	EQUIPMENT RENTAL							
12/92	11/92 RI611 RIO TANKS, INC.		11/06/1992 11113		RENTAL OF EQUIPMENT			916.38
12/92	11/92 RI611 RIO TANKS, INC.		11/06/1992 11115		RENTAL OF EQUIPMENT			441.22
01/93	12/92 IN100 INDIAN FIRE & S		12/11/1992 6113		RENTAL OF EQUIPMENT			1,511.68
02/93	02/93 RI611 RIO TANKS, INC.		12/31/1992 2-06-04		RI611:RENTAL OF EQUIP			674.56
02/93	02/93 MA800 MATADOR CASING		12/31/1992 2-06-04		MA800:RENTAL OF EQUIP			862.03
02/93	02/93 CA570 CALLAWAY SAFETY		12/31/1992 2-06-04		CA570:RENTAL OF EQUIP			1,451.74

SOUTHWEST ROYALTIES, INC.

LEASE HISTORY EXP / REV REPORT BY WELL

For Leases: 1357 thru 1357-ZZZ For Accounting Dates ALL For Accounts ALL
Current Lease: 1357-BPO DAGGER DRAW A #1 Current Account: 556-000 EQUIPMENT RENTAL

ACCT.	PROD/	--PURCHASER/VENDOR--	PROD UNIT	VOLUME	GROSS	TAX	HANDLING	WPT	NET
DATE	POST	NUMBER	NAME	PRICE	SVC DATE	INVOICE #	DESCRIPTION		
02/93	02/93	BE610	BENNETT PIPE RE		12/31/1992	2-06-04	BE610:RENTAL OF EQUIP		613.86
02/93	02/93	TW440	TWO-STATE TANK		12/31/1992	2-06-04	TW440:RENTAL-FRAC TANKS		3,264.17
			556-000 EQUIPMENT RENTAL				CURRENT PERIOD		9,735.64 *
558-000 CONTRACT LABOR									
12/92	11/92	CA570	CALLAWAY SAFETY		11/17/1992	53239	CONTRACT LABOR		302.87
12/92	11/92	SU652	SUPERIOR WELDIN		11/08/1992	006829	WELDING CONTRACT LABOR		168.20
12/92	11/92	SU652	SUPERIOR WELDIN		11/07/1992	006828	WELDING CONTRACT LABOR		235.48
02/93	02/93	MA800	MATADOR CASING		12/31/1992	2-06-04	MA800:CONTRACT LABOR		1,449.67
02/93	02/93	SU652	SUPERIOR WELDIN		12/31/1992	2-06-04	SU652:WELDING CONTRACT LABOR		134.56
02/93	02/93	FO765	FORKLIFT ENTERP		12/31/1992	2-06-04	FO765:CONTRACT LABOR		585.27
			558-000 CONTRACT LABOR				CURRENT PERIOD		2,876.05 *
559-000 TRUCKING & HAULING									
12/92	11/92	FO765	FORKLIFT ENTERP		11/06/1992	35450	TRANSPORTATION OF CASING		283.33
02/93	02/93	FO765	FORKLIFT ENTERP		12/31/1992	2-06-04	FO765:TRANS OF CASING		495.83
			559-000 TRUCKING & HAULING				CURRENT PERIOD		779.16 *
			INTANGIBLE DEV COSTS-BCP-DRLG				CURRENT PERIOD		275,760.20 *
INTANG. DEV.COSTS-ACP-COMPLETN									
640-000 LAND & LEGAL SERVICES									
02/93	01/93	ED235	EDDY COUNTY ABS		01/06/1993	36971	ABSTRACT		257.73
02/93	02/93	ST635	STOLTZ & COMPAN		09/15/1992	51267	LIABILITY INS 9/15-12/15/92		8,044.40
03/93	02/93	JO360	JOHN WEST ENGIN		02/23/1993	93110252	REFLAG GPM SURVEY LINE TO CONN		513.57
			640-000 LAND & LEGAL SERVICES				CURRENT PERIOD		8,815.70 *
642-000 ROAD & LOCATION									
01/93	12/92	FO765	FORKLIFT ENTERP		12/22/1992	36164	ROAD & LOCATION-GRAVEL		401.05
01/93	12/92	FO765	FORKLIFT ENTERP		12/16/1992	36074	ROAD & LOCATION-LEASE MAINT.		149.80
01/93	12/92	SW200	SWEATT CONSTRUC		12/15/1992	129224	ROAD & LOCATION-BULLDOZER		2,969.79
02/93	01/93	FO765	FORKLIFT ENTERP		01/05/1993	36334	ROAD & LOCATION-LEASE MAINT.		201.40
02/93	01/93	FO765	FORKLIFT ENTERP		01/05/1993	36333	ROAD & LOCATION-LEASE MAINT.		151.05
02/93	02/93	FO765	FORKLIFT ENTERP		01/21/1993	36585	ROAD & LOCATION-LEASE MAINT.		350.07
02/93	02/93	FO765	FORKLIFT ENTERP		12/31/1992	2-06-04	FO765:ROAD & LOC-GRAVEL		484.63
03/93	02/93	FO765	FORKLIFT ENTERP		02/05/1993	36847	ROAD & LOCATION-LEASE MAINT.		550.33
03/93	02/93	FO765	FORKLIFT ENTERP		02/09/1993	36885	ROAD & LOCATION-LEASE MAINT.		449.94
03/93	03/93	AA110	A-1 SIGN ENGRAV		02/26/1993	1002282	ROAD & LOCATION-SIGNS		122.84
			642-000 ROAD & LOCATION				CURRENT PERIOD		5,830.90 *
651-000 POWER, FUEL & WATER									
01/93	12/92	JI615	JIM'S WATER SER		12/09/1992	061535	COMPLETION FLUIDS		179.76
02/93	01/93	JI615	JIM'S WATER SER		01/06/1993	062208	COMPLETION FLUIDS		654.40
02/93	01/93	JI615	JIM'S WATER SER		01/07/1993	062235	COMPLETION FLUIDS		598.16
02/93	01/93	DE216	DEANS INC.		01/13/1993	2174	ELECTRICAL REPAIRS		1,724.10
02/93	01/93	DE216	DEANS INC.		01/15/1993	2177	ELECTRICAL REPAIRS		1,293.23
02/93	01/93	DE216	DEANS INC.		01/11/1993	2172	ELECTRICAL REPAIRS		1,698.56
02/93	01/93	DE216	DEANS INC.		01/07/1993	2170	ELECTRICAL REPAIRS		1,760.74

SOUTHWEST ROYALTIES, INC.

