

SOUTHWEST ROYALTIES, INC.  
Southwest Royalties Building  
407 N. Big Spring, Midland, TX 79701-4326  
P.O. Box 11390, Midland, TX 79702-8390  
(915) 686-9927, 1-800-433-7945



February 10, 2000

Mr. Michael Stogner  
New Mexico Oil Conservation Commission  
2040 Pacheo  
Santa Fe, New Mexico 87504

Re: Application for Unorthodox Gas Well Location  
Eaves "B" Well No. 20  
Scarborough Yates-Seven Rivers Field  
(Created by Order No. R-2999 12/01/65)  
429' FEL, 1414' FSL  
Section 30, T26S, R37E  
Lea County, New Mexico

Dear Mr. Stogner,

Southwest Royalties, Inc. respectfully requests your approval of this administrative application for an Unorthodox Gas Well Location.

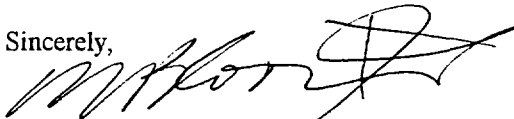
Southwest Royalties, Inc. is planning to complete the subject temporarily abandoned Seven Rivers oil well as a Yates gas well in the Scarborough Yates-Seven Rivers Pool. The Eaves "B" lease covers 280 acres in Section 30 (240 acres are contiguous). 200 acres of the 240 contiguous acres are in the Scarborough Field. Eaves "B" No. 8 is the only active well on the lease at this time. No. 8 is a Seven Rivers oil well, which is producing with a high volume submersible pump. Well No. 20 was chosen for recompletion as it is a modern completion having been drilled and completed in the deeper Seven Rivers formation in October 1993. If the Yates completion in No. 20 is successful No. 8 will be temporarily abandoned.

The offset operator plat shows that Conoco, Gruy Petroleum Management, Dallas McCasland, as well as Southwest Royalties, Inc. have leases that could be affected by the unorthodox location.

This work is necessary to prevent waste of Yates gas reserves, and to protect Southwest Royalties, Inc. correlative rights, i.e. Yates gas has been produced from wells in the offset section 29. A copy of this letter and attachments has been furnished by Certified Mail to the offset operators as notice of this application.

If you have any questions or require additional information, please contact the undersigned at (915) 686-9927 or by e-mail at Marty\_B@SWRINC.COM.

Sincerely,



C. M. "Marty" Bloodworth, P. E.  
Area Supervisor

xc: CMB file  
Well file  
Operators

BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Case No. 12426 (De Novo) Exhibit No. 1  
Submitted by:  
Southwest Royalties, Inc.  
Hearing Date: November 8, 2000

**February 10, 2000**

**Eaves "B" Well No. 20  
Scarborough Yates-Seven Rivers Pool  
429' FEL, 1414' FSL  
Unit I, Section 30, T26S, R37E  
Lea County, New Mexico**

**Re: Unorthodox Location Notice**

**Notice provided by Certified Mail To the following:**

**Gruy Petroleum Management  
P. O. Box 140907  
Irving, Texas 75014**

**McCasland Management  
P. O. Box 755  
Hobbs, New Mexico 88241**

**Conoco Inc.  
10 Desta Drive, Suite 100W  
Midland, Texas 79705**

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

District II  
811 South First, Artesia, NM 88210

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

District IV  
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
2040 South Pacheco  
Santa Fe, NM 87505

Form C-101

Revised October 18, 1994

Instructions on back

Submit to Appropriate District Office

State Lease - 6 Copies

Fee Lease - 5 Copies

☐ AMENDED REPORT

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

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

<sup>7</sup>Surface Location

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

<sup>8</sup>Proposed Bottom Hole Location If Different From Surface

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

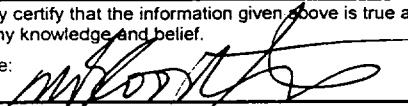
|                              |                              |                            |                               |  |
|------------------------------|------------------------------|----------------------------|-------------------------------|--|
| <sup>11</sup> Work Type Code | <sup>12</sup> Well Type Code | <sup>13</sup> Cable/Rotary | <sup>14</sup> Lease Type Code | <sup>15</sup> Ground Level Elevation<br>2938 |
| <sup>16</sup> Multiple       | <sup>17</sup> Proposed Depth | <sup>18</sup> Formation    | <sup>19</sup> Contractor      | <sup>20</sup> Spud Date                      |

<sup>21</sup>Proposed Casing and Cement Program

| Hole Size | Casing Size | Casing weight/foot | Setting Depth | Sacks of Cement | Estimated TOC |
|-----------|-------------|--------------------|---------------|-----------------|---------------|
| 14-3/4    | 10-3/4      | 40.5               | 556           | 450             | CIRC TO SURF  |
| 9-7/8     | 7-5/8       | 26.4               | 3379          | 775             | 200'          |
|           |             |                    |               |                 |               |
|           |             |                    |               |                 |               |
|           |             |                    |               |                 |               |

