



STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



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August 7, 1992

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AUG 11 1992

**Q. C. B.**  
**ATTORNEY AT LAW**

**Re: Application for Emergency Order by Conoco Inc. concerning Southwest Royalties Inc.'s Dagger Draw #1 Well, 660 feet FNL and 1980 feet FEL, Sec. 17, T19S, NMPM R25E, North Dagger Draw-Upper Penn Pool, Eddy County, New Mexico**

Dear Mr. Kellahin:

Your application on behalf on Conoco Inc. for an emergency order of the Division directing Southwest Royalties Inc. to immediately cease operations on its Dagger Draw No. 1 Well and not commence completion operations on said well is hereby denied for the following reasons:

1. Southwest Royalties Inc. did drill outside the specified area under Order No. R-9673. Southwest did not have the right under said order to drill the well in the NW/4 NE/4 of Section 17, Township 19 South, Range 25 East, NMPM Eddy County, New Mexico, but that issue is separate from the request to cease operations on said well. The issue of drilling the Dagger Draw Well No. 1 should be the subject of another hearing relating to compulsory pooling of interests under the NW/4 of said Section 17.
2. A separate hearing should take place because under normal prudent operating practices Conoco's decision to elect non-consent status for the location specified in Order No. R-9676 would take into consideration the geology and risks associated with only the approved well location. There was no option granted for the location that was drilled and no agreement was obtained to drill in the NW/4 NE/4 of Section 17.