LEASE HISTORY EXP / REV REPORT BY WELL

For Leases: 1357 thru 1357-ZZZ For Accounting Dates ALL

For Accounts ALL

Current Lease: 1357-BPO DAGGER DRAW A #1

Current Account: 651-000 POWER, FUEL & WATER

ACCT.	PROD/	--PURCHASER/VENDOR--	PROD UNIT	VOLUME	GROSS	TAX	HANDLING	WPT	NET
DATE	POST	NUMBER	NAME	PRICE	SVC DATE	INVOICE #	DESCRIPTION		
02/93	01/93	DE216	DEANS INC.		01/14/1993	2175	ELECTRICAL REPAIRS		926.04
02/93	01/93	DE216	DEANS INC.		01/12/1993	2173	ELECTRICAL REPAIRS		1,706.89
02/93	01/93	DE216	DEANS INC.		01/08/1993	2199	ELECTRICAL REPAIRS		1,092.25
02/93	01/93	DE216	DEANS INC.		12/30/1992	2169	ELECTRICAL REPAIRS		1,216.92
02/93	01/93	DE216	DEANS INC.		01/06/1993	2103	ELECTRICAL REPAIRS		141.92
02/93	01/93	DE216	DEANS INC.		01/18/1993	2178	ELECTRICAL REPAIRS		1,435.51
02/93	01/93	DE216	DEANS INC.		01/08/1993	2171	ELECTRICAL REPAIRS		683.19
02/93	01/93	DE216	DEANS INC.		01/15/1993	2176	ELECTRICAL REPAIRS		212.91
02/93	01/93	DE216	DEANS INC.		01/06/1993	2104	ELECTRICAL REPAIRS		1,227.31
02/93	01/93	DE216	DEANS INC.		01/04/1993	2102	ELECTRICAL REPAIRS		299.29
02/93	02/93	UN300	UNDERWOOD ELECT		01/06/1993	193019	ELECTRICAL REPAIRS		204.00
02/93	02/93	DE216	DEANS INC.		01/19/1993	2220	ELECTRICAL REPAIRS		388.96
02/93	02/93	J1615	JIM'S WATER SER		12/31/1992	2-06-04	J1615:DRILLING FLUID		193.43
02/93	02/93	J1615	JIM'S WATER SER		12/31/1992	2-06-04	J1615:COMPLETION FLUID		1,100.13
02/93	02/93	J1615	JIM'S WATER SER		12/31/1992	2-06-04	J1615:COMPLETION FLUID		1,980.03
			651-000 POWER, FUEL & WATER				CURRENT PERIOD		20,717.73 *
652-000 DRILLING MUD & CHEMICALS									
02/93	01/93	MU200	MUD-TECH, INC.		11/07/1992	11002	DRILLING MUD & CHEMICALS		3,087.38
			652-000 DRILLING MUD & CHEMICALS				CURRENT PERIOD		3,087.38 *
654-000 SUPERVISION									
12/92	12/92	SM436	KENNY SMITH		11/30/1992	121692	DIRECT CHARGES 11/92		80.46
01/93	12/92	FR050	STEVE FRAGOSO		12/01/1992	10693	REIMB FOR EXPENSES 11/92-12/92		108.20
02/93	01/93	MO820	MOTEL STEVENS		12/30/1992	123092	HOTEL CHGS 11/30-12/11/92		303.24
02/93	02/93	SM436	KENNY SMITH		01/31/1993	2-06-04	SM436:DIRECT CHARGES 11/92		80.46
02/93	02/93	SO851	S W R INC		01/31/1993	2-06-04	RECLASS TO AFE 920068		80.46-
02/93	02/93	SM436	KENNY SMITH		01/31/1993	2-06-04	RECLASS TO 754		91.32-
02/93	02/93	SM436	KENNY SMITH		01/31/1993	2-03-01	COMPANY LABOR 1/93		412.50
02/93	02/93	SO851	S W R INC		01/31/1993	2-03-02	AL PERRY:12 DAYS		2,400.00
03/93	02/93	SO851	S W R INC		12/01/1992	2-06-14	KENNY SMITH 1/93-DIRECT LABOR		91.32
03/93	03/93	SO851	S W R INC		02/01/1993	3-06-04	FRAGOSO: 1 DAY 2/93		200.00
03/93	03/93	SO851	S W R INC		02/01/1993	3-06-05	PERRY: 6 DAYS 2/93		1,200.00
			654-000 SUPERVISION				CURRENT PERIOD		4,704.40 *
655-000 OVERHEAD									
12/92	12/92	SO851	S W R INC		10/31/1992	12-06-14	COMP O/H 11/24-12/15		3,666.74
			655-000 OVERHEAD				CURRENT PERIOD		3,666.74 *
656-000 EQUIPMENT RENTAL									
01/93	12/92	PA425	PACKER RENTAL		12/04/1992	038760	RENATL-PACKER		1,233.38
01/93	12/92	PA425	PACKER RENTAL		12/02/1992	038761	RENATL-PACKER		2,343.42
02/93	01/93	PE772	WEATHERFORD-PET		12/11/1992	12237584	RENTAL-BOP		890.42
02/93	01/93	TW440	TWO-STATE TANK		12/31/1992	012131	RENTAL-FRAC TANKS		908.36
02/93	01/93	FO090	FLARE KING, INC		01/15/1993	2261	RENTAL OF EQUIPMENT		1,373.16
02/93	02/93	TW440	TWO-STATE TANK		01/15/1993	001067	RENTAL-FRAC TANKS		395.63
02/93	02/93	PE772	WEATHERFORD-PET		01/05/1993	01337416	RENTAL-BOP		876.20
02/93	02/93	FO765	FORKLIFT ENTERP		12/31/1992	2-06-04	FO765:RENTAL OF EQUIP		525.63
03/93	02/93	PE772	WEATHERFORD-PET		12/01/1992	12237564	RENTAL OF EQUIPMENT		3,123.43

SOUTHWEST ROYALTIES, INC.

LEASE HISTORY EXP / REV REPORT BY WELL

For Leases: 1357 thru 1357-ZZZ For Accounting Dates ALL For Accounts ALL
Current Lease: 1357-BPO DAGGER DRAW A #1 Current Account: 656-000 EQUIPMENT RENTAL

ACCT.	PROD/	--PURCHASER/VENDOR--	PROD UNIT	VOLUME	GROSS	TAX	HANDLING	WPT	NET
DATE	POST	NUMBER NAME	PRICE	SVC DATE	INVOICE #	DESCRIPTION			
03/93	03/93	PE772 WEATHERFORD-PET		12/01/1992	122-37564	RENTAL OF EQUIPMENT			3,123.43
03/93	03/93	FL090 FLARE KING, INC		02/26/1993	2300	RENTAL OF EQUIPMENT			2,188.28
		656-000 EQUIPMENT RENTAL				CURRENT PERIOD			16,981.34 *
657-000		COMPLETION, W/O, PULLING UNIT							
02/93	01/93	LU326 LUCKY WELL SERV		01/07/1993	4003	COMPLETION, W/O, PULLING SERV.			2,419.98
		657-000 COMPLETION, W/O, PULLING UNIT				CURRENT PERIOD			2,419.98 *
658-000		CONTRACT LABOR							
01/93	12/92	WA372 WAGGONER WELDIN		12/18/1992	008672	ROUSTABOUT CONTRACT LABOR			773.30
01/93	12/92	WA372 WAGGONER WELDIN		12/18/1992	008671	WELDING CONTRACT LABOR			319.58
01/93	12/92	BJ210 BJB COMPANY, IN		12/22/1992	1182	ROUSTABOUT CONTRACT LABOR			663.00
01/93	12/92	BJ210 BJB COMPANY, IN		12/20/1992	1180	ROUSTABOUT CONTRACT LABOR			637.50
01/93	12/92	BJ210 BJB COMPANY, IN		12/17/1992	1177	ROUSTABOUT CONTRACT LABOR			637.50
01/93	12/92	WA372 WAGGONER WELDIN		12/16/1992	008660	WELDING CONTRACT LABOR			417.61
01/93	12/92	TC810 T & C TANK RENT		12/14/1992	1292116	CONTRACT LABOR			622.34
01/93	12/92	WA372 WAGGONER WELDIN		12/21/1992	008694	WELDING CONTRACT LABOR			201.84
01/93	12/92	WA372 WAGGONER WELDIN		12/16/1992	008659	ROUSTABOUT CONTRACT LABOR			773.30
01/93	12/92	BJ210 BJB COMPANY, IN		12/21/1992	1181	ROUSTABOUT CONTRACT LABOR			637.50
01/93	12/92	BJ210 BJB COMPANY, IN		12/18/1992	1178	ROUSTABOUT CONTRACT LABOR			663.00
01/93	12/92	BJ210 BJB COMPANY, IN		12/15/1992	1175	ROUSTABOUT CONTRACT LABOR			663.00
01/93	12/92	BJ210 BJB COMPANY, IN		12/19/1992	1179	ROUSTABOUT CONTRACT LABOR			663.00
01/93	12/92	WA372 WAGGONER WELDIN		12/21/1992	008693	ROUSTABOUT CONTRACT LABOR			805.52
01/93	12/92	BJ210 BJB COMPANY, IN		12/23/1992	1183	ROUSTABOUT CONTRACT LABOR			663.00
01/93	12/92	WA372 WAGGONER WELDIN		12/17/1992	008666	WELDING CONTRACT LABOR			538.74
01/93	12/92	PO790 POSEY PIPE & EQ		12/14/1992	7885	CONTRACT LABOR			303.48
01/93	12/92	WA372 WAGGONER WELDIN		12/19/1992	008682	ROUSTABOUT CONTRACT LABOR			708.86
01/93	12/92	WA372 WAGGONER WELDIN		12/17/1992	008668	ROUSTABOUT CONTRACT LABOR			805.52
01/93	12/92	BJ210 BJB COMPANY, IN		12/16/1992	1176	ROUSTABOUT CONTRACT LABOR			637.50
01/93	12/92	FO765 FORKLIFT ENTERP		12/21/1992	36144	CONTRACT LABOR			283.33
01/93	12/92	WA372 WAGGONER WELDIN		12/23/1992	008712	WELDING CONTRACT LABOR			353.01
01/93	12/92	WA372 WAGGONER WELDIN		12/28/1992	008737	ROUSTABOUT CONTRACT LABOR			805.52
01/93	12/92	BA612 BANTA OILFIELD		12/22/1992	31636	ROUSTABOUT CONTRACT LABOR			292.40
01/93	12/92	WA372 WAGGONER WELDIN		12/23/1992	008711	ROUSTABOUT CONTRACT LABOR			676.64
01/93	12/92	WA648 WALTON CONSTRUC		12/24/1992	76079	CONTRACT LABOR			3,090.68
01/93	12/92	WA372 WAGGONER WELDIN		12/22/1992	008699	ROUSTABOUT CONTRACT LABOR			805.52
01/93	12/92	WA372 WAGGONER WELDIN		12/22/1992	008703	WELDING CONTRACT LABOR			269.12
01/93	12/92	WA372 WAGGONER WELDIN		12/30/1992	008755	ROUSTABOUT CONTRACT LABOR			193.32
01/93	12/92	WA372 WAGGONER WELDIN		12/29/1992	008747	ROUSTABOUT CONTRACT LABOR			741.08
01/93	01/93	RO449 RON'S WELDING,		12/31/1992	29584	WELDING CONTRACT LABOR			103.11
02/93	01/93	RI229 RICE ENGINEERIN		12/21/1992	505867	CONTRACT LABOR			408.15
02/93	01/93	WA372 WAGGONER WELDIN		01/06/1993	008801	ROUSTABOUT CONTRACT LABOR			708.86
02/93	01/93	WA372 WAGGONER WELDIN		01/05/1993	008794	ROUSTABOUT CONTRACT LABOR			708.86
02/93	01/93	WA372 WAGGONER WELDIN		01/04/1993	008784	ROUSTABOUT CONTRACT LABOR			741.08
02/93	01/93	BA612 BANTA OILFIELD		12/23/1992	31731	CONTRACT LABOR			1,825.61
02/93	01/93	WA372 WAGGONER WELDIN		01/08/1993	008817	ROUSTABOUT CONTRACT LABOR			612.20
02/93	01/93	WA372 WAGGONER WELDIN		01/05/1993	008798	WELDING CONTRACT LABOR			50.46
02/93	01/93	WA372 WAGGONER WELDIN		01/07/1993	008807	ROUSTABOUT CONTRACT LABOR			805.52
02/93	01/93	BA612 BANTA OILFIELD		01/11/1993	31730	CONTRACT LABOR			11,485.10

SOUTHWEST ROYALTIES, INC.

