

30-015-27310 C/SF

**UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT**

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK
DRILL **DEEPEN**

b. TYPE OF WELL
 OIL WELL GAS WELL OTHER SINGLE ZONE MULTIPLE ZONE

2. NAME OF OPERATOR
 Southwest Royalties, Inc.

3. ADDRESS AND TELEPHONE NO.
 (915)686-9927
 P O Box 11390, 407 N. Big Spring, Midland TX 79702

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*
 At surface
 1980' FNL & 1980' FEL, Sec 35, T25S-R29E
 At proposed prod. zone
 Same

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 1980'

16. NO. OF ACRES IN LEASE 480

17. NO. OF ACRES ASSIGNED TO THIS WELL 40

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. First well on Lease 7100'

19. PROPOSED DEPTH 7100'

20. ROTARY OR CABLE TOOLS Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.) GL 3019.7'

22. APPROX. DATE WORK WILL START* 01/20/93

5. LEASE DESIGNATION AND SERIAL NO.
 11M 54290

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME, WELL NO. 35
 North Brushy Draw Fed "35" #1

9. API WELL NO. 7

10. FIELD AND POOL, OR WILDCAT
 Wildcat

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
 Sec 35, T25S-R29E

12. COUNTY OR PARISH Eddy

13. STATE NM

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17 1/2"	J-55 ST&C 13 3/8	54.5#	600'	750 sx circulate to surface
12 1/4"	J-55 ST&C 8 5/8	24# & 32#	3000'	1000 sx circulate to surface
7 7/8"	K-55 ST&C 5 1/2	15.5# & 17#	7100'	1st Stage 300 sx 2nd Stage 450 sx

- Set 40' of 20" conductor and cement to surface.
- Drill 17 1/2" hole to 600', run used inspected 13 3/8" J-55 ST&C 54.5# casing. Cement with 750 sx cement + 2% CaCl + 1/2# flocele. Circulate cement to surface.
- Drill 12 1/4" hole to 3000', run used inspected 8 5/8" J-55 ST&C 24# and 32# casing. Cement with 1000 sx 65/35 Poz 1/2# flocele/sx, tailin with 200 sx Class "H" with 1/2# flocele/sx. Circulate cement to surface.
- Drill 7 7/8" hole to 7100', log open hole, run new 5 1/2" K-55 ST&C 15.5# and 17# casing. Place DV tool at 5400', cement 1st stage with 300 sx 50/50 Poz + 6# salt/sx. Cement 2nd stage with 450 sx 50/50 Poz + 6# salt/sx. Tie into intermediate at 3000'. Run Temp Survey to verify.
- 13 3/8" casing and 8 5/8" casing will be used (Drifted and tested per API specs).

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED Jose Garcia TITLE Agent DATE 12/28/92

(This space for Federal or State office use)

APPROVAL SUBJECT TO

PERMIT NO. GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED APPROVAL DATE _____

Application approval does not constitute a warranty that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon. CONDITIONS OF APPROVAL IF ANY:

APPROVED BY _____ TITLE _____ DATE 2-2-93

*See Instructions On Reverse Side

Submit to Appropriate
 District Office
 State Lease - 4 copies
 Fee Lease - 3 copies

State of New Mexico
 Energy, Minerals and Natural Resources Department

Form C-102
 Revised 1-1-89

OIL CONSERVATION DIVISION

P.O. Box 2088
 Santa Fe, New Mexico 87504-2088

DISTRICT I
 P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
 P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
 1000 Rio Brazos Rd., Artec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

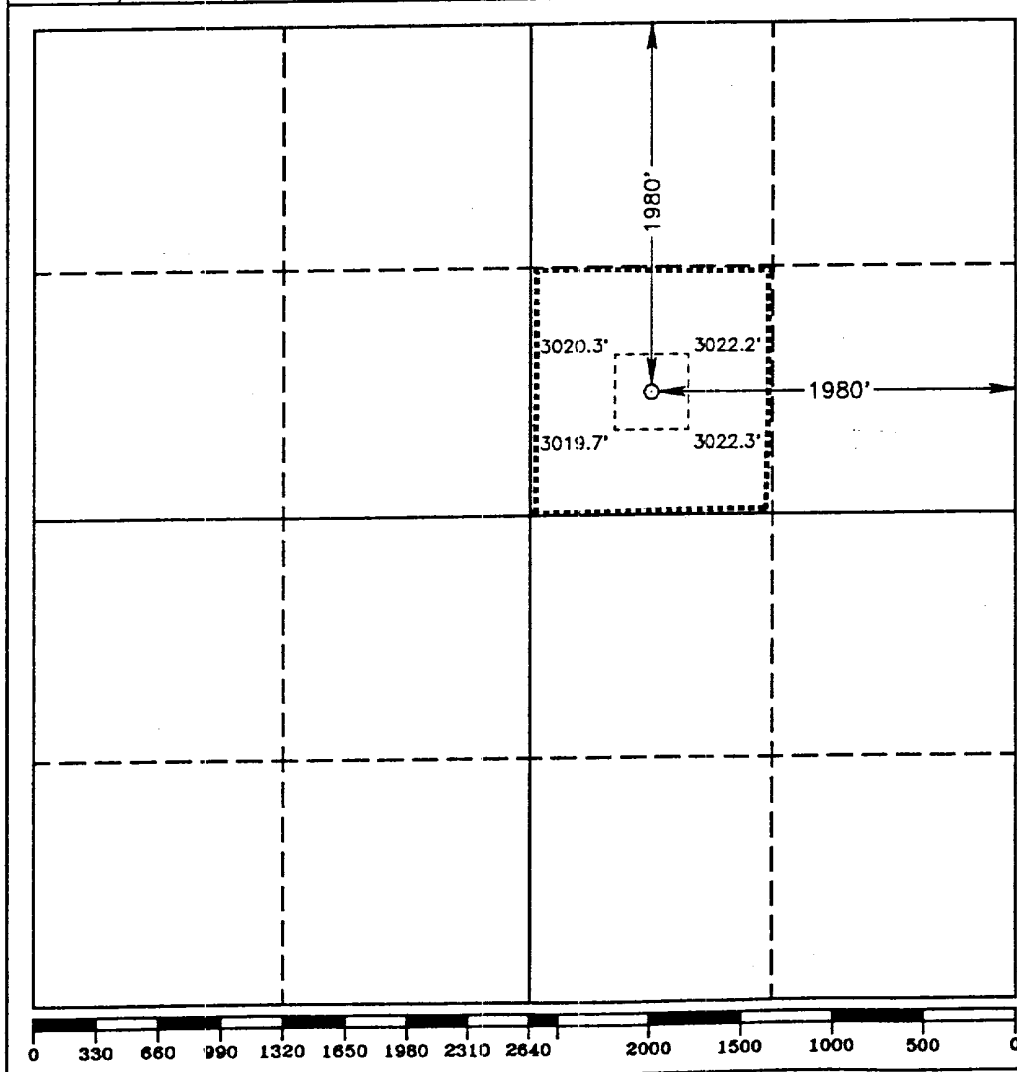
All Distances must be from the outer boundaries of the section

