FORM 10-K405

Annual report pursuant to section 13 and 15(d), Regulation S-K Item 405

Filing Date: **1999-03-24** | Period of Report: **1998-12-31**
SEC Accession No. 0000814414-99-000002

FILER

SWIFT ENERGY INCOME PARTNERS 1986-D LTD

CIK:**814414**| IRS No.: **760208087** | State of Incorp.:**TX** | Fiscal Year End: **1231**
Type: **10-K405** | Act: **34** | File No.: **000-17023** | Film No.: **99571229**
SIC: **1311** Crude petroleum & natural gas

Mailing Address
16825 NORTHCHASE DR SUITE 400
HOUSTON TX 77060

Business Address
16825 NORTHCHASE DR STE 400
HOUSTON TX 77060
7138742700

Securities and Exchange Commission

Washington, D.C. 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 1998
OR
[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ___________________ to _____________________

Commission File number 0-17023

SWIFT ENERGY INCOME PARTNERS 1986-D, LTD.
(Exact name of registrant as specified in
its Certificate of Limited Partnership)

TEXAS	76-0208087
(State of Organization)	(I.R.S. Employer Identification No.)

16825 Northchase Dr., Suite 400
Houston, Texas 77060
(281) 874-2700
(Address and telephone number of principal executive offices)

Securities registered pursuant to Section 12(b)
of the Act:
None

Securities registered pursuant to Section 12(g)
of the Act:
14,121.10 Limited Partnership Units

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter periods that the registrant was required), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

Registrant does not have an aggregate market value for its Limited Partnership Interests.

Documents Incorporated by Reference

Document	Incorporated as to
Registration Statement No. 33-1875 on Form S-1	Items 1 and 13

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Form 10-K Annual Report
For the Period Ended December 31, 1998

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SWIFT ENERGY INCOME PARTNERS 1986-D, LTD.

PART I

Item 1. Business

General Description of Partnership

Swift Energy Income Partners 1986-D, Ltd., a Texas limited partnership (the "Partnership" or the "Registrant"), is a partnership formed under a public serial limited partnership offering denominated Swift Energy Income Partners II (Registration Statement No. 33-1875 on Form S-1, originally declared effective January 14, 1986, and amended effective October 8, 1986 [the "Registration Statement"]). The Partnership was formed effective January 9, 1987 under a Limited Partnership Agreement dated January 6, 1987. The initial 1,580 limited partners made capital contributions of $14,121,095.

The Partnership is principally engaged in the business of acquiring, developing and, when appropriate, disposing of working interests in proven oil and gas properties within the continental United States. The Partnership does not engage in exploratory drilling. Each working interest held by the Partnership entitles the Partnership to receive, in kind or in value, a share of the production of oil and gas from the producing property, and obligates the Partnership to participate in the operation of the property and to bear its proportionate share of all operating costs associated therewith. The Partnership typically holds less than the entire working interest in its producing properties.

At December 31, 1998, the Partnership had expended or committed to expend 100% of the limited partners' net commitments (i.e., limited partners' commitments available to the Partnership for property acquisitions after payment of organization fees and expenses) in the acquisition and development of producing properties, which properties are described under Item 2, "Properties," below. The Partnership's revenues and profits are derived almost entirely from the sale of oil and gas produced from its properties and from the sale of acquired oil and gas properties, when the sale of such properties is economically preferable to continued operation.

The Partnership's business and affairs are conducted by its Managing General Partner, Swift Energy Company, a Texas corporation ("Swift"). The

Partnership's Special General Partner, VJM Corporation, a California corporation ("VJM"), consults with and advises Swift as to certain financial matters. Swift is the designated operator of many of the properties in which the Partnership owns interests. The remaining properties are operated by industry operators designated by the owners of a majority of the working interest in each property.

The general manner in which the Partnership acquires producing properties and otherwise conducts its business is described in detail in the Registration Statement under "Proposed Activities," which is incorporated herein by reference.

Competition, Markets and Regulations

Competition

The oil and gas industry is highly competitive in all its phases. The Partnership encounters strong competition from many other oil and gas producers, many of which possess substantial financial resources, in acquiring economically desirable Producing Properties.