LEASE HISTORY EXP / REV REPORT BY WELL

For Leases: 1357 thru 1357-222 For Accounting Dates ALL For Accounts ALL
Current Lease: 1357-BPO DAGGER DRAW A #1 Current Account: 658-000 CONTRACT LABOR

ACCT.	PROD/	--PURCHASER/VENDOR--	PROD UNIT	VOLUME	GROSS	TAX	HANDLING	WPT	NET
DATE	POST	NUMBER NAME	PRICE	SVC DATE	INVOICE #	DESCRIPTION			
02/93	01/93	SW200 SWEATT CONSTRUC		01/07/1993	19322	CONTRACT LABOR			262.70
02/93	01/93	WA372 WAGGONER WELDIN		01/13/1993	008860	ROUSTABOUT CONTRACT LABOR			547.75
02/93	01/93	WA372 WAGGONER WELDIN		01/15/1993	008872	ROUSTABOUT CONTRACT LABOR			708.86
02/93	01/93	BO950 BOVARD SUPPLY C		01/15/1993	74271000	CONTRACT LABOR			459.71
02/93	02/93	SO851 S W R INC		01/31/1993	2-06-04	RECLASS TO AFE 920068			805.52-
02/93	02/93	WA372 WAGGONER WELDIN		12/31/1992	2-06-04	WA372:ROUST CONTRACT LABOR			805.52
02/93	02/93	WA372 WAGGONER WELDIN		01/31/1993	2-06-04	WA372:RST CONTRACT LABOR			805.52
02/93	02/93	SO851 S W R INC		01/31/1993	2-06-04	RECLASS TO AFE 920068			3,090.68-
02/93	02/93	WA372 WAGGONER WELDIN		12/31/1992	2-06-04	WA372:ROUST CONTRACT LABOR			773.30
02/93	02/93	WA648 WALTON CONSTRUC		01/31/1993	2-06-04	WA648:CONTRACT LABOR			3,090.68
02/93	02/93	WA372 WAGGONER WELDIN		12/31/1992	2-06-04	WA372:ROUST CONTRACT LABOR			676.64
03/93	02/93	WA372 WAGGONER WELDIN		02/08/1993	009018	ROUSTABOUT CONTRACT LABOR			599.69
03/93	02/93	WA372 WAGGONER WELDIN		02/11/1993	009041	ROUSTABOUT CONTRACT LABOR			100.92
03/93	02/93	WA372 WAGGONER WELDIN		02/11/1993	009042	ROUSTABOUT CONTRACT LABOR			386.65
03/93	02/93	WA372 WAGGONER WELDIN		02/09/1993	009027	ROUSTABOUT CONTRACT LABOR			483.31
03/93	03/93	CL103 CLABURN METER S		02/01/1993	21249	CALCULATION OF GAS VOLUME			147.71
03/93	03/93	FE762 FERGUSON CONSTR		02/26/1993	8005	ROUSTABOUT CONTRACT LABOR			1,511.49
03/93	03/93	AM325 AMERICAN VALVE		02/18/1993	18268	CONTRACT LABOR			171.46
		658-000 CONTRACT LABOR				CURRENT PERIOD			44,730.37 *
659-000 TRUCKING & HAULING									
01/93	12/92	LE955 LEWIE MONTGOMER		12/21/1992	96511A	TRANSPORTATION OF TUBING			617.44
01/93	12/92	MI807 FANNIE LEE MITC		12/15/1992	75518	RUN, STORAGE TANK			3,211.94
01/93	12/92	FR100 FRANK C. STRECH		12/15/1992	98348	SALT WATER DISPOSAL TANK			2,255.36
01/93	12/92	MI807 FANNIE LEE MITC		12/16/1992	75519	RUN, STORAGE TANK			1,676.82
02/93	02/93	MI807 FANNIE LEE MITC		01/07/1993	76310	PUMPING UNIT			3,747.99
		659-000 TRUCKING & HAULING				CURRENT PERIOD			11,509.55 *
660-000 SMALL TOOLS & OP. SUPPLIES									
01/93	12/92	UN433 UNION SUPPLY CO		12/30/1992	2313573901	CONNECTIONS, FITTINGS & VALVES			204.12
01/93	12/92	EA304 EAGLE METR/PUMP		12/22/1992	61184	SWD, INJ. MAINTENANCE & REPAIR			2,192.14
01/93	01/93	UN433 UNION SUPPLY CO		01/05/1993	0118005401	CONNECTIONS, FITTINGS & VALVES			28.87
01/93	01/93	ST076 STANDARD OIL FI		12/16/1992	66568	OPERATING SUPPLIES			213.83
02/93	01/93	DE216 DEANS INC.		12/15/1992	2044	ELECTRICAL REPAIRS			510.91
02/93	01/93	LI211 LIBERTY PUMP &		01/06/1993	3056	CONNECTIONS, FITTINGS & VALVES			1,187.97
02/93	01/93	DU650 DUPRE' SYPLY C		12/19/1992	91503IIN	CONNECTIONS, FITTINGS & VALVES			46.76
02/93	01/93	EA304 EAGLE METR/PUMP		01/13/1993	61377	OPERATING SUPPLIES			64.35
02/93	01/93	TH200 THE SUPPLY STOR		12/17/1992	009413	OPERATING SUPPLIES			26.99
02/93	01/93	UN433 UNION SUPPLY CO		01/11/1993	0316049001	CONNECTIONS, FITTINGS & VALVES			104.59
02/93	01/93	UN433 UNION SUPPLY CO		01/13/1993	0316051201	CONNECTIONS, FITTINGS & VALVES			1,034.36
02/93	01/93	PE772 WEATHERFORD-PET		12/01/1992	01337005	CREDIT			228.42-
02/93	01/93	TH200 THE SUPPLY STOR		12/16/1992	009412	CONNECTIONS, FITTINGS & VALVES			4.97
02/93	01/93	NI700 NIPCO, INC.		01/13/1993	39951	CONNECTIONS, FITTINGS & VALVES			9.59
02/93	01/93	UN433 UNION SUPPLY CO		01/15/1993	0316064601	CREDIT			400.45-
02/93	01/93	UN433 UNION SUPPLY CO		01/13/1993	0316045201	CREDIT			845.24-
02/93	02/93	TH200 THE SUPPLY STOR		01/13/1993	009711	CONNECTIONS, FITTINGS & VALVES			38.27
02/93	02/93	ST076 STANDARD OIL FI		01/14/1993	67176	CONNECTIONS, FITTINGS & VALVES			235.45
03/93	02/93	UN433 UNION SUPPLY CO		02/23/1993	0118092401	CONNECTIONS, FITTINGS & VALVES			78.74
03/93	03/93	ST076 STANDARD OIL FI		02/23/1993	67893	CREDIT			47.52-

SOUTHWEST ROYALTIES, INC.