Operator SOUTHWEST ROYALTIES INC.		Lease NORTH BRUSHY DRAW 35 FED.		Well No. 1
Unit Letter G	Section 35	Township 25 SOUTH	Range 29 EAST NMPM	County EDDY

Actual Footage Location of Well:
 1980 feet from the NORTH line and 1980 feet from the EAST line

Ground Level Elev. 3019.7'	Producing Formation Delaware	Pool Wildcat	Dedicated Acreage: 40 Acres
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- Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?
 Yes No If answer is "yes" type of consolidation _____
 If answer is "no" list of owners and tract descriptions which have actually been consolidated. (Use reverse side of this form necessary.)
 No allowable will be assigned to the well unit all interests have been consolidated (by communitization, unitization, forced-pooling, otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



OPERATOR CERTIFICATION

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

Signature: *Joe T. Janica*
 Printed Name: Joe T. Janica
 Position: Agent
 Company: Southwest Royalties, Inc.
 Date: 12/28/92

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed: DECEMBER 22, 1992

Signature & Seal of Professional Surveyor: *Gary L. Jones*
 GARY L. JONES
 NEW MEXICO
 7977
 PROFESSIONAL LAND SURVEYOR

Witness: DON W. WEST, 876
 ROYALD J. EIDSON, 3239
 GARY L. JONES, 7977

92-11-1979

APPLICATION TO DRILL

Southwest Royalties, Inc.
 North Brushy Draw Fed "35" #1
 Section 35, Unit "G", T25S-R29E
 Eddy County, New Mexico

In response to questions asked under Section II B of Bulletin NTL-6, the following information is provided for your consideration:

1. Location: 1980' FEL, & 1980' FNL Section 35, T25S-R29E, Eddy County, New Mexico
2. Elevation Above Sea Level: 3019.7'
3. Geologic Name of Surface Formation: Quaternary Aeolian Deposits
4. Drilling Tools and Associated Equipment: Conventional rotary drilling rig using mud for the circulation medium.
5. Proposed Drilling Depth: 7100'
6. Estimated Geological Marker Tops:

Dewey Lake	300'
Rustler	600'
Salado	1300'
Castille	1550'
Delaware	3150'
Bone Springs	7300'
7. Possible Mineral Bearing Formation:

Delaware	3600-7100'	Oil
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8. Casing Program:

Hole Size	Interval	OD Csg	Weight Thread Grade Condition
25	0 - 40	20	Conductor .30 Wall New
17 1/2	0 - 600	13 3/8	54.5# 8R J-55 ST&C Used (tested and inspected)
12 1/4	0 - 3000	8 5/8	24# & 32# 8R J-55 ST&C Used (tested and inspected)
7 7/8	0 - 3000	5 1/2	15.5# & 17# 8R J-55 ST&C New

535

9. Cementing and Setting Depth:

20" Conductor	Set @ 40' cement with readymix to surface.
13 3/8" Surface Casing	Set @ 600' cement with 750 sx class "C" cement w/2% CaCl circulate to surface.
8 5/8" Intermediate Casing	Set @ 3000' cement with 1000 sx Light 65/35 Poz cement tailin w/200 sx of class "H" 1/4# flocele/sx. Circulate to surface.
5 1/2" Production Casing	Set @ TD 7100' DV tool @ 5400' cement 1st stage w/300 sx 50/50 Poz + 6# salt /sx. Cement 2nd stage w/450 sx 50/50 Poz + 6# salt/sx. Tie back into 8 5/8 to 2850'.

10. Pressure Control Equipment: Exhibit "E". A Blow-out Preventer (no less than 1500 series) consisting of double ram type preventer with bag type preventer. Units will be hydraulically operated. Exhibit "E-1" Choke Manifold and Closing Unit. Blind rams on top, pipe rams on bottom to correspond with size of drill pipe in use. BOP will be nipped up on 13 3/8" casing and remain on well until casing is run and cemented. BOP will be tested as well as choke manifold. BOP will be worked at least once each day while drilling and blind ram will be worked on trips when no drill pipe is in hole. Flow sensor PVT, full opening stabbing valve and upper kelley cock will be utilized. No pressures greater than 2000 psi anticipated.

11. Proposed Mud Circulating System:

Depth	Mud Wt.	Mud Visc.	Fluid Loss	Type Mud
0- 600	8.6 - 9.0	34-36	NC	Fresh Water
600-7100	10.0 - 10.1	28-29	NC	Brine water w/lime for pH control and paper for seepage

To log well and run casing viscosity may have to be raised and water loss may be required to be lowered to 8cc or less depending on hole conditions.

12. Testing, Logging and Coring Programs:

- (A) Possible D.S.T. if shows dictate.
- (B) Open hole logs: DLLw/LDT-CNL from TD to 3000' with Gamma Ray to surface.
- (C) No coring planned.

13. Potential Hazards:

No abnormal pressures of temperature zones expected (nothing abnormal in offset wells or other wells in the area). Hydrogen sulfide gas is not anticipated however, precautions for detection will be observed. No major lost circulation is expected (none reported in this area).