Markets

The amounts of and price obtainable for oil and gas production from Partnership Properties will be affected by market factors beyond the control of the Partnership. Such factors include the extent of domestic production, the level of imports of foreign oil and gas, the general level of market demand on a regional, national and worldwide basis, domestic and foreign economic conditions that determine levels of industrial production, political events in foreign oil-producing regions, and variations in governmental regulations and tax laws and the imposition of new governmental requirements upon the oil and gas industry. There can be no assurance that oil and gas prices will not decrease in the future, thereby decreasing net Revenues from Partnership Properties.

From time to time, there may exist a surplus of natural gas or oil supplies, the effect of which may be to reduce the amount of hydrocarbons that the Partnerships may produce and sell while such oversupply exists. In recent years, initial steps have been taken to provide additional gas transportation lines from Canada to the United States. If additional Canadian gas is brought to the United States market, it could create downward pressure on United States gas prices.

Regulations

Environmental Regulation

The federal government and various state and local governments have adopted laws and regulations regarding the control of contamination of the environment. These laws and regulations may require the acquisition of a permit by Operators before drilling commences, prohibit drilling activities on certain lands lying within wilderness areas or where pollution arises and impose substantial liabilities for pollution resulting from operations, particularly operations near or in onshore and offshore waters or on submerged lands. These laws and regulations may also increase the costs of routine drilling and operation of wells. Because these laws and regulations change frequently, the costs to the Partnership of compliance with existing and future environmental regulations cannot be predicted. However, the Managing Partner does not believe that the Partnership is affected in a significantly different manner by these regulations than are its competitors in the oil and gas industry.

Federal Regulation of Natural Gas

The transportation and sale of natural gas in interstate commerce is heavily regulated by agencies of the federal government. The following discussion is intended only as a summary of the principal statutes, regulations and orders that may affect the production and sale of natural gas from Partnership Properties. This summary should not be relied upon as a complete review of applicable natural gas regulatory provisions.

FERC Orders

Several major regulatory changes have been implemented by the Federal Energy Regulatory Commission ("FERC") from 1985 to the present that affect the economics of natural gas production, transportation and sales. In addition, the FERC continues to promulgate revisions to various aspects of the rules and regulations affecting those segments of the natural gas industry that remain subject to the FERC's jurisdiction. In April 1992, the FERC issued Order No. 636 pertaining to pipeline restructuring. This rule requires interstate pipelines to unbundle transportation and sales services by separately stating the price of each service and by providing customers only the particular service desired, without regard to the source for purchase of the gas. The rule also requires pipelines to (i) provide nondiscriminatory "no-notice" service allowing firm commitment shippers to receive delivery of gas on demand up to certain limits without penalties, (ii) establish a basis for release and reallocation of firm upstream pipeline capacity and (iii) provide non-discriminatory access to capacity by firm transportation shippers on a downstream pipeline. The rule requires interstate pipelines to use a straight fixed variable rate design. The rule imposes these same requirements upon storage facilities.

FERC Order No. 500 affects the transportation and marketability of natural gas. Traditionally, natural gas has been sold by producers to pipeline companies, which then resold the gas to end-users. FERC Order No. 500 alters this market structure by requiring interstate pipelines that transport gas for others to provide transportation service to producers, distributors and all other shippers of natural gas on a nondiscriminatory, "first-come, first-served" basis ("open access transportation"), so that producers and other shippers can sell natural gas directly to end-users. FERC Order No. 500 contains additional provisions intended to promote greater competition in natural gas markets.

It is not anticipated that the marketability of and price obtainable for natural gas production from Partnership Properties will be significantly affected by FERC Order No. 500. Gas produced from Partnership Properties normally will be sold to intermediaries who have entered into transportation arrangements with pipeline companies. These intermediaries will accumulate gas purchased from a number of producers and sell the gas to end-users through open access pipeline transportation.