LEASE HISTORY EXP / REV REPORT BY WELL

For Leases: 1357 thru 1357-ZZZ For Accounting Dates ALL

For Accounts ALL

Current Lease: 1357-BPO DAGGER DRAW A #1

Current Account: 660-000 SMALL TOOLS & OP. SUPPLIES

ACCT.	PROD/	--PURCHASER/VENDOR--	PROD UNIT	VOLUME	GROSS	TAX	HANDLING	WPT	NET
DATE	POST	NUMBER	NAME	PRICE	SVC DATE	INVOICE #	DESCRIPTION		
03/93	03/93	UN433	UNION SUPPLY CO		02/18/1993	0316128201	CONNECTIONS, FITTINGS & VALVES		478.83
03/93	03/93	ST076	STANDARD OIL FI		02/22/1993	67868	CONNECTIONS, FITTINGS & VALVES		381.19
03/93	03/93	TH200	THE SUPPLY STOR		02/22/1993	0009920	CONNECTIONS, FITTINGS & VALVES		216.98
			660-000 SMALL TOOLS & OP. SUPPLIES				CURRENT PERIOD		5,537.28 *
661-000			STIMULATION (FRAC/ACID)						
01/93	12/92	HA573	HALLIBURTON		12/03/1992	319629	ACIDIZATION		5,336.27
			661-000 STIMULATION (FRAC/ACID)				CURRENT PERIOD		5,336.27 *
663-000			IDC-ACP CHARGES FROM PYOTE						
02/93	02/93	PY681	PYOTE ROUSTABOU		01/28/1993	3104	RENTAL OF EQUIPMENT		70.00
02/93	02/93	PY681	PYOTE ROUSTABOU		01/15/1993	6240	RENTAL OF EQUIPMENT		35.00
			663-000 IDC-ACP CHARGES FROM PYOTE				CURRENT PERIOD		105.00 *
667-000			BITS & REAMERS						
01/93	12/92	HT113	H & T BIT SERVI		12/15/1992	125015	BITS		264.38
			667-000 BITS & REAMERS				CURRENT PERIOD		264.38 *
671-000			TESTING						
03/93	03/93	TI725	TE&C		02/08/1993	002529	ELECTRICAL REPAIRS		109.42
			671-000 TESTING				CURRENT PERIOD		109.42 *
676-000			PERFORATING/LOGGING						
02/93	02/93	AC299	ACE PERFORATORS		12/31/1992	2-06-04	AC299:PERFORATING/LOGGING		2,800.00
			676-000 PERFORATING/LOGGING				CURRENT PERIOD		2,800.00 *
683-000			SWD- PIPELINE & TRUCK						
01/93	12/92	JI615	JIM'S WATER SER		12/07/1992	061481	DISPOSAL OF SALT WATER		119.84
01/93	12/92	JI615	JIM'S WATER SER		12/07/1992	061510	DISPOSAL OF SALT WATER		89.88
02/93	01/93	JI615	JIM'S WATER SER		01/15/1993	062431	DISPOSAL OF SALT WATER		1,220.50
02/93	02/93	IW815	I W INC.		12/31/1992	2-06-04	IW815:SWD KILL TRUCK		488.83
02/93	02/93	JI615	JIM'S WATER SER		01/25/1993	2-06-04	RECLASS TO 783		1,220.50-
			683-000 SWD- PIPELINE & TRUCK				CURRENT PERIOD		698.55 *
699-000			PREPAID IDC / ACP						
01/93	12/92	TE111	TECHNICAL SERVI		12/17/1992	2547	CATWALK		645.08
02/93	02/93	SO851	S W R INC		01/31/1993	2-06-04	RECLASS TO AFE 920068		645.08-
02/93	02/93	TE111	TECHNICAL SERVI		01/31/1993	2-06-04	TE111:CATWALK		645.08
			699-000 PREPAID IDC / ACP				CURRENT PERIOD		645.08 *
			INTANG. DEV.COSTS-ACP-COMPLETN				CURRENT PERIOD		137,960.07 *
WORKOVER EXPENSES									
858-000			CONTRACT LABOR						
01/93	12/92	WA372	WAGGONER WELDIN		12/14/1992	008652	ROUSTABOUT CONTRACT LABOR		773.30
01/93	12/92	WA372	WAGGONER WELDIN		12/15/1992	008657	ROUSTABOUT CONTRACT LABOR		805.52
02/93	02/93	SO851	S W R INC		12/31/1992	2-06-04	RECLASS TO 658		773.30-
02/93	02/93	SO851	S W R INC		12/31/1992	2-06-04	RECLASS TO 658		805.52-

SOUTHWEST ROYALTIES, INC.

LEASE HISTORY EXP / REV REPORT BY WELL

For Leases: 1357 thru 1357-ZZZ For Accounting Dates ALL For Accounts ALL
 Current Lease: 1357-BPO DAGGER DRAW A #1 Current Account: 858-000 CONTRACT LABOR

ACCT. PROD/	--PURCHASER/VENDOR--	PROD UNIT	VOLUME	GROSS	TAX	HANDLING	WPT	NET
DATE	POST	NUMBER	NAME	PRICE	SVC DATE	INVOICE #	DESCRIPTION	
		858-000	CONTRACT LABOR			CURRENT PERIOD		.00 *
874-000	REPAIR MATERIAL (VALVES, ETC.)							
01/93	12/92	C0621	CONTROL EQUIPME		12/15/1992	104788	VALVES	3,116.52
02/93	02/93	S0851	S W R INC		12/31/1992	2-06-04	RECLASS TO 413	3,116.52-
		874-000	REPAIR MATERIAL (VALVES, ETC.)			CURRENT PERIOD		.00 *
			WORKOVER EXPENSES			CURRENT PERIOD		.00 *
PHASE/WELL TOTALS:							CURRENT REVENUE	.00 *
							CURRENT EXPENSES	604,934.67 *
							CURRENT NET	604,934.67-

1357-OIL DAGGER DRAW A #1

LEASEHOLD COSTS

240-000	GEOLOGICAL/GEOPHYSICAL EXPENSE							
12/92	11/92	SU660	SUTTLES LOGGING		11/15/1992	1828P1	HYDROCARBON WELL LOGGING	2,656.50
02/93	02/93	S0851	S W R INC		11/30/1992	2-06-04	RECLASS TO 1357-BPO	2,656.50-
		240-000	GEOLOGICAL/GEOPHYSICAL EXPENSE			CURRENT PERIOD		.00 *
			LEASEHOLD COSTS			CURRENT PERIOD		.00 *

LEASE & WELL EQUIP-ACP-COMPLTN

405-000	TUBING							
01/93	12/92	P0790	POSEY PIPE & EQ		11/27/1992	7868	TUBING	21,769.26
02/93	02/93	S0851	S W R INC		12/31/1992	2-06-04	RECLASS TO 1357-BPO	21,769.26-
		405-000	TUBING			CURRENT PERIOD		.00 *
			LEASE & WELL EQUIP-ACP-COMPLTN			CURRENT PERIOD		.00 *

INTANGIBLE DEV COSTS-BCP-DRLG

540-000	LAND & LEGAL SERVICES							
12/92	11/92	R0245	RODEY,DICKASON,		01/01/1992	112592	LEGAL SERVICES-LESS PYMT	96.68
12/92	11/92	R0245	RODEY,DICKASON,		10/31/1992	M1819	LEGAL SERVICES 10/92	1,260.00
02/93	02/93	S0851	S W R INC		11/30/1992	2-06-04	RECLASS TO 1357-BPO	1,260.00-
02/93	02/93	S0851	S W R INC		11/30/1992	2-06-04	RECLASS TO 1357-BPO	96.68-
		540-000	LAND & LEGAL SERVICES			CURRENT PERIOD		.00 *
542-000	ROAD & LOCATION							
12/92	11/92	H0959	HOWARD HOWELL		11/20/1992	M1818	LOCATION-1130 YRDS CALICHE	3,831.36
02/93	02/93	S0851	S W R INC		11/30/1992	2-06-04	RECLASS TO 1357-BPO	3,831.36-
		542-000	ROAD & LOCATION			CURRENT PERIOD		.00 *
544-000	CASING CREWS							
12/92	12/92	MA800	MATADOR CASING		11/22/1992	07920	CASING CREW EXPENSE	2,724.84

SOUTHWEST ROYALTIES, INC.

LEASE HISTORY EXP / REV REPORT BY WELL

For Leases: 1357 thru 1357-ZZZ For Accounting Dates ALL For Accounts ALL
Current Lease: 1357-OIL DAGGER DRAW A #1 Current Account: 544-000 CASING CREWS

