



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON  
Governor  
BETTY RIVERA  
Cabinet Secretary

March 6, 2002

Lori Wrotenbery  
Director  
Oil Conservation Division

Southwest Royalties, Inc.  
P. O. Box 11390  
Midland, Texas 79702-8390

Attention: Bill Keathly  
Agent for Southwest Royalties, Inc.



Re: Administrative application of February 19, 2002 (*application reference No. pKRV0-205137458*) for an unorthodox subsurface oil well location within the North Dagger Draw-Upper Pennsylvanian Pool for Southwest Royalties, Inc.'s existing Julie Com. Well No. 1 (*API No. 30-015-21863*) in the SE/4 NE/4 (Unit H) of Section 17, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico.

Dear Mr. Keathly:

Your application as submitted for the Division's review is incomplete and is hereby **denied**.

You indicate this well is to be dedicated to a 40-acre oil spacing and proration unit within either the "North Dagger Draw (Upper Penn) North pool" or "N. Dagger Draw (Cisco Canyon)". You never indicate the reason why such unorthodox subsurface location is being sought nor provide the required support data. You apparently are not aware that the "North Dagger Draw-Upper Pennsylvanian Pool (15472)" is governed under special rules that require 160-acre acre units. You also failed to mention that the North Dagger Draw-Upper Pennsylvanian Pool underlying the NE/4 of Section 17 was the subject of a rather controversial Examiner proceeding in 1992 and 1995 and how the three orders issued affect your request.

Sincerely,

Michael E. Stogner  
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division - Artesia  
Kathy Valdes, NMOCD - Santa Fe