



SOUTHWEST ROYALTIES

SOUTHWEST ROYALTIES, INC.
Southwest Royalties Building
N. Big Spring, Midland, TX. 79701-4326
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February 13, 2002

Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 St. Francis Dr.
Santa Fe, New Mexico 87505

RE: *Application of Southwest Royalties, Inc for Administrative Approval of a Non-Standard Drilling location for the Julie Com. Well No. 1 at a surface point of 1980 feet from the North line and 990 feet from the East line and a bottom hole location of 1650 feet from the North line and 330 feet from the East line of Section 17, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico.*

Dear Ms. Wrotenbery

Southwest Royalties, Inc. hereby seeks administrative approval of a non-standard 40 acre drilling location for its Julie Com. Well No. 1 is to be re-completed in the North Dagger Draw (Upper Penn) North pool at a surface location 1980 feet from the North line and 990 feet from the East line and a bottom hole location of 1650 feet from the North line and 330 feet from the East line of Section 17, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico.

Attached hereto as Exhibit A is a plat that shows the 40-acre spacing unit comprising the SE/NE/4 of Section 17, Township 19 South, Range 35 East and the operators of offsetting tracts which are not operated by Southwest Royalties Inc. Exhibit B is a copy of the Oil Conservation Division Form C-102 which shows the location of the proposed non-standard well location.