ACCT.	PROD/	--PURCHASER/VENDOR--	PROD UNIT	VOLUME	GROSS	TAX	HANDLING	WPT	NET
DATE	POST	NUMBER NAME	PRICE	SVC DATE	INVOICE #	DESCRIPTION			
02/93	02/93	S0851 S W R INC		12/31/1992	2-06-04	RECLASS TO 1357-BPO			2,724.84-
		544-000 CASING CREWS				CURRENT PERIOD			.00 *
545-000 CEMENT & SERVICES									
12/92	11/92	S0836 SOUTHEAST READY		11/07/1992	1903	CEMENT, SERV. & RELATED EQUIP.			353.62
12/92	12/92	M1080 MICA TOOL & TUR		11/20/1992	3872	CEMENT, SERV. & RELATED EQUIP.			1,438.50
12/92	12/92	J1615 JIM'S WATER SER		11/22/1992	061286	CEMENT, SERV. & RELATED EQUIP.			520.36
02/93	02/93	S0851 S W R INC		12/31/1992	2-06-04	RECLASS TO 1357-BPO			520.36-
02/93	02/93	S0851 S W R INC		12/31/1992	2-06-04	RECLASS TO 1357-BPO			353.62-
02/93	02/93	S0851 S W R INC		12/31/1992	2-06-04	RECLASS TO 1357-BPO			1,438.50-
		545-000 CEMENT & SERVICES				CURRENT PERIOD			.00 *
546-000 DRILLING-FOOTAGE									
12/92	12/92	PE802 PETERSON DRILLI		11/23/1992	100661	DRILLING CONTRACTOR-FOOTAGE			17,042.01
02/93	02/93	S0851 S W R INC		12/31/1992	2-06-04	RECLASS TO 1357-BPO			17,042.01-
		546-000 DRILLING-FOOTAGE				CURRENT PERIOD			.00 *
547-000 DRILLING-DAYWORK									
12/92	12/92	PE802 PETERSON DRILLI		11/23/1992	100661	DRILLING CONTRACTOR-DAYWORK			120,446.26
02/93	02/93	S0851 S W R INC		12/31/1992	2-06-04	RECLASS TO 1357-BPO			120,446.26-
		547-000 DRILLING-DAYWORK				CURRENT PERIOD			.00 *
550-000 LOGGING-WIRELINE									
12/92	11/92	BP600 B.P.B. INSTRUME		11/20/1992	00012014	ACOUSTICAL TESTING			9,087.45
12/92	11/92	SU660 SUTTLES LOGGING		11/25/1992	1828F2	HYDROCARBON WELL LOGGING			1,766.65
02/93	02/93	S0851 S W R INC		11/30/1992	2-06-04	RECLASS TO 1357-BPO			9,087.45-
02/93	02/93	S0851 S W R INC		11/30/1992	2-06-04	RECLASS TO 1357-BPO			1,766.65-
		550-000 LOGGING-WIRELINE				CURRENT PERIOD			.00 *
551-000 POWER, FUEL & WATER									
12/92	12/92	SC860 SCURLOCK PERMIA		11/19/1992	11-02431	DRILLING FLUID			2,459.93
12/92	12/92	SC860 SCURLOCK PERMIA		11/03/1992	11-02426	DRILLING FLUID			123.00
12/92	12/92	SC860 SCURLOCK PERMIA		11/19/1992	11-02427	DRILLING FLUID			2,459.93
12/92	12/92	SC860 SCURLOCK PERMIA		11/19/1992	11-02430	DRILLING FLUID			2,459.93
12/92	12/92	SC860 SCURLOCK PERMIA		11/24/1992	11-02490	DRILLING FLUID			614.98
12/92	12/92	SC860 SCURLOCK PERMIA		11/19/1992	11-02429	DRILLING FLUID			2,459.93
12/92	12/92	SC860 SCURLOCK PERMIA		11/19/1992	11-02433	DRILLING FLUID			1,475.96
12/92	12/92	SC860 SCURLOCK PERMIA		11/19/1992	11-02432	DRILLING FLUID			2,459.93
12/92	12/92	SC860 SCURLOCK PERMIA		11/23/1992	11-02450	DRILLING FLUID			368.99
12/92	12/92	SC860 SCURLOCK PERMIA		11/19/1992	11-02428	DRILLING FLUID			2,459.93
02/93	02/93	S0851 S W R INC		12/31/1992	2-06-04	RECLASS TO 1357-BPO			1,475.96-
02/93	02/93	S0851 S W R INC		12/31/1992	2-06-04	RECLASS TO 1357-BPO			2,459.93-
02/93	02/93	S0851 S W R INC		12/31/1992	2-06-04	RECLASS TO 1357-BPO			123.00-
02/93	02/93	S0851 S W R INC		12/31/1992	2-06-04	RECLASS TO 1357			2,459.93-
02/93	02/93	S0851 S W R INC		12/31/1992	2-06-04	RECLASS TO 1357-BPO			2,459.93-
02/93	02/93	S0851 S W R INC		12/31/1992	2-06-04	RECLASS TO 1357-BPO			2,459.93-
02/93	02/93	S0851 S W R INC		12/31/1992	2-06-04	RECLASS TO 1357-BPO			614.98-
02/93	02/93	S0851 S W R INC		12/31/1992	2-06-04	RECLASS TO 1357-BPO			2,459.93-
02/93	02/93	S0851 S W R INC		12/31/1992	2-06-04	RECLASS TO 1357-BPO			2,459.93-

SOUTHWEST ROYALTIES, INC.

LEASE HISTORY EXP / REV REPORT BY WELL

For Leases: 1357 thru 1357-ZZZ For Accounting Dates ALL For Accounts ALL
 Current Lease: 1357-OIL DAGGER DRAW A #1 Current Account: 551-000 POWER, FUEL & WATER

ACCT.	PROD/	--PURCHASER/VENDOR--	PROD UNIT	VOLUME	GROSS	TAX	HANDLING	WPT	NET
DATE	POST	NUMBER	NAME	PRICE	SVC DATE	INVOICE #	DESCRIPTION		
02/93	02/93	S0851	S W R INC		12/31/1992	2-06-04	RECLASS TO 1357-BPO		368.99-
			551-000	POWER, FUEL & WATER			CURRENT PERIOD		.00 *
552-000 DRILLING MUD & CHEMICALS									
12/92	12/92	MU200	MUD-TECH, INC.		11/21/1992	11-026	DRILLING MUD & CHEMICALS		385.21
12/92	12/92	MU200	MUD-TECH, INC.		11/22/1992	11-027	CREDIT - 51		567.85-
02/93	02/93	S0851	S W R INC		12/31/1992	2-06-04	RECLASS TO 1357-BPO		385.21-
02/93	02/93	S0851	S W R INC		12/31/1992	2-06-04	RECLASS TO 1357-BPO		567.85-
			552-000	DRILLING MUD & CHEMICALS			CURRENT PERIOD		.00 *
556-000 EQUIPMENT RENTAL									
12/92	12/92	RI611	RIO TANKS, INC.		12/09/1992	12-124	RENTAL OF EQUIPMENT		674.56
12/92	12/92	CA570	CALLAWAY SAFETY		11/24/1992	23236	RENTAL OF EQUIPMENT		1,451.74
12/92	12/92	BE610	BENNETT PIPE RE		11/07/1992	112	RENTAL OF EQUIPMENT		613.86
12/92	12/92	MA800	MATADOR CASING		11/21/1992	07940	RENTAL OF EQUIPMENT		862.03
01/93	12/92	TW440	TWO-STATE TANK		11/30/1992	19879	RENTAL-FRAC TANKS		3,264.17
02/93	02/93	S0851	S W R INC		12/31/1992	2-06-04	RECLASS TO 1357-BPO		674.56-
02/93	02/93	S0851	S W R INC		12/31/1992	2-06-04	RECLASS TO 1357-BPO		862.03-
02/93	02/93	S0851	S W R INC		12/31/1992	2-06-04	RECLASS TO 1357-BPO		3,264.17-
02/93	02/93	S0851	S W R INC		12/31/1992	2-06-04	RECLASS TO 1357-BPO		1,451.74-
02/93	02/93	S0851	S W R INC		12/31/1992	2-06-04	RECLASS TO 1357-BPO		613.86-
			556-000	EQUIPMENT RENTAL			CURRENT PERIOD		.00 *
558-000 CONTRACT LABOR									
12/92	12/92	SU652	SUPERIOR WELDIN		11/23/1992	006528	WELDING CONTRACT LABOR		134.56
12/92	12/92	MA800	MATADOR CASING		11/22/1992	07915	CONTRACT LABOR		1,449.67
12/92	12/92	F0765	FORKLIFT ENTERP		11/30/1992	35763	CONTRACT LABOR		585.27
02/93	02/93	S0851	S W R INC		12/31/1992	2-06-04	RECLASS TO 1357-BPO		1,449.67-
02/93	02/93	S0851	S W R INC		12/31/1992	2-06-04	RECLASS TO 1357-BPO		585.27-
02/93	02/93	S0851	S W R INC		12/31/1992	2-06-04	RECLASS TO 1357-BPO		134.56-
			558-000	CONTRACT LABOR			CURRENT PERIOD		.00 *
559-000 TRUCKING & HAULING									
12/92	12/92	F0765	FORKLIFT ENTERP		11/21/1992	35644	TRANSPORTATION OF CASING		495.83
02/93	02/93	S0851	S W R INC		12/31/1992	2-06-04	RECLASS TO 1357-BPO		495.83-
			559-000	TRUCKING & HAULING			CURRENT PERIOD		.00 *
INTANGIBLE DEV COSTS-BCP-DRLG									
							CURRENT PERIOD		.00 *
INTANG. DEV.COSTS-ACP-COMPLETN									
642-000 ROAD & LOCATION									
12/92	12/92	F0765	FORKLIFT ENTERP		11/28/1992	35745	ROAD & LOCATION-GRAVEL		484.63
02/93	02/93	S0851	S W R INC		12/31/1992	2-06-04	RECLASS TO 1357-BPO		484.63-
			642-000	ROAD & LOCATION			CURRENT PERIOD		.00 *
651-000 POWER, FUEL & WATER									
12/92	12/92	J1615	JIM'S WATER SER		12/03/1992	061442	COMPLETION FLUID		1,980.03
12/92	12/92	J1615	JIM'S WATER SER		11/30/1992	061361	DRILLING FLUID		193.43

SOUTHWEST ROYALTIES, INC.