14. Anticipated Starting Date and Duration of Operation: Road and location construction will begin after BLM approval of APD. Anticipated spud date 01/20/93. Drilling expected to take 18 to 25 days. If production casing is run an additional 30 days to complete and construct surface facility and place well on production.

15. Other Facets of Operations: After running casing, cased hole gamma ray collar correlation logs will be run from total depth over possible pay intervals. The Delaware pay will be perforated and stimulated. The well will be swab tested and potentialized as an oil well.

SURFACE USE PLAN

Southwest Royalties, Inc.
North Brushy Draw Fed "35" #1
Section 35, Unit "G", T25S-R29E
Eddy County, New Mexico

1. EXISTING ROADS - Area map, Exhibit "B", is a reproduction of the New Mexico General Hi-Way Map. Existing and proposed roads are shown on the exhibit. All roads shall be maintained in a condition equal that which existed prior to the start of construction.
 - A. Exhibit "A" shows the proposed development well site as staked.
 - B. From Malaga, New Mexico Post Office go south 12 miles on U.S. 285 turn left (east) follow road 4 miles across low water crossing of Pecos River, turn left follow pipeline road for 3 miles , turn right (or south) follow new lease road to location.

2. PLANNED ACCESS ROADS - Approximately 2800' of new access road will be constructed.
 - A. The access road will be crowned and ditched to a 12'00" wide travel surface with a 40' right-of-way.
 - B. Gradient on all roads will be less than 5.00%.
 - C. Turnouts will be constructed as necessary.
 - D. If needed, road will be surfaced with a minimum of 4" caliche. This material will be obtained from a local source.
 - E. Centerline for the new access road has been flagged. Earthwork will be as required by field conditions.
 - F. Culverts in the access road will not be used. The road will be constructed to utilize low water crossings for drainage as required by the Topography.

3. LOCATION OF EXISTING WELLS IN A ONE-MILE RADIUS - Exhibit "A-1"
 - (A) Water wells - None known
 - (B) Disposal wells - None known
 - (C) Drilling wells - None known
 - (D) Producing wells- None known
 - (E) Abandoned wells- See Exhibit "A-1"
 - (F) Staked Location- See Exhibit "A-1"

SURFACE USE PLAN

Page Two

Southwest Royalties, Inc.

North Brushy Draw Fed "35" #1

4. If, upon completion, the well is a producer, Southwest Royalties, Inc. will furnish maps or plats showing On Well Pad Facilities and Off Well Pad facilities (if needed) on a Sundry Notice before construction of these facilities starts.

5. LOCATION AND TYPE OF WATER SUPPLY

Water will be purchased locally from a commercial source and trucked over the access roads or piped in flexible lines laid on top of the ground.

6. SOURCE OF CONSTRUCTION MATERIALS

If needed, construction materials will be obtained from the drill site's excavations or from a local source. These materials will be transported over the access route as shown on Exhibit "C".

7. METHODS FOR HANDLING WASTE DISPOSAL

- A.
 1. Drill cuttings will be disposed of in the reserve pit.
 2. Trash, waste paper, and garbage will either be contained in a fenced trash trailer or in a trash pit, fenced with mesh wire to prevent wind-scattering during storage. When the rig moves out, all trash and debris left at the site will be contained to prevent scattering and will be buried at least 36" deep within a reasonable period of time.
 3. Salts remaining after completion of the well will be picked up by the supplier, including broken sacks.
 4. Sewage from trailer houses will drain into holes with minimum depth of 10'00". These holes will be covered during drilling and backfilled upon completion. A "porta John" will be provided for the rig crews. This will be properly maintained during the drilling operations and removed upon completion of the well.
- B. Remaining drilling fluids will be allowed to evaporate in the reserve pit until the pit is dry enough for backfilling. In the event drilling fluids will not evaporate in a reasonable period of time they will be transported by tank truck to a state approved disposal site.

Burial of refuse
on site is prohibited.

SSS

Water produced during testing of the well will be disposed of in the reserve pit. Oil produced during testing of the well will be stored in test tanks until sold and hauled from the site.

8. ANCILLARY FACILITIES

No camps or airstrips will be constructed.

9. WELL SITE LAYOUT

- A. Exhibit "D" shows the proposed well site layout.
- B. This exhibit indicates proposed location of reserve and trash pits; and living facilities.
- C. Mud pits in the active circulating system will be steel pits and the reserve pit is proposed to be unlined, unless subsurface condition encountered during pit construction indicate that lining is needed for lateral containment of fluids.
- D. If needed, the reserve pit is to be lined with polyethylene. The pit liner will be 6 mils thick. Pit liner will extend a minimum 2'00" over the reserve pits dikes where the liner will be anchored down.
- E. The reserve pit will be fenced on three sides with four strands of barbed wire during drilling and completion phases. The fourth side will be fenced after all drilling operations have ceased. If the well is a producer, the reserve pit fence will be torn down. The reserve pit and those areas of the location not essential to production facilities will be reclaimed and seeded per BLM requirements.

10. PLANS FOR RESTORATION OF SURFACE

Rehabilitation of the location and reserve pit will start in a timely manner after all drilling operations cease. The type of reclamation will depend on whether the well is a producer or a dry hole.

However, in either event, the reserve pit will be allowed to dry properly, and fluid removed and disposed of in accordance with Article 7.B as previously noted. The pit area will then be leveled and contoured to conform to the original and surrounding area. Drainage systems, if any, will be reshaped to the original configuration with provisions made to alleviate erosion. These may need to be modified in certain circumstances to prevent inundation of the location's pad and surface facilities. After the area has been shaped and contoured, topsoil from the spoil pile will be placed over the disturbed area to the extent possible. Revegetation procedures will comply with BLM standards.

If the well is a dry hole, the pad and road area will be contoured to match the existing terrain. Topsoil will be spread to the extent possible. Revegetation will comply with BLM standards.

Should the well be a producer, the previously noted procedures will apply to those areas which are not required for production facilities.

SURFACE USE PLAN

Page Four

Southwest Royalties, Inc.