<sup>22</sup>Describe the proposed program. If this application is to DEEPEN or PLUG BACK give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

PERFORATE FROM 2789' - 2899' OA. BREAK PERFORATIONS WITH ACID & STIMULATE PERFORATIONS WITH A FRACTURE TREATMENT. SHOULD THIS ZONE BE PRODUCTIVE OF GAS ALL THE OIL WELLS ON THIS LEASE WILL BE TA'ed.

|  |  |   |                  |
|--|--|---|------------------|
| <sup>23</sup> I hereby certify that the information given above is true and complete to the best of my knowledge and belief.<br>Signature:  |  | OIL CONSERVATION DIVISION                                     |                  |
| Printed name: C. M. Bloodworth   |  | Approved By:  |                  |
| Title: Area Supervisor   |  | Title:  |                  |
| Date: 02-07-00   |  | Approval Date:  | Expiration Date: |
| Phone: 915 686-9927  |  | Conditions of Approval:<br>Attached: <input type="checkbox"/> |                  |

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

District II  
811 South First, Artesia, NM 88210

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

District IV  
2040 South Pacneco, Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
2040 South Pacheco  
Santa Fe, NM 87505

Form C-102

Revised October 18, 1994

Instructions on back

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT

## WELL LOCATION AND ACREAGE DEDICATION PLAT

|                             |   |                     |  |                    |
|-----------------------------|---|---------------------|--|--------------------|
| :API Number<br>35-025-32274 |   | :Pool Code<br>55560 | :Pool Name<br>Scarborough Yates-Seven Rivers |                    |
| :Property Code<br>18097     | :Property Name<br>Eaves B                   |                     |  | :Well Number<br>20 |
| :OGRID No.<br>021355        | :Operator Name<br>Southwest Royalties, Inc. |                     |  | :Elevation<br>2938 |

### 10 Surface Location

|               |         |          |       |         |               |                  |               |                |        |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West Line | County |
| I             | 30      | 26S      | 37E   |         | 1414'         | South            | 429           | East           | Lea    |

## Bottom Hole Location If Different From Surface

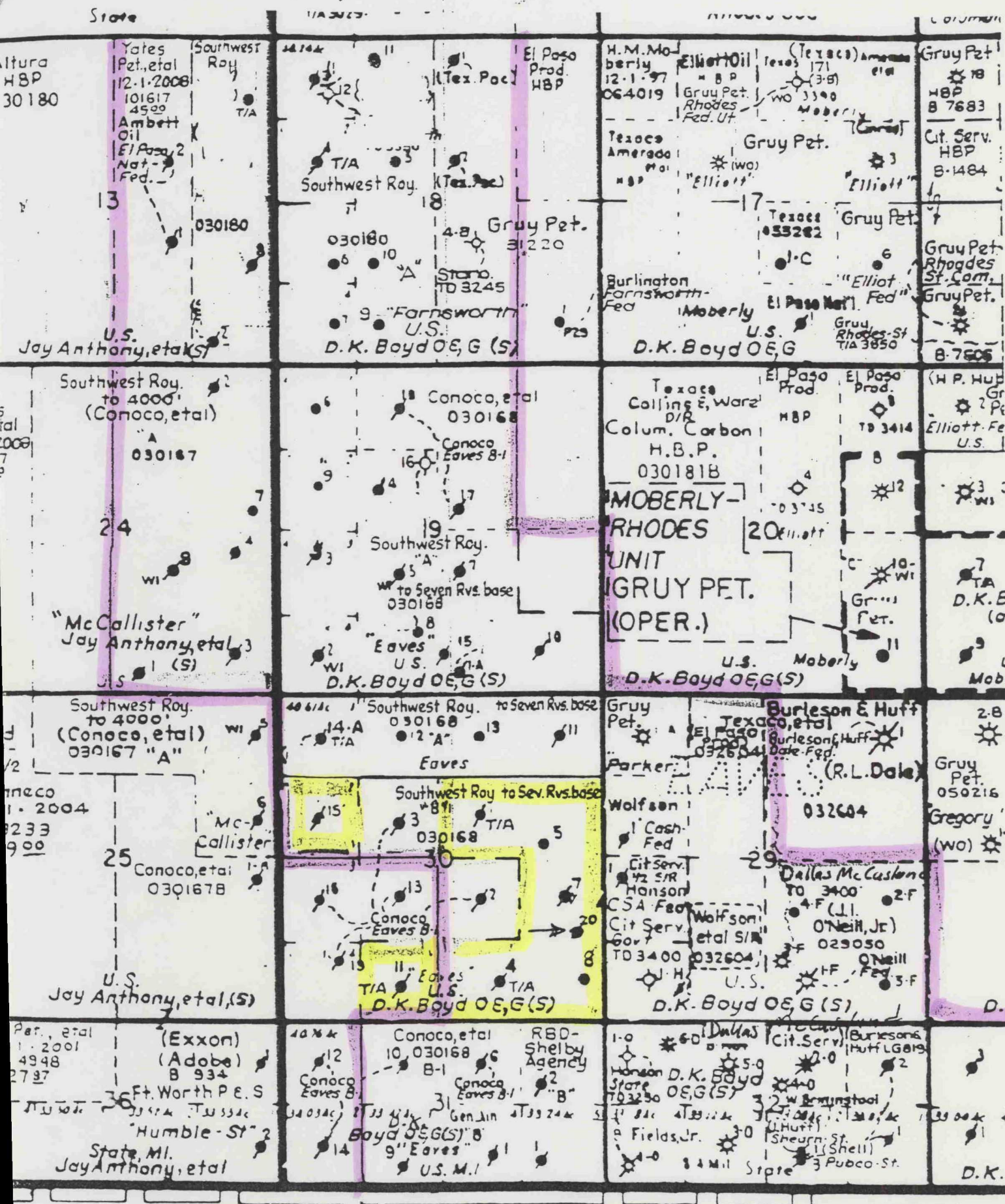
|                             |         |                   |       |                      |               |                  |               |                |        |
|-----------------------------|---------|-------------------|-------|----------------------|---------------|------------------|---------------|----------------|--------|
| UL or lot no.               | Section | Township          | Range | Lot Idn              | Feet from the | North/South line | Feet from the | East/West Line | County |
| 12Dedicated Acres<br>200.00 |         | 13Joint or Infill |       | 14Consolidation Code |               | 15Order No.      |               |                |        |