State Regulations

Production of any oil and gas from Partnership Properties will be affected to some degree by state regulations. Many states in which the Partnership will operate have statutory provisions regulating the production and sale of oil and gas, including provisions regarding deliverability. Such statutes, and the regulations promulgated in connection therewith, are generally intended to prevent waste of oil and gas and to protect correlative rights to produce oil and gas between owners of a common reservoir. Certain state regulatory authorities also regulate the amount of oil and gas produced by assigning allowable rates of production to each well or proration unit.

Federal Leases

Some of the Partnership's properties are located on federal oil and gas leases administered by various federal agencies, including the Bureau of Land Management. Various regulations and orders affect the terms of leases, exploration and development plans, methods of operation and related matters.

Employees

The Partnership has no employees. Swift, however, has a staff of geologists, geophysicists, petroleum engineers, landmen, and accounting personnel who administer the operations of Swift and the Partnership. As of December 31, 1998, Swift had 203 employees. Swift's administrative and overhead expenses attributable to the Partnership's operations are borne by the Partnership.

Item 2. Properties

As of December 31, 1998, the Partnership has acquired interests in producing oil and gas properties which are generally described below.

Principal Oil and Gas Producing Properties

The most valuable fields in the Partnership, based upon year-end engineering estimates of discounted future net revenues using constant pricing and costs, are described below.

1. Approximately 62% of total value is from the Giddings Field in Fayette and Burleson Counties, Texas (NRG acquisition). The wells produce from the Austin Chalk and Edwards horizons.

2. The AWP Field is in McMullen County, Texas (Bracken acquisition). The wells produce from the Olmos formation, accounting for 19% of the value.

The remaining value in the Partnership is attributable to numerous properties none of which equals or exceeds 15 percent of the total Partnership value.

Title to Properties

Title to substantially all significant producing properties of the Partnership has been examined. The properties are subject to royalty, overriding royalty and other interests customary in the industry. The Managing General Partner does not believe any of these burdens materially detract from the value of the properties or will materially detract from the value of the properties or materially interfere with their use in the operation of the business of the Partnership.

Production and Sales Price

The following table summarizes the sales volumes of the Partnership's net oil and gas production expressed in MCFs. Equivalent MCFs are obtained by converting oil to gas on the basis of their relative energy content; one barrel equals 6,000 cubic feet of gas.

<TABLE>
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	Net Production For the Years Ended December 31,		
	1998	1997	1996
<S>	<C>	<C>	<C>
Net Volumes (Equivalent Mcfs)	150,975	182,454	310,625
Average Sales Price per Equivalent Mcf	$1.88	$2.69	$2.50
Average Production Cost per Equivalent Mcf (includes production taxes)	$0.81	$1.28	$0.82

</TABLE>

Net Proved Oil and Gas Reserves

Presented below are the estimates of the Partnership's proved reserves as of December 31, 1998, 1997 and 1996. All of the Partnership's proved reserves are located in the United States.

<TABLE>
<CAPTION>

	December 31,					
	1998		1997		1996	
	Oil (BBLS)	Natural Gas (MMCF)	Oil (BBLS)	Natural Gas (MMCF)	Oil (BBLS)	Natural Gas (MMCF)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Proved developed reserves at end of year	36,169	1,050	69,142	1,705	149,098	2,532
Proved reserves						
Balance at beginning						

of year	80,693	2,077	164,245	2,963	199,658	3,652
Extensions, discoveries and other additions	--	--	--	--	--	--
Revisions of previous estimates	(31,251)	(568)	(22,164)	(546)	29,505	336
Sales of minerals in place	--	--	(54,794)	(197)	(51,324)	(796)
Production	(3,083)	(132)	(6,594)	(143)	(13,594)	(229)
Balance at end of year	46,359	1,377	80,693	2,077	164,245	2,963

</TABLE>

Revisions of previous quantity estimates are related to upward or downward variations based on current engineering information for production rates, volumetrics and reservoir pressure. Additionally, changes in quantity estimates are the result of the increase or decrease in crude oil and natural gas prices at each year end which have the effect of adding or reducing proved reserves on marginal properties due to economic limitations.

SWIFT ENERGY INCOME PARTNERS 1986-D, LTD.