North Brushy Draw Fed "35" #1

11. OTHER INFORMATION

- A. The topography consists of isolated hills with a dip to the west toward the Pecos River valley (approximately 50' per mile.) Sandy soil Pleistocene age aeolian deposits, native grass with mesquite and catclaw.
- B. The surface is used to mainly access producing wells in the area and grazing for livestock. It is administered by the Bureau of Land Management and is being leased to Brian W. Paschal, Box 1847 Pecos, TX 79772.
- C. An archeological study is being conducted for the location and new access road. The report will be submitted separately when completed.
- D. There are no buildings of any kind in the area.

12. OPERATOR'S REPRESENTATIVE - field representative for contact regarding compliance with the Surface Use Plan is:

Before and during construction:

Natural Resources Engineering, Inc.
P O Box 2188
Hobbs NM 88241
Office Phone (505)392-2112
Joe T. Janica

After construction:

Southwest Royalties, Inc.
P O Box 11390
Midland TX 79702
Office Phone (915)686-9927
Doug Keathley

13. CERTIFICATION - I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by Southwest Royalties Inc, its contractors/ subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

NAME : Joe T Janica

DATE : 12/28/92

TITLE : Agent

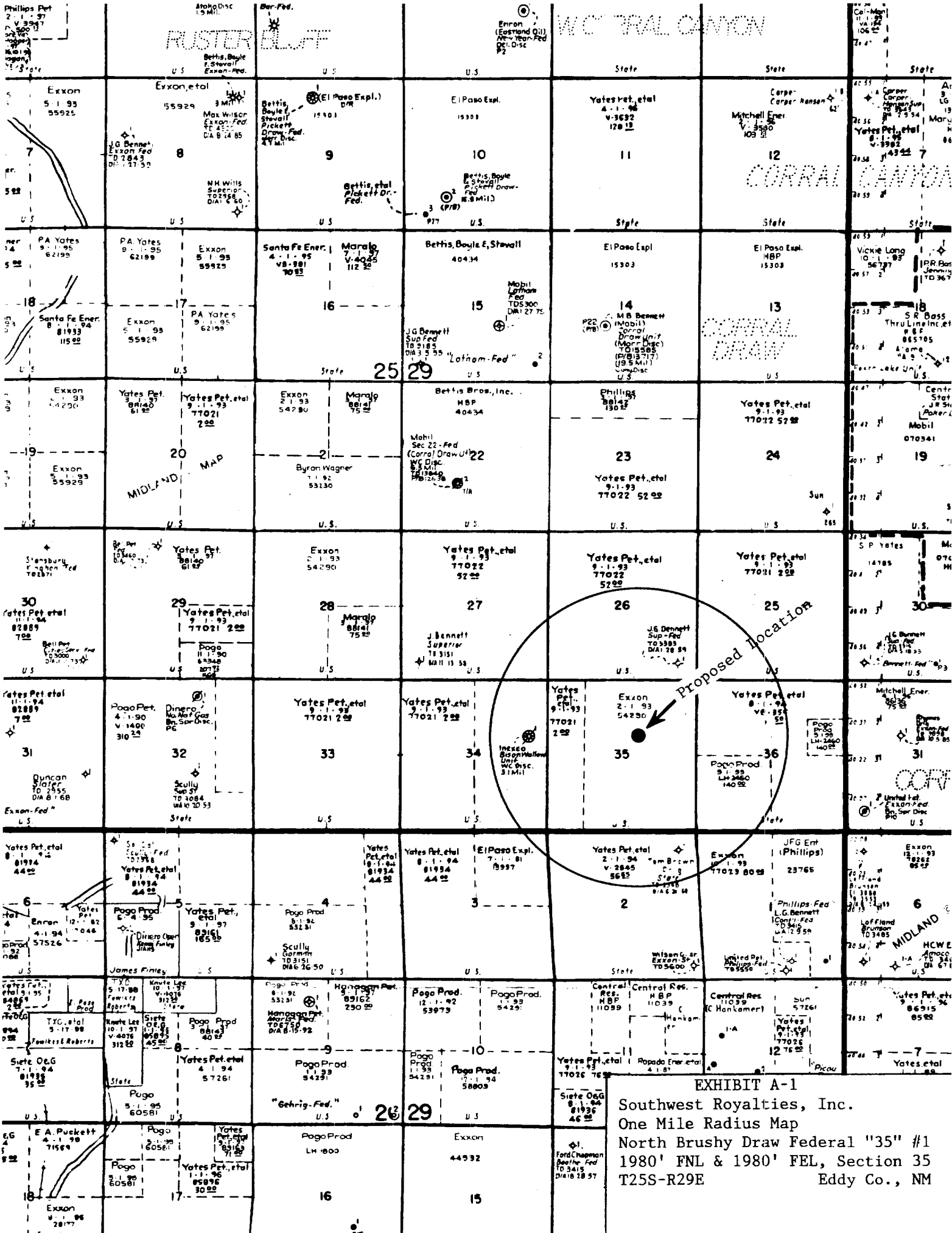


EXHIBIT A-1
 Southwest Royalties, Inc.
 One Mile Radius Map
 North Brushy Draw Federal "35" #1
 1980' FNL & 1980' FEL, Section 35
 T25S-R29E Eddy Co., NM