LEASE HISTORY EXP / REV REPORT BY WELL

For Leases: 1357 thru 1357-ZZZ For Accounting Dates ALL

For Accounts ALL

Current Lease: 1357-OIL DAGGER DRAW A #1

Current Account: 651-000 POWER, FUEL & WATER

ACCT.	PROD/	--PURCHASER/VENDOR--	PROD UNIT	VOLUME	GROSS	TAX	HANDLING	WPT	NET
DATE	POST	NUMBER	NAME	PRICE	SVC DATE	INVOICE #	DESCRIPTION		
12/92	12/92	J1615	JIM'S WATER SER		12/01/1992	061459	COMPLETION FLUIDS		1,100.13
02/93	02/93	S0851	S W R INC		12/31/1992	2-06-04	RECLASS TO 1357-BPO		1,100.13-
02/93	02/93	S0851	S W R INC		12/31/1992	2-06-04	RECLASS TO 1357-BPO		1,980.03-
02/93	02/93	S0851	S W R INC		12/31/1992	2-06-04	RECLASS TO 1357-BPO		193.43-
			651-000 POWER, FUEL & WATER				CURRENT PERIOD		.00 *
654-000			SUPERVISION						
02/93	01/93	SM436	KENNY SMITH		12/09/1992	20393	DIRECT CHARGES 1/93		91.32
03/93	02/93	S0851	S W R INC		12/01/1992	2-06-14	KENNY SMITH 1/93-DIRECT LABOR		91.32-
			654-000 SUPERVISION				CURRENT PERIOD		.00 *
656-000			EQUIPMENT RENTAL						
12/92	12/92	F0765	FORKLIFT ENTERP		12/02/1992	35894	RENTAL OF EQUIPMENT		525.63
02/93	02/93	S0851	S W R INC		12/31/1992	2-06-04	RECLASS TO 1357-BPO		525.63-
			656-000 EQUIPMENT RENTAL				CURRENT PERIOD		.00 *
658-000			CONTRACT LABOR						
01/93	12/92	WA372	WAGGONER WELDIN		01/22/2092	008690	ROUSTABOUT CONTRACT LABOR		676.64
02/93	02/93	S0851	S W R INC		12/31/1992	2-06-04	RECLASS TO 1357-BPO		676.64-
			658-000 CONTRACT LABOR				CURRENT PERIOD		.00 *
676-000			PERFORATING/LOGGING						
12/92	12/92	AC299	ACE PERFORATORS		12/02/1992	4477	PERFORATING/LOGGING		2,800.00
02/93	02/93	S0851	S W R INC		12/31/1992	2-06-04	RECLASS TO 1357-BPO		2,800.00-
			676-000 PERFORATING/LOGGING				CURRENT PERIOD		.00 *
683-000			SWD- PIPELINE & TRUCK						
01/93	12/92	IW815	I W INC.		12/23/1992	46445	SWD KILL TRUCK		488.83
02/93	02/93	S0851	S W R INC		12/31/1992	2-06-04	RECLASS TO 1357-BPO		488.83-
			683-000 SWD- PIPELINE & TRUCK				CURRENT PERIOD		.00 *
			INTANG. DEV.COSTS-ACP-COMPLETN				CURRENT PERIOD		.00 *
LEASE OPERATING COSTS									
754-000			SUPERVISION						
02/93	02/93	S0851	S W R INC		01/31/1993	2-06-04	SM436:DIRECT CHARGES 1/93		91.32
02/93	02/93	PE756	AL PERRY		01/31/1993		SUPERVISION 1/93		111.69
02/93	02/93	PE756	AL PERRY		01/31/1993		INDIRECT EXP 1/93		21.92
02/93	02/93	PE756	AL PERRY		01/31/1993		SUPERVISION 1/93		37.32-
03/93	03/93	PE756	AL PERRY		02/28/1993		SUPERVISION 2/93		46.07
03/93	03/93	PE756	AL PERRY		02/28/1993		INDIRECT EXP 2/93		8.39
			754-000 SUPERVISION				CURRENT PERIOD		242.07 *
755-000			OVERHEAD						
03/93	03/93	S0851	S W R INC		02/28/1993		OVERHEAD 2/93		500.00
			755-000 OVERHEAD				CURRENT PERIOD		500.00 *
783-000			SWD-PIPELINE & TRUCK						

SOUTHWEST ROYALTIES, INC.

LEASE HISTORY EXP/REV REPORT BY WELL

For Leases: 1357 thru 1357-222 For Accounting Dates ALL For Accounts ALL
Current Lease: 1357-OIL DAGGER DRAW A #1 Current Account: 783-000 SWD-PIPELINE & TRUCK

ACCT. DATE	PROD/ POST	--PURCHASER/VENDOR-- NUMBER NAME	PROD UNIT PRICE	VOLUME SVC DATE	GROSS INVOICE #	TAX DESCRIPTION	HANDLING	WPT	NET
02/93	02/93	S0851 S W R INC		01/25/1993	2-06-04	JI615:DISPOSAL OF SALT WATER			1,220.50
02/93	02/93	S0851 S W R INC		01/31/1993	2-06-06	OVERHEAD 1/93			500.00
03/93	02/93	H0959 HOWARD HOWELL		01/15/1993	22593	MIN PYMT FOR DISPOSAL OF S/W			833.33
03/93	03/93	S0851 S W R INC		02/01/1993	3-02-24	JULIE SWD 2/93, 10270BBLs			4,621.50
03/93	03/93	S0851 S W R INC		02/25/1993	3-06-11	RECLASS CHARGES TO JULIE #1			833.33-
		783-000 SWD-PIPELINE & TRUCK				CURRENT PERIOD			6,342.00 *
786-000 ELECTRICITY									
02/93	01/93	CE624 CENTRAL VALLEY		01/31/1993	5596	ELECTRICITY 01/12-01/18			261.82
03/93	02/93	CE624 CENTRAL VALLEY		02/28/1993	5596	ELECTRICITY 01/18-02/17			660.20
		786-000 ELECTRICITY				CURRENT PERIOD			922.02 *
787-000 INSURANCE-GENERAL LIABILITY									
02/93	02/93	S0851 S W R INC		02/01/1993		G/L INSURANCE 2/93			4.89
03/93	03/93	S0851 S W R INC		03/01/1993		G/L INSURANCE 3/93			4.92
		787-000 INSURANCE-GENERAL LIABILITY				CURRENT PERIOD			9.81 *
788-000 INSURANCE - WORKMEN'S COMP.									
03/93	03/93	S0851 S W R INC		11/15/1992		W/C AUDIT MAY-NOV 92			2.48
		788-000 INSURANCE - WORKMEN'S COMP.				CURRENT PERIOD			2.48 *
LEASE OPERATING COSTS						CURRENT PERIOD			8,018.38 *
PHASE/WELL TOTALS:						CURRENT REVENUE			.00 *
						CURRENT EXPENSES			8,018.38 *
						CURRENT NET			8,018.38-*
LEASE TOTALS:						CURRENT REVENUE			.00 *
						CURRENT EXPENSES			612,953.05 *
						CURRENT NET			612,953.05-*
REPORT TOTALS:						CURRENT REVENUE			.00 *
						CURRENT EXPENSES			612,953.05 *
						CURRENT NET			612,953.05-*

SOUTHWEST ROYALTIES, INC.

B I L L A B L E D E T A I L L I S T I N G B Y L E A S E

FOR THE PERIOD ALL DATES

FIRST LEASE THIS PAGE 1357-BPO DAGGER DRAW A #1

POST DATE	INVOICE DATE	REFERENCE	VENDOR	DESCRIPTION	SOURCE	DOC #	INVOICE AMOUNT	BILLABLE AMOUNT	BILLABLE DDI
1357-BPO DAGGER DRAW A #1									
410-000 FITTINGS									
03/31/93	NONE	3-04-22		MT1425:1-C-V GATE VALVE	JE	1425	300.00-	300.00-	1.00000000
03/31/93	NONE	3-04-22		MT1425:1-OCT GATE VALVE	JE	1425	300.00-	300.00-	1.00000000
TOTAL FITTINGS							600.00-*	600.00-*	
411-000 PUMPING EQUIP & PRIME MOVER									
03/31/93	NONE	3-04-22		MT818:1 AMERICAN PMPG UNIT	JE	818	18,000.00	18,000.00	1.00000000
TOTAL PUMPING EQUIP & PRIME MOVER							18,000.00 *	18,000.00 *	
651-000 POWER, FUEL & WATER									
04/06/93	03/30/93	10309	KY100	ELECTRICAL REPAIRS	AP	315662	654.41	654.41	1.00000000
TOTAL POWER, FUEL & WATER							654.41 *	654.41 *	
PHASE WELL BPO TOTAL							18,054.41 **	18,054.41 **	
1357-OIL DAGGER DRAW A #1									
786-000 ELECTRICITY									
03/31/93	03/31/93	5596	CE624	ELECTRICITY 02/17-03/19	AP	315396	743.45	743.45	1.00000000
TOTAL ELECTRICITY							743.45 *	743.45 *	
789-000 PUMPING-CONTRACT									
03/25/93	01/01/93	JAN 93	HO400	PUMPING-CONTRACT 01/93	AP	314258	125.00	125.00	1.00000000
03/25/93	02/01/93	FEB 93	HO400	PUMPING-CONTRACT 02/93	AP	314259	250.00	250.00	1.00000000
03/25/93	03/01/93	MAR 93	HO400	PUMPING-CONTRACT 03/93	AP	314260	250.00	250.00	1.00000000
TOTAL PUMPING-CONTRACT							625.00 *	625.00 *	
PHASE WELL OIL TOTAL							1,368.45 **	1,368.45 **	
LEASE 1357 TOTAL							19,422.86 **	19,422.86 **	