The following table summarizes by acquisition the Registrant's reserves and gross and net interests in producing oil and gas wells as of December 31, 1998:

<TABLE>
<CAPTION>

		Reserves December 31, 1998		Wells	
Acquisition	State(s)	Oil (BBLS)	Natural Gas (MMCF)	Gross	Net
<S>	<C>	<C>	<C>	<C>	<C>
Kaiser-Francis II	KS, LA, OK, TX	2,565	485	9	0.587
NRG	TX	26,852	598	74	4.226
Bracken	TX	16,942	294	45	0.874
		46,359	1,377	128	5.687

</TABLE>

There are numerous uncertainties inherent in estimating quantities of proved reserves and in projecting the future rates of production, timing and plan of development. Oil and gas reserve engineering must be recognized as a subjective process of estimating underground accumulations of oil and gas that cannot be measured in an exact way, and estimates of other engineers might differ from those above, audited by H. J. Gruy and Associates, Inc., an independent petroleum consulting firm. The accuracy of any reserve estimate is a function of the quality of available data and of engineering and geological interpretation and judgment. Results of drilling, testing and production subsequent to the date of the estimate may justify revision of such estimate, and, as a general rule, reserve estimates based upon volumetric analysis are inherently less reliable than those based on lengthy production history. Accordingly, reserve estimates are often different from the quantities of oil and gas that are ultimately recovered.

In estimating the oil and natural gas reserves, the Registrant, in accordance with criteria prescribed by the Securities and Exchange Commission, has used prices received as of December 31, 1998 without escalation, except in those instances where fixed and determinable gas price escalations are covered by contracts, limited to the price the Partnership reasonably expects to receive. The Registrant does not believe that any favorable or adverse event causing a significant change in the estimated quantity of proved reserves has occurred between December 31, 1998 and the date of this report.

Future prices received for the sale of the Partnership's product may be higher or lower than the prices used in the evaluation described above; the operating costs relating to such production may also increase or decrease from existing levels. The estimates presented above are in accordance with rules adopted by the Securities and Exchange Commission.

Item 3. Legal Proceedings

The Partnership is not aware of any material pending legal proceedings to which it is a party or of which any of its property is the subject.

Item 4. Submission of Matters to a Vote of Security Holders

No matters were submitted to a vote of limited partners during the fourth quarter of the fiscal year covered by this report.

PART II

Item 5. Market Price of and Distributions on the Registrant's Units and Related Limited Partner Matters

Market Information

Units in the Partnership were initially sold at a price of $1,000 per Unit. Units are not traded on any exchange and there is no established public trading market for the Units. Swift is aware of negotiated transfers of Units between unrelated parties; however, these transfers have been limited and sporadic. Due to the nature of these transactions, Swift has no verifiable information regarding prices at which Units have been transferred.

Holders

As of December 31, 1998, there were 1,580 Limited Partners holding Units in the Partnership.

Distributions

The Partnership generally makes distributions to Limited Partners on a quarterly basis, subject to the restrictions set forth in the Limited Partnership Agreement. In the fiscal years ending December 31, 1997 and 1998, the Partnership distributed a total of $257,800 and $183,600, respectively, to holders of its Units. Cash distributions constitute net proceeds from sale of oil and gas production after payment of lease operating expenses and other partnership expenses. Some or all of such amounts or any proceeds from the sale of partnership properties could be deemed to constitute a return of investors' capital.

Oil and gas investments involve a high risk of loss, and no assurance can be given that any particular level of distributions to holders of Units can be achieved or maintained. Although it is anticipated that quarterly distributions will continue to be made through 1999, the Partnership's ability to make distributions could be diminished by any event adversely affecting the oil and gas properties in which the Partnership owns interests or the amount of revenues received by the Partnership therefrom.

The Partnership's Limited Partnership Agreement contains various provisions which might serve to delay, defer or prevent a change in control of the Partnership, such as the requirement of a vote of Limited Partners in order to sell all or substantially all of the Partnership's properties or the requirement of consent by the Managing General Partner to transfers of limited partnership interests.

Item 6. Selected Financial Data

The following selected financial data, prepared in accordance with generally accepted accounting principles as of December 31, 1998, 1997, 1996, 1995, and 1994, should be read in conjunction with the financial statements included in Item 8.