NO ALLCOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

|   |  |
|---|--|
| <p>16</p> <p>Scarborough Field<br/>Southwest Royalties Eaves "B" Lease<br/>GPU</p> <p style="text-align: center;">30</p> <p style="position: absolute; bottom: 10px; right: 10px;">             429'<br/>             20'<br/>             141'<br/>             8           </p> | <p><b>OPERATOR CERTIFICATION</b></p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p>Signature _____<br/>Marty Bloodworth</p> <p>Printed Name _____<br/>Area Supervisor</p> <p>Title _____<br/>Date 02-09-00</p> <p>Date _____</p> <hr/> <p><b>SURVEYOR CERTIFICATION</b></p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>Date of Survey _____</p> <p>Signature and Seal of Professional Surveyer: _____</p> <p>Certificate Number _____</p> |
|---|--|

# Searborough Field

Southw. Royalties, Inc. Eaves "B"  
Offset Operators



**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

McCasland Management  
PO Box 755  
Hobbs, New Mexico  
88241

2. Article Number (Copy from service label)

2150343146

PS Form 3811, July 1999

Domestic Return Receipt

102595-99-M-1789

**COMPLETE THIS SECTION ON DELIVERY**

A. Received by (Please Print Clearly)

B. Date of Delivery

C. Signature

X

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

3. Service Type

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

4. Restricted Delivery? (Extra Fee)

☐ Yes**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Conoco Inc.  
10 Desta Dr., Ste. 100W  
Midland, TX 79705

2. Article Number (Copy from service label)

2150343147

PS Form 3811, July 1999

Domestic Return Receipt

102595-99-M-1789

**COMPLETE THIS SECTION ON DELIVERY**

A. Received by (Please Print Clearly)

B. Date of Delivery

C. Signature

X

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

3. Service Type

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

4. Restricted Delivery? (Extra Fee)

☐ Yes

Is your RETURN ADDRESS completed on the reverse side?

**SENDER:**

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- 1. ☐ Addressee's Address
- 2. ☐ Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

**BLM**  
**414 W. TAYLOR**  
**HOBBS, NM 88240**

4a. Article Number

**2330571196**

4b. Service Type

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

7. Date of Delivery

5. Received By: (Print Name)

6. Signature: (Addressee or Agent)

**X**

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

Thank you for using Return Receipt Service.

PS Form 3811, December 1994

102595-98-B-0229

Domestic Return Receipt

Is your RETURN ADDRESS completed on the reverse side?

**SENDER:**

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- 1. ☐ Addressee's Address
- 2. ☐ Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

**BLM**  
**2909 W. 2nd**  
**ROSWELL, NM 88201**

4a. Article Number

**2150343148**

4b. Service Type

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

7. Date of Delivery

5. Received By: (Print Name)

6. Signature: (Addressee or Agent)

**X**

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

Thank you for using Return Receipt Service.

PS Form 3811, December 1994

102595-98-B-0229

Domestic Return Receipt

Is your RETURN ADDRESS completed on the reverse side?

**SENDER:**

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
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- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

1. ☐ Addressee's Address
2. ☐ Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

NMOCD  
1625 N. French Drive  
Hobbs, NM 88240

4a. Article Number

P497459696

4b. Service Type

- |   |   |
|---|---|
| <input type="checkbox"/> Registered                     | <input checked="" type="checkbox"/> Certified |
| <input type="checkbox"/> Express Mail                   | <input type="checkbox"/> Insured              |
| <input type="checkbox"/> Return Receipt for Merchandise | <input type="checkbox"/> COD                  |

7. Date of Delivery

5. Received By: (Print Name)

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

6. Signature: (Addressee or Agent)

X

Thank you for using Return Receipt Service.