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

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

**CASE NO. 11240
Order No. R-9673-B**

**APPLICATION OF CONOCO INC. TO REOPEN
CASE NOS. 10471 AND 10560 TO VACATE
THE COMPULSORY POOLING PROVISIONS OF
ORDER NO. R-9673-A AND FOR THE CREATION
OF TWO NON-STANDARD 80-ACRE SPACING
AND PRORATION UNITS INCLUDING THE
ASSIGNMENT OF APPROPRIATE ALLOWABLES,
EDDY COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on April 6, 1995, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 24th day of April, 1995, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) By Order No. R-9673 issued in Case No. 10471 on May 6, 1992, the Division, upon application of Southwest Royalties, Inc. (Southwest), pooled all mineral interests from the surface to the base of the Canyon formation underlying the NE/4 of Section 17, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico, forming a standard 160-acre spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent, which included the North Dagger Draw-Upper Pennsylvanian Pool. Said unit was to be dedicated to a well to be drilled at a standard location within the SW/4 NE/4 (Unit G) of Section 17.

(3) The interests effectively pooled by said Order No. R-9673 included an 85.75 percent interest, more or less, owned by Conoco Inc. (Conoco) and a 1.75 percent interest, more or less, owned by Martha L. (Scarlett) Nunes, whom the applicant could not locate. Both parties failed to join within the notice period and were deemed to have elected not to participate in the well.

(4) On July 17, 1992, Southwest commenced the drilling of its Dagger Draw Well No. 1 at a standard location 660 feet from the North line and 1980 feet from the East line (Unit B) of Section 17, rather than in Unit G as authorized by Order No. R-9673.

(5) Conoco objected to the relocation of the well from Unit G to Unit B and on August 25, 1992, filed a competing compulsory pooling application (Case No. 10560). Such application sought the pooling of the NE/4 of Section 17, said unit to be dedicated to the Dagger Draw Well No. 1. Included in the application was a request by Conoco to be named operator of the subject well and unit.

(6) On August 14, 1992, Southwest filed an application to reopen Case No. 10471 to request that Division Order No. R-9673 be amended to authorize the change in well location from Unit G to Unit B.

(7) Both Case Nos. 10471 (Reopened) and 10560 were originally scheduled to be heard on September 17, 1992.

(8) Prior to the hearing on September 17, 1992 in Case Nos. 10471 (Reopened) and Case No. 10560, Southwest and Conoco signed a written settlement of the matters in dispute, which, among other things, authorized Conoco to assume operations on the Dagger Draw Well No. 1 and to proceed with completion efforts. The agreement further contained a provision whereby Southwest was allowed to commence drilling a second well, the Dagger Draw "A" Well No. 1 at a standard location in Unit G of Section 17.

(9) The settlement between Southwest and Conoco contemplated joint operators of the spacing unit with Conoco developing the N/2 of the spacing unit and Southwest developing the S/2.

(10) The Division held such a settlement would be inconsistent with the established practice of the Division to not have joint operators within a single spacing unit.

(11) Case No. 10471 (Reopened) was heard on November 24, 1992. Case No. 10560 was dismissed at the request of Conoco at the hearing on February 18, 1993.

(12) On November 24, 1992, the Division issued Order No. R-9673-A in Case No. 10471 (Reopened).

(13) Division Order No. R-9673-A effectively:

- a) superseded Division Order No. R-9673;
- b) pooled all mineral interests from the surface to the base of the Canyon formation underlying the NE/4 of Section 17, Township 19 South, Range 25 East, NMPM, North Dagger Draw-Upper Pennsylvanian Pool, Eddy County, New Mexico, forming a standard 160-acre spacing and proration unit for said pool. Said unit to be dedicated to the Southwest Royalties, Inc. Dagger Draw "A" Well No. 1 to be drilled at a standard oil well location 1650 feet from the North line and 1880 feet from the East line (Unit G) of Section 17;
- c) designated Southwest Royalties, Inc. as the operator of the Dagger Draw "A" Well No. 1 and required that the drilling of said well be commenced prior to December 31, 1992;
- d) authorized Conoco to temporarily operate the Dagger Draw Well No. 1 (redesignated the Julie Well No. 2). The well was assigned a temporary test allowable of 100 percent of a standard 160-acre allowable until such time as the Dagger Draw "A" Well No. 1 is in actual production. The allowable assigned to each well subsequent to that time was set at 50 percent of the standard 160-acre allowable for a period of not more than 90 days following first production from the Dagger Draw "A" Well No. 1;
- e) required that Case No. 10471 be reopened at such time as the Julie Well No. 2 and the Dagger Draw "A" Well No. 1 are completed and have been tested in order to resolve or otherwise consider the following issues:
 - 1) the pooling of the NE/4 of Section 17 with regards to the Julie Well No. 2;
 - 2) the assignment of an appropriate allowable to both the Julie Well No. 2 and the Dagger Draw "A" Well No. 1;
 - 3) a determination of whether the spacing unit should be subdivided into two 80-acre non-standard spacing and proration units consisting of the N/2 and S/2 of the NE/4 of Section 17 and the appropriate allocation of allowable;
 - 4) the rights, remedies and obligations to and from Martha L. (Scarlett) Nunes;

- 5) designation of an operator and/or sub-operator(s) for the spacing unit and subject wells;
- 6) appropriate amendments to the subject order to accommodate Conoco's operation of the spacing unit for the Julie Well No. 2; and,
- 7) if necessary, appropriate amendments to the subject order to modify the pooling to create two non-standard 80-acre spacing and proration units.

(14) The applicant in the immediate case, Conoco Inc., seeks to reopen Case No. 10471 and 10560, pursuant to the provisions of Division Order No. R-9673-A, to vacate the compulsory pooling provisions thereof and to create two non-standard 80-acre spacing and proration units consisting of the N/2 and S/2 of the NE/4 of Section 17 for production from the North Dagger Draw-Upper Pennsylvanian Pool, including the assignment of appropriate allowables, designation of operators, and other matters pertinent to this case. The applicant further seeks to establish the proposed non-standard proration units retroactive to the date of first production from the subject wells.

(15) Southwest Royalties, Inc. appeared through legal counsel at the hearing.

(16) At the commencement of proceedings in this case, Conoco, by agreement with Southwest, requested that the portion of its application seeking to reopen Case No. 10560 and to vacate the pooling provisions of Division Order No. R-9673-A be dismissed.

(17) Conoco's request is based upon Southwest's contention that regardless of the ultimate outcome of Conoco's application to establish two non-standard proration units, there are interest owner(s) in the NE/4 that are still subject to the forced pooling provisions of Order No. R-9673-A.

(18) Conoco's request to dismiss the portion of its application seeking to reopen Case No. 10560 and to vacate the pooling provisions of Division Order No. R-9673-A should be granted.

(19) The remaining issues to be considered in this case appear to be Conoco's request to establish two non-standard 80-acre proration units and the assignment of allowables to such units.

(20) Division records indicate that completion operations on the Julie Well No. 2 were concluded by Conoco on or about August 6, 1992. The well IP'd on December 22, 1992 for 369 barrels of oil, 48 barrels of water and 532 MCF gas per day. On February 15, 1993, the supervisor of the Division's Artesia District Office approved Conoco's Division Form C-104 (Request for Allowable and Authorization to Transport Oil and Natural Gas) for the Julie Well No. 2.

(21) Division records further indicate that the Dagger Draw "A" Well No. 1 was spudded by Southwest on November 5, 1992. The well was completed in the North Dagger Draw-Upper Pennsylvanian Pool on or about December 2, 1992. The well IP'd on January 26, 1993 for 30 barrels of oil, 292 barrels of water and 34 MCF gas per day. On February 22, 1993, the supervisor of the Division's Artesia District Office approved Southwest's Division Form C-104 for the Dagger Draw "A" Well No. 1.

(22) According to production information supplied to the Division subsequent to the hearing, as of February 1, 1995, the Julie Well No. 2 had cumulatively produced approximately 104,331 barrels of oil. As of February 1, 1995, the Dagger Draw "A" Well No. 1 had cumulatively produced approximately 73,430 barrels of oil.