	1998	1997	1996	1995	1994
Revenues	$ 293,062	$ 633,929	$ 919,072	$ 772,937	$ 1,026,611
Income (Loss)	$ (535,914)	$ 152,010	$ 265,263	$ (538,885)	$ (250,190)
Total Assets	$ 1,689,769	$ 2,519,671	$ 2,669,275	$ 3,082,094	$ 3,743,770
Cash Distributions	$ 215,332	$ 283,972	$ 147,522	$ 202,274	$ 284,250
Long Term Obligations	$ --	$ --	$ --	$ --	$ 25,000
Limited Partners' Net Income (Loss) Per Unit	$ (30.62)	$ 9.73	$ 16.81	$ (34.35)	$ (14.46)
Limited Partners' Cash Distributions Per Unit	$ 13.00	$ 18.26	$ 7.51	$ 12.75	$ 17.25

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Liquidity and Capital Resources

Oil and gas reserves are depleting assets and therefore often experience significant production declines each year from the date of acquisition through the end of the life of the property. The primary source of liquidity to the Partnership comes almost entirely from the income generated from the sale of oil and gas produced from ownership interests in oil and gas properties. Net cash provided by operating activities totaled $275,569, $33,495 and $2,538 in 1998, 1997 and 1996, respectively. This source of liquidity and the related results of operations, and in turn cash distributions, will decline in future periods as the oil and gas produced from the properties also declines while production and general and administrative costs remain relatively stable making it unlikely that the Partnership will hold the properties until they are fully depleted, but will likely liquidate when a substantial majority of the reserves have been produced. Cash provided by property sale proceeds totaled $270,328 and $239,921 in 1997 and 1996, respectively. The Partnership has expended all of the partner's net commitments available for property acquisitions and development by acquiring producing oil and gas properties. The partnership invests primarily in proved producing properties with nominal levels of future costs of development for proven but undeveloped reserves. Significant purchases of additional reserves or extensive drilling activity are not anticipated. Capital expenditures totaled $59,741, $19,707, and $70,762 in 1998, 1997 and 1996, respectively. Cash distributions totaled $215,332, $283,972 and $147,522 in 1998, 1997 and 1996, respectively.

Subject to 1999 market conditions remaining comparable with 1998, the Managing General Partner ("MGP") anticipates an increase in liquidity provided that certain development work scheduled in 1999 is completed successfully. The Partnership plans to spend in the next four years an estimated $268,000 for capital expenditures needed for this development work and the enhancement of proved oil and gas reserves. The MGP anticipates that the Partnership will have adequate liquidity from income from continuing operations to satisfy any future capital expenditure requirements. Funds generated from bank borrowings and proceeds from the sale of oil and gas properties will be used to supplement this effort if deemed necessary.

Results of Operations

Oil and gas sales decreased 50 percent in 1998 vs. 1997. A decline in the 1998 gas prices received of 27 percent or $.71/MCF had a significant impact on partnership performance. The average sales price per equivalent MCF decreased 30 percent in 1998 as gas prices decreased 27 percent and oil prices declined 41 percent. Also, production volumes decreased 17 percent due to normal depletion. Oil production decreased 53 percent and gas production declined 7 percent.

Production cost per equivalent MCF decreased 37 percent in 1998 compared to 1997 as total production costs decreased 49 percent in 1998.

Associated depreciation expense increased 8 percent in 1998 when compared to 1997.

The Partnership recorded an additional provision in depreciation, depletion and amortization in 1998 of $466,967 when the present value, discounted at ten percent, of estimated future net revenues from oil and gas properties, using the guidelines of the Securities and Exchange Commission, was below the fair market value paid for oil and gas properties resulting in a full cost ceiling impairment.

Oil and gas sales decreased 37 percent in 1997 vs. 1996. Production volumes decreased 41 percent due to a 38 percent gas production decrease and a 52 percent oil production decline. The decrease in production, due in part to accelerated production declines on mature wells, had a significant impact on partnership performance. The partnership's sale in late 1996 of the Gladewater gas unit in Gregg County, Texas (Cairn acquisition) and the North Blowhorn Creek oil unit in Lamar County, Alabama (Wolf and Magee acquisition) had a significant impact on partnership performance. An increase in the 1997 gas prices of 17 percent or $.37/MCF partially offset the production declines. The average sales price per equivalent MCF increased 8 percent in 1997 as gas prices increased 17 percent but oil prices decreased 7 percent.