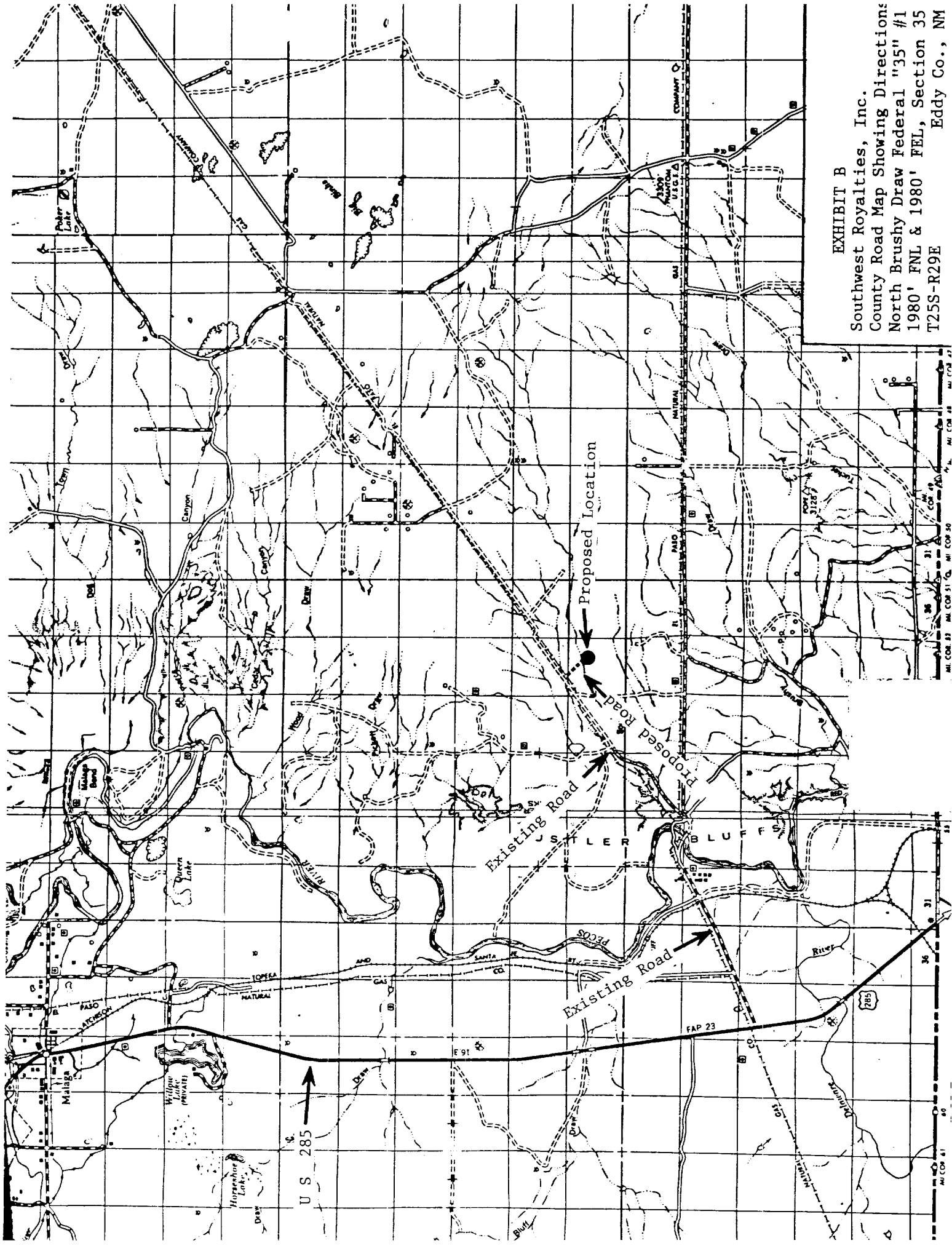


EXHIBIT B

Southwest Royalties, Inc.
 County Road Map Showing Directions
 North Brushy Draw Federal "35" #1
 1980' FNL & 1980' FEL, Section 35
 T25S-R29E
 Eddy Co., NM