(23) As per the terms of Division Order No. R-9673-A, the temporary allowable assigned to the Julie Well No. 2 should have been approximately 37,100 barrels of oil and such allowable should have terminated on or about May 22, 1993. The temporary allowable assigned to the Dagger Draw "A" Well No. 1 should have been approximately 31,500 barrels of oil and such allowable should have also terminated on or about May 22, 1993.

(24) The Julie Well No. 2 is overproduced in the North Dagger Draw-Upper Pennsylvanian Pool in the amount of approximately 67,231 barrels of oil. In addition the Julie Well No. 2 has produced in violation of the terms of Division Order No. R-9673-A for a period of approximately twenty-three months. The Dagger Draw "A" Well No. 1 is overproduced in the North Dagger Draw-Upper Pennsylvanian Pool in the amount of approximately 41,930 barrels of oil. In addition, the Dagger Draw "A" Well No. 1 has produced in violation of the terms of Division Order No. R-9673-A for a period of approximately twenty-three months.

(25) Mr. Jerry Hoover, Regulatory Affairs Specialist for Conoco, testified that Case No. 10471 was not reopened at the proper time pursuant to the provisions of Division Order No. R-9673-A due to inadvertence.

(26) It does not appear that correlative rights were violated as a result of the violation of the terms of Division Order No. R-9673-A, however, such action represents a violation nonetheless, and this matter should be turned over to the Division Director to consider the possible institution of fines and/or penalties against both Conoco and Southwest.

(27) Apart from the issue of the violation of Division Order No. R-9673-A, it appears from the evidence and testimony presented that the best way to resolve this long-standing issue is to establish the proposed non-standard proration units.

(28) According to applicant's testimony, and a statement by Southwest, approval of the proposed non-standard proration units will not have an adverse affect on any interest owner in either proration unit, inasmuch as these interest owners have been treated as if the non-standard units were in existence since date of first production from each of the subject wells.

(29) Conoco has acquired the interest of Martha L. (Scarlett) Nunes within the NE/4 of Section 17.

(30) The amendment of Division Order No. R-9673-A in order to provide for the pooling of all mineral interests from the surface to the base of the Canyon formation underlying the S/2 NE/4 of Section 17, Township 19 South, Range 25 East, NMPM. Eddy County, New Mexico, thereby forming a non-standard 80-acre spacing and proration unit to be dedicated to the Dagger Draw "A" Well No. 1 is consistent with the decision in this case and will not have an adverse affect on any interest owner in the subject proration unit.

(31) Establishment of the proposed non-standard proration units and corresponding allowables retroactive to the date of first production from each of the subject wells should not have an adverse affect on any interest owner or offset operator within or offsetting the subject proration units.

(32) The applicant proposed that the allowable for the subject non-standard proration units be assigned on the basis of an agreement reached between Conoco and Southwest and further identified and described on Exhibit "A" attached hereto.

(33) The proposed allowable agreement is reasonable and protects the correlative rights of all interest owners and offset operators and should be adopted.

(34) The applicant should request any allowable change from the supervisor of the Division's Artesia District Office upon presentation of proposed allowables signed and agreed to by representatives of both Conoco and Southwest.

(35) Until such time as the allowable is changed as per the allowable agreement, each of the subject non-standard proration units should be assigned an allowable of 350 barrels of oil per day.

IT IS THEREFORE ORDERED THAT:

(1) A non-standard 80-acre spacing and proration unit comprising the N/2 NE/4 of Section 17, Township 19 South, Range 25 East, NMPM, North Dagger Draw-Upper Pennsylvanian Pool, Eddy County, New Mexico, is hereby established and dedicated to the Conoco Inc. Julie Well No. 2 (API No. 30-015-27047) (formerly known as the Dagger Draw Well No. 1) located at a standard oil well location 660 feet from the North line and 1980 feet from the East line (Unit B) of Section 17.

(2) A non-standard 80-acre spacing and proration unit comprising the S/2 NE/4 of Section 17, Township 19 South, Range 25 East, NMPM, North Dagger Draw-Upper Pennsylvanian Pool, Eddy County, New Mexico, is hereby established and dedicated to the Southwest Royalties, Inc. Dagger Draw "A" Well No. 1 (API No. 30-015-27159) located at a standard oil well location 1650 feet from the North line and 1880 feet from the East line (Unit G) of Section 17.

(3) The subject non-standard spacing and proration units and corresponding allowables are hereby established and assigned retroactive to the date of first production from the Julie Well No. 2 and the Dagger Draw "A" Well No. 1, those dates being February 15, 1993 and February 22, 1993, respectively.

(4) Decretory Paragraph No. (2) of Division Order R-9673-A is hereby amended to be consistent with this order as follows:

" (2) All mineral interests, whatever they may be, from the surface to the base of the Canyon formation underlying the S/2 NE/4 of Section 17, Township 19 South, Range 25 East, NMPM, North Dagger Draw-Upper Pennsylvanian Pool, Eddy County, New Mexico, are hereby pooled to form an 80-acre non-standard spacing and proration unit for said pool. Said unit shall be dedicated to the Southwest Royalties, Inc. Dagger Draw "A" Well No. 1 located at a standard oil well location 1650 feet from the North line and 1880 feet from the East line (Unit G) of said Section 17."

(5) Allowables for the subject non-standard proration units shall be assigned in conformance with the allowable agreement described on Exhibit "A" attached hereto, provided however, the total of such allowable assigned to the subject non-standard proration units shall not exceed 700 barrels of oil per day.

(6) Until such time as the allowable is changed as per the allowable agreement, each of the subject non-standard proration units shall be assigned an allowable of 350 barrels of oil per day.

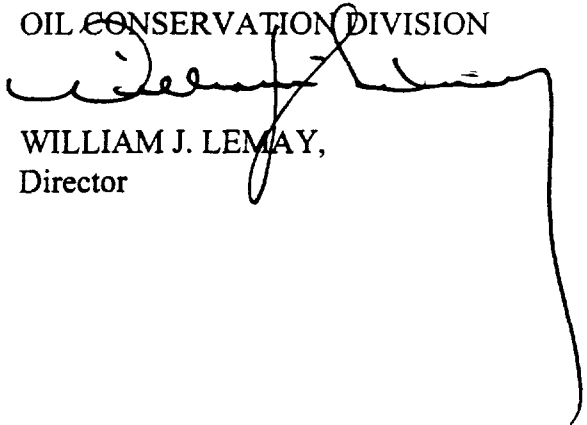
(7) The applicant shall request any allowable change from the supervisor of the Division's Artesia District Office upon presentation of proposed allowables signed and agreed to by representatives of both Conoco and Southwest.

(8) The portions of Conoco's application in this case seeking to reopen Case No. 10560 and to vacate the pooling provisions of Division Order No. R-9673-A are hereby dismissed.

(9) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY,
Director

S E A L

EXHIBIT "A"
DIVISION ORDER NO. R-9673-B
CASE NO. 11240
ALLOWABLE ASSIGNMENT FORMULA
FOR THE
NE/4, SECTION 17, TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMPM
EDDY COUNTY, NEW MEXICO

Based upon the Special Rules and Regulations for the North Dagger Draw-Upper Pennsylvanian Pool which include:

- a) 160-acre standard proration units
- b) 700 barrels per day oil allowable per standard proration unit.

Allowable assignment between the two 80-acre non-standard proration units comprising the N/2 NE/4 and S/2 NE/4 shall be determined as follows:

- 1) As long as both 80-acre NSPU's are not capable of producing and reporting production in excess of 350 BOPD, each NSPU shall be assigned an oil allowable of 350 BOPD;
- 2) As long as both 80-acre NSPU's are capable of producing and reporting production in excess of 350 BOPD, each NSPU shall be assigned an oil allowable of 350 BOPD;
- 3) If normal daily production for either NSPU naturally declines to the point that it is not capable of producing its 350 BOPD allowable, the other NSPU will have the option of increasing its producing rate to take advantage of the unused portion of the total standard allowable of 700 BOPD for a 160-acre unit;
- 4) If (following the occurrence of No. (3) above), operational problems are solved, and/or remedial work on the well(s) is conducted, and/or more efficient artificial lift equipment is installed, and/or additional wells are drilled which increases production, then the NSPU conducting such work will be allowed to maximize its production:
 - a) Up to its one-half (1/2) share of the total allowable, if the other NSPU can produce in excess of its one-half (1/2) share of the total allowable, or
 - b) In excess of its one-half (1/2) share of the total allowable, if the other NSPU cannot produce its one-half (1/2) share of the total allowable and has unused allowable such that the combined production from both NSPU's does not exceed the total allowable for a standard 160-acre proration unit.

The current producing scenario is described by No. (1) above and is the most likely scenario to continue throughout the lives of these two 80-acre non-standard proration units. However, should the drilling of additional wells or the workovers of existing wells significantly change the producing capability of either or both of these NSPU's, the other three scenarios will provide a means of ensuring fair and efficient recovery for both units.