Production cost per equivalent MCF increased 56 percent in 1997 compared to 1996, primarily due to the decline in production volumes; however, total production costs decreased 6 percent in 1997.

Associated depreciation expense decreased 36 percent in 1997 when compared to 1996, also related to the decrease in production volumes.

During 1999, Partnership revenues and costs will be shared between the limited and general partners in a 90:10 ratio, based on the annualized rate of cash distributions by the Partnership during a certain period prior to December 31, 1998. Based on current oil and gas prices, current levels of oil and gas production and expected cash distributions during 1999, the MGP anticipates that the Partnership sharing ratio will continue to be 90:10.

Year 2000

The Year 2000 issue results from computer programs and embedded computer chips with date fields that cannot distinguish between the years 1900 and 2000. The Managing General Partner is currently implementing the steps necessary to make its operations and the related operations of the Partnership capable of addressing the Year 2000. These steps include upgrading, testing and certifying its computer systems and field operation services and obtaining Year 2000 compliance certification from all important business suppliers. The Managing General Partner formed a task force during 1998 to address the Year 2000 issue and prepare its business systems for the Year 2000. By mid-1999, the Managing General Partner expects the mission critical systems to be either replaced or updated and testing to be virtually completed.

The Managing General Partner's business systems are almost entirely comprised of off-the-shelf software. Most of the necessary changes in computer instructional code can be made by upgrading this software. The Managing General Partner is currently in the process of either upgrading the off-the-shelf software or receiving certification as to Year 2000 compliance from vendors or third party consultants. A testing phase is being conducted as the software is updated or certified and is expected to be completed by mid-1999.

The Managing General Partner does not believe that costs incurred to address the Year 2000 issue with respect to its business systems will have a material effect on the Partnership's results of operations, or its liquidity and financial condition. The estimated total cost to the Managing General Partner to address Year 2000 issues is projected to be less than $150,000, most of which will be spent during the testing phase. The Partnership's share of this cost is expected to be insignificant.

The failure to correct a material Year 2000 problem could result in an interruption, or failure of certain normal business activities or operations. Based on activities to date, the Managing General Partner believes that it will be able to resolve any Year 2000 problems concerning its financial and administrative systems. It is undeterminable how all the aspects of the Year 2000 will impact the Partnership. The most reasonably likely worst case scenario would involve a prolonged disruption of external power sources upon which core equipment relies, resulting in a substantial decrease in the Partnership's oil and gas production activities. In addition, the pipeline operators to whom the Managing General Partner sells the Partnership's natural gas, as well as other customers and suppliers, could be prone to Year 2000 problems that could not be assessed or detected by the Managing General Partner. The Managing General Partner is contacting its major purchasers, customers, suppliers, financial institutions and others with whom it conducts business to determine whether they will be able to resolve in a timely manner any Year 2000 problems directly affecting the Managing General Partner or Partnership and to inform them of the Managing General Partner's internal assessment of its Year 2000 review. There can be no assurance that such third parties will not fail to appropriately address their Year 2000 issues or will not themselves suffer a Year 2000 disruption that could have a material adverse effect on the Partnership's activities, financial condition or operating results. Based upon these responses and any problems that arise during the testing phase, contingency plans or back-up systems would be determined and addressed.

Item 8. Financial Statements and Supplementary Data

See Part IV, Item 14(a) for index to financial statements.

Item 9. Disagreements on Accounting and Financial Disclosure

None.

SWIFT ENERGY INCOME PARTNERS 1986-D, LTD.

PART III

Item 10. Directors and Executive Officers of the Registrant

As a limited partnership, the Registrant has no directors or executive officers. The business and affairs of the Registrant are managed by Swift as Managing General Partner. Set forth below is certain information as of March 12, 1999 regarding the directors and executive officers of Swift.