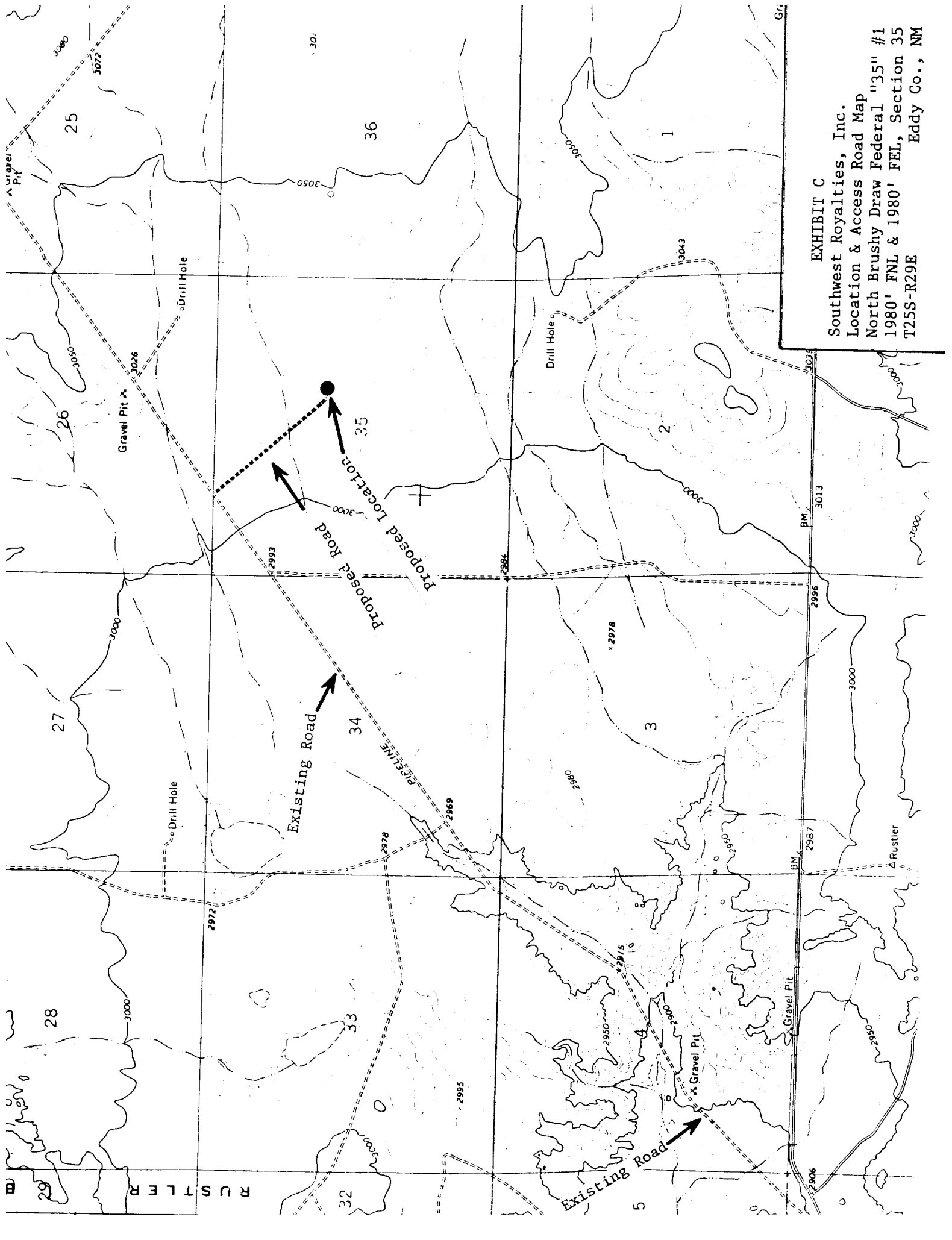


EXHIBIT C

Southwest Royalties, Inc.
 Location & Access Road Map
 North Brushy Draw Federal "35" #1
 1980' FNL & 1980' FEL, Section 35
 T25S-R29E Eddy Co., NM

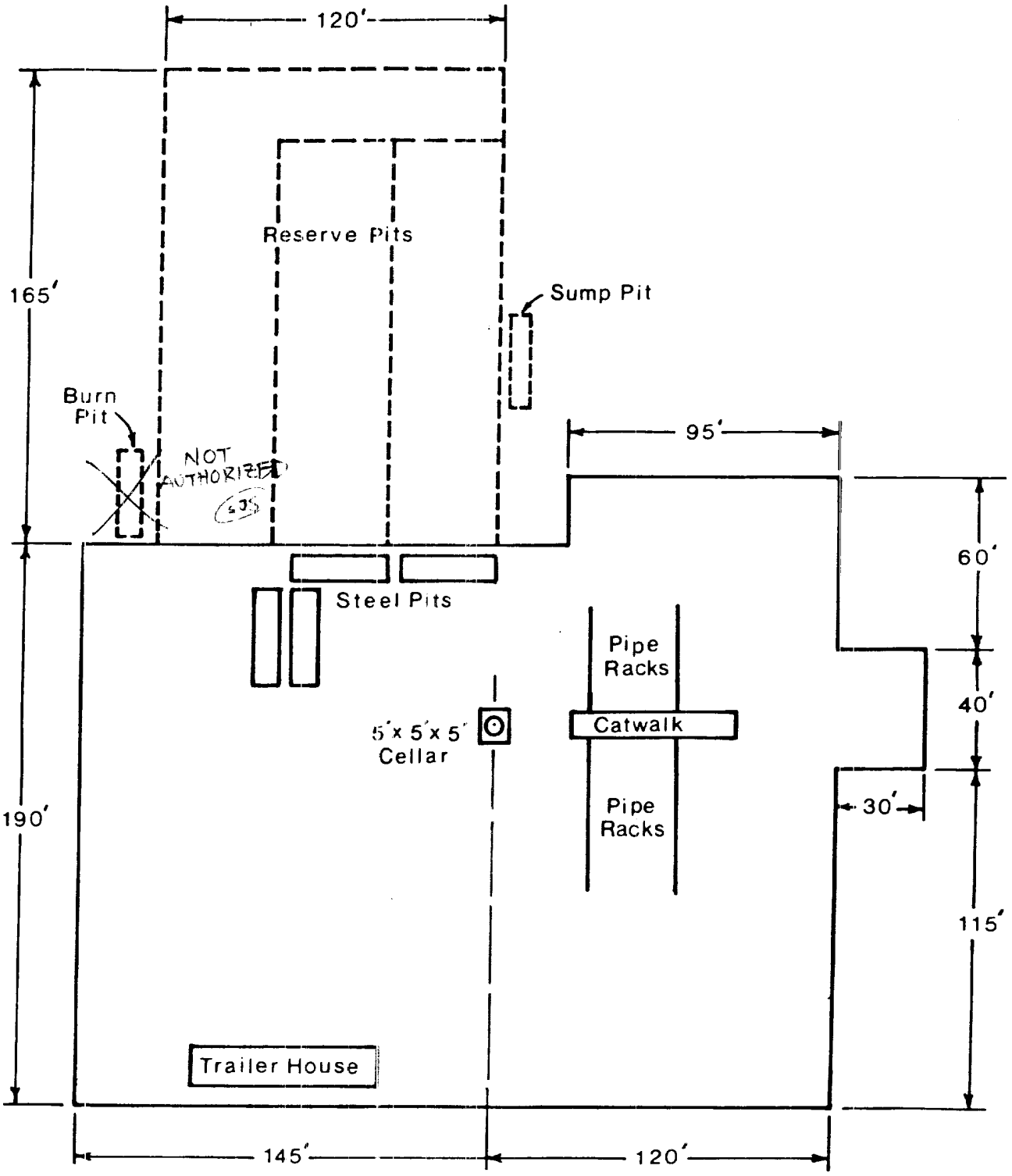
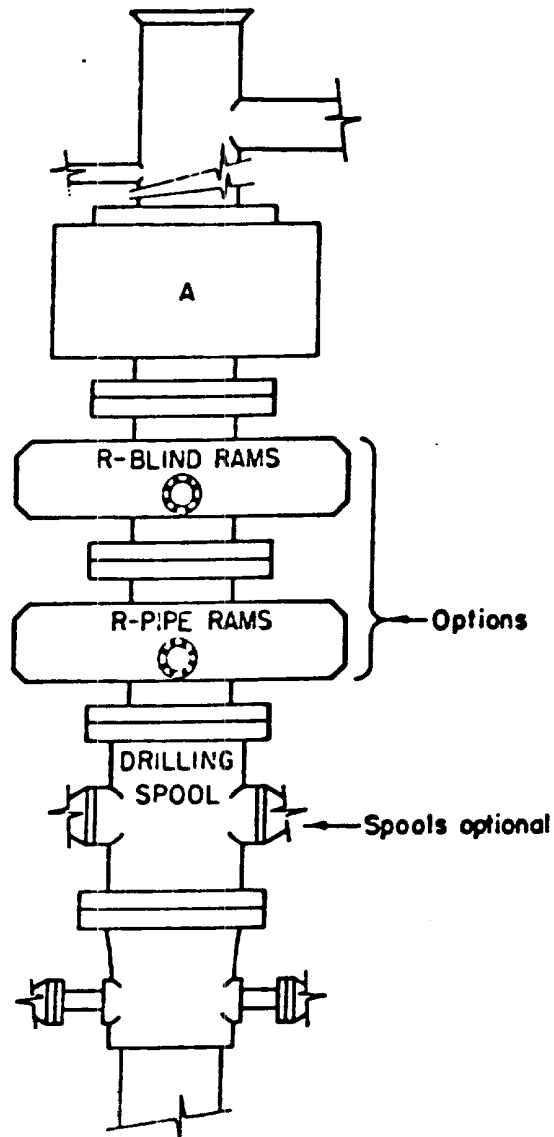