<TABLE>
<CAPTION>

Name	Age	Position(s) with Swift and Other Companies
		DIRECTORS
A. Earl Swift	65	Chief Executive Officer and Chairman of the Board
Virgil N. Swift	70	Executive Vice President - Business Development, Vice Chairman of the Board
G. Robert Evans	67	Director of Swift; Chairman of the Board, Material Sciences Corporation; Director, Consolidated Freightways, Inc., Fibreboard Corporation, Elco Industries, and Old Second Bancorp
Raymond O. Loen	74	Director of Swift; President, R. O. Loen Company
Henry C. Montgomery	63	Director of Swift; Chairman of the Board, Montgomery Financial Services Corporation; Director, Southwall Technology Corporation
Clyde W. Smith, Jr.	50	Director of Swift; President, Somerset Properties, Inc.
Harold J. Withrow	71	Director of Swift
		EXECUTIVE OFFICERS
Terry E. Swift	43	President, Chief Operating Officer
John R. Alden	53	Senior Vice President - Finance, Chief Financial Officer and Secretary

Bruce H. Vincent	51	Senior Vice President - Funds Management
James M. Kitterman	54	Senior Vice President - Operations
Joe A. D'Amico	50	Senior Vice President- Exploration and Development
Alton D. Heckaman, Jr.	41	Vice President - Finance and Controller

</TABLE>

From time to time, Swift as Managing General Partner of the Partnership purchases Units in the Partnership from investors who offer the Units pursuant to their right of presentment, which purchases are made pursuant to terms set out in the Partnership's original Limited Partnership Agreement. Due to the frequency and large number of these transactions, Swift reports these transactions under Section 16 of the Securities Exchange Act of 1934 on an annual rather than a monthly basis. In some cases such annual reporting may constitute a late filing of the required Section 16 reports under the applicable Section 16 rules.

Item 11. Executive Compensation

As noted in Item 10, "Directors and Executive Officers of the Registrant," above, the Partnership has no executive officers. The executive officers of Swift and VJM are not compensated by the Partnership.

Certain fees and allowances contemplated by the Limited Partnership Agreement have been paid by the Partnership to Swift and VJM. See Note (4) in Notes To Financial Statements (Related-Party Transactions) for further discussion.

Item 12. Security Ownership of Certain Beneficial Owners and Management

Swift Energy Company, the Managing General Partner, located at 16825 Northchase Drive, Suite 400, Houston, Texas 77060, owns 3,674 Limited Partnership Units, which is 26.02 percent of all outstanding Limited Partnership Units. All Limited Partnership Units owned by Swift were acquired from investors who offered the Limited Partnership Units pursuant to their right of presentment. As the Managing General Partner, Swift is not permitted generally, under the Limited Partnership Agreement, to vote its Limited Partnership Units. Swift also owns a general partnership interest of 9 percent of all partnership interests in the Partnership.

Swift and VJM are not aware of any arrangement, the operation of which may at a subsequent date result in a change in control of the Partnership.

Item 13. Certain Relationships and Related Transactions

As noted in Item 10, "Directors and Executive Officers of the Registrant," above, the Partnership has no executive officers or directors, and thus has not engaged in any transactions in which any such person had an interest. The Partnership is permitted to engage in certain transactions with Swift as Managing General Partner and VJM as Special General Partner, subject to extensive guidelines and restrictions as described in the "Conflicts of Interest" section of the Amended Prospectus contained in the Registration Statement, which is incorporated herein by reference.

Summarized below are the principal transactions that have occurred between the Partnership and Swift, VJM and their affiliates.

1. The oil and gas properties acquired by the Partnership, as described in Item 2, "Properties" above, were typically acquired initially by Swift from the seller thereof and subsequently transferred to the Partnership. Such transfers were made by Swift at its Property Acquisition Costs (as defined in the Limited Partnership Agreement), less any amounts received from sale of production between the time of acquisition by Swift and the time of sale to the Partnership.

2. Swift acts as operator for many of the wells in which the Partnership has acquired interests and has received compensation for such activities in accordance with standard industry operating agreements.

3. The Partnership paid to Swift and