EXHIBIT D
 Southwest Royalties, Inc.
 Plat of Rig Layout
 North Brushy Draw Federal "35" #1
 1980' FNL & 1980' FEL, Section 35
 T25S-R29E Eddy Co., NM



ARRANGEMENT SRRA

EXHIBIT E
 Southwest Royalties, Inc.
 BOP sketch of type to be used on
 North Brushy Draw Federal "35" #1
 1980' FNL & 1980' FEL, Section 35
 T25S-R29E Eddy Co., NM

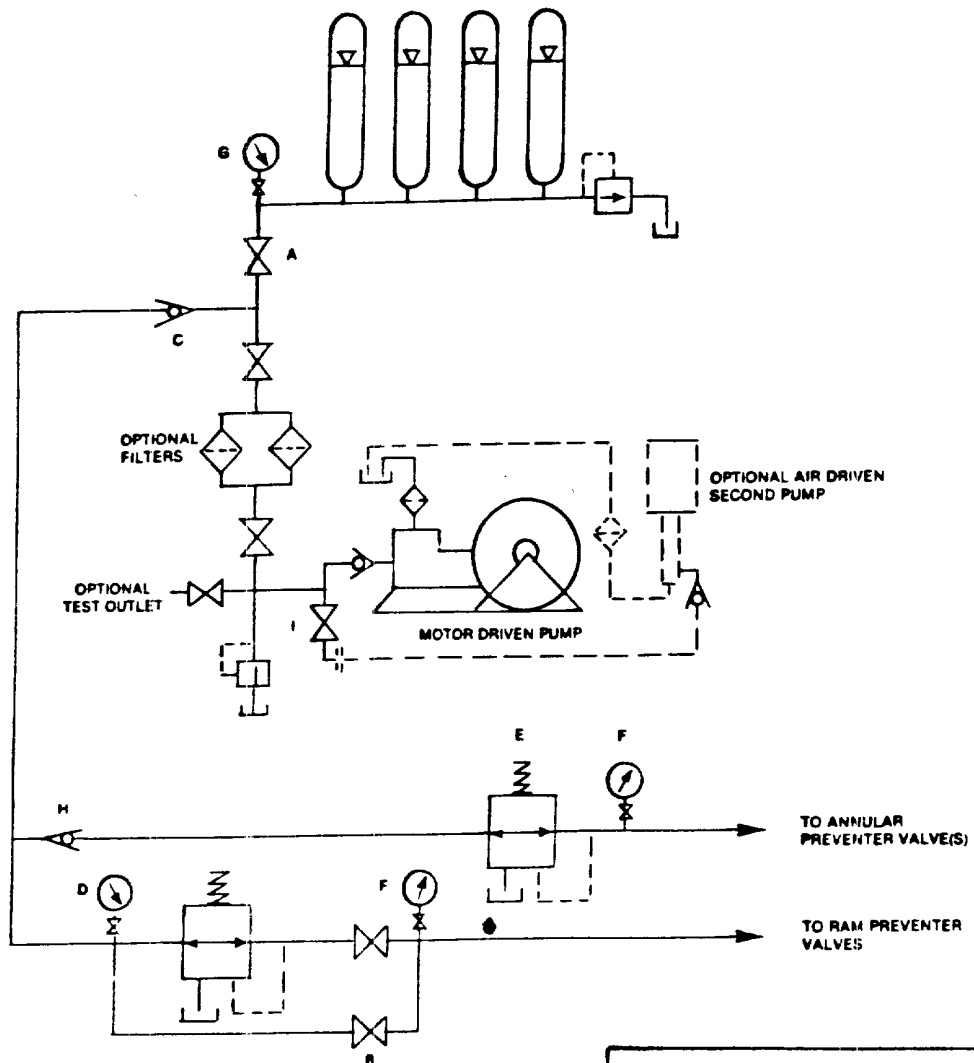
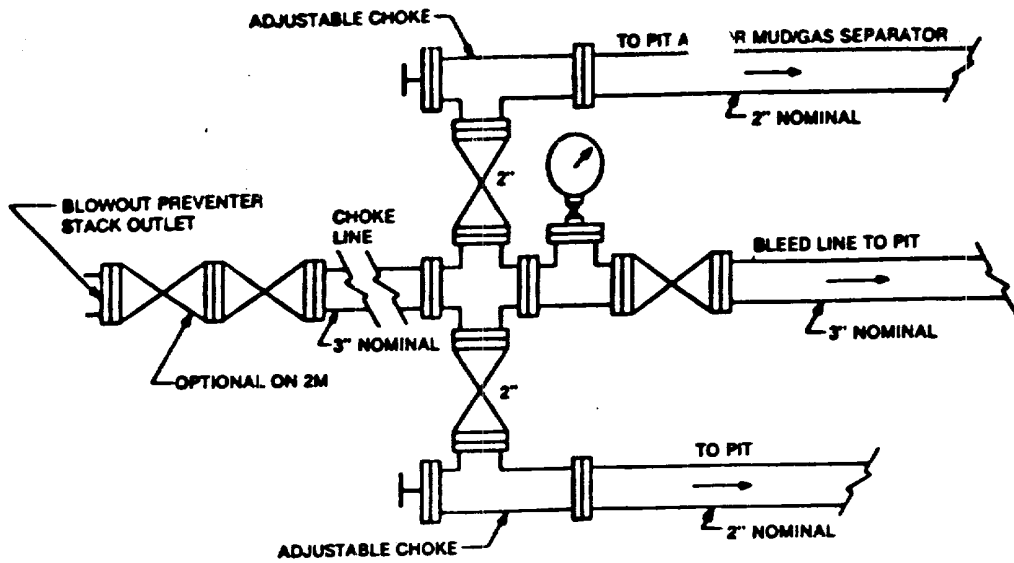


EXHIBIT E-1
 Southwest Royalties, Inc.
 Choke Manifold & Closing Unit
 North Brushy Draw Federal "35" #1
 1980' FNL & 1980' FEL, Section 35
 T25S-R29E Eddy Co., NM

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

MINERAL CONSERVATION COMMISSION
Drawer DE
Artesia, NM 88210

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other	5. Lease Designation and Serial No. 54290
2. Name of Operator Southwest Royalties Inc.	6. If Indian, Allottee or Tribe Name -----
3. Address and Telephone No. P.O. Box 11390 407 North Bigspring Midland Texas 79702	7. If Unit or CA, Agreement Designation -----
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 1980' FNL & 1980' FEL Sec. 35 T25S-R29E Eddy Co. New Mexico	8. Well Name and No. Morth Brushy Draw Fed"35" 9. API Well No. # 1
	10. Field and Pool, or Exploratory Area Wildcat
	11. County or Parish, State Eddy Co. New Mexico

12. CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> Altering Casing
	<input type="checkbox"/> Other _____
	<input checked="" type="checkbox"/> Change of Plans
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Conversion to Injection
	<input type="checkbox"/> Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

1. Change location of access road to location due to archaeological findings.
2. New access road to be constructed from the N.E. corner of location due north to intersect pipeline road. Distance approximately 3500'

RECEIVED
 JAN 21 11 47 AM '93
 OIL AND GAS
 ARB
 66

14. I hereby certify that the foregoing is true and correct

Signed Geet Garcia Title Agent Date 01/20/93

(This space for Federal or State office use)

Approved by _____ Title _____ Date _____

Conditions of approval, if any:

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*See instruction on Reverse Side

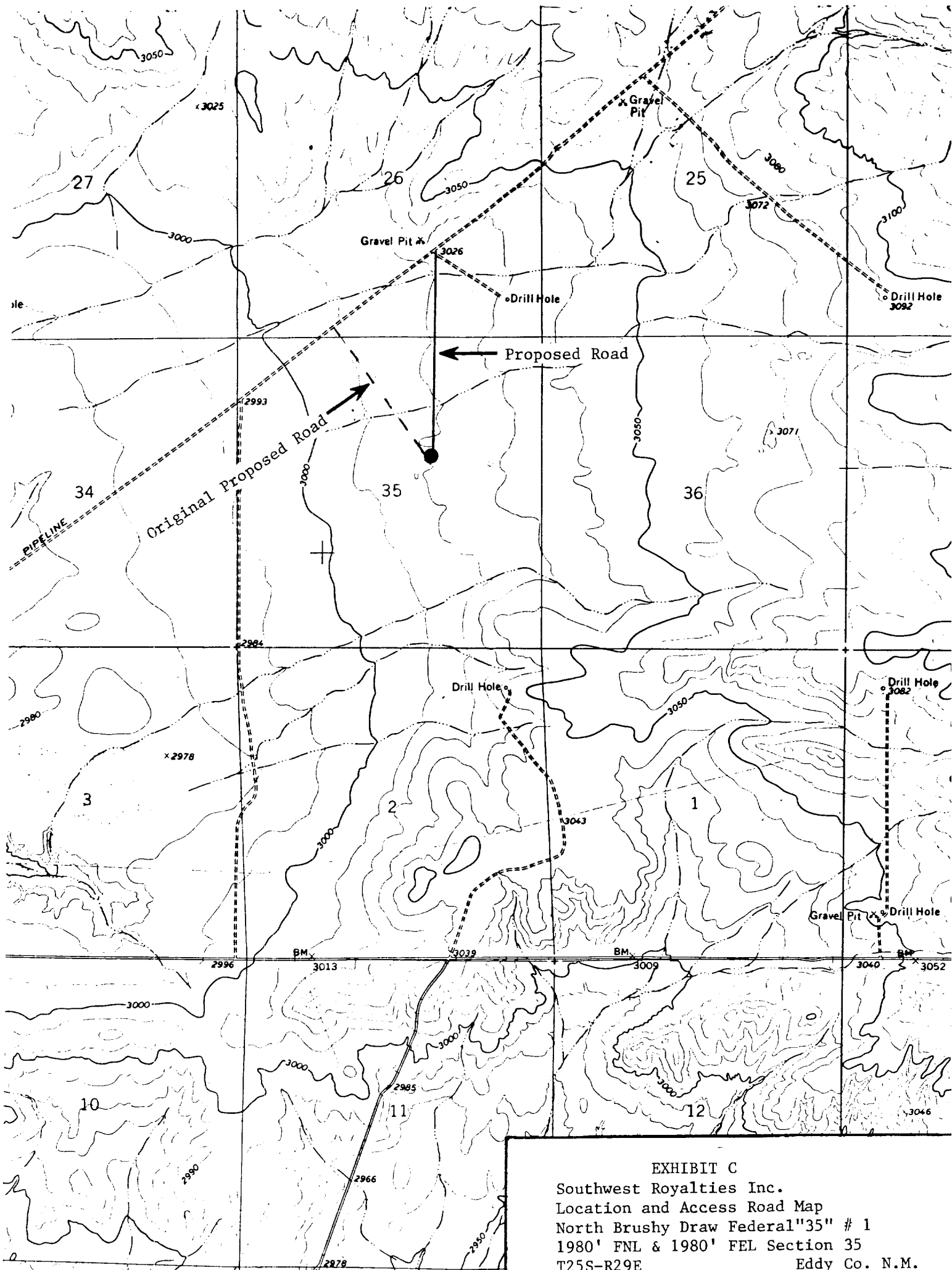


EXHIBIT C
 Southwest Royalties Inc.
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 1980' FNL & 1980' FEL Section 35
 T25S-R29E Eddy Co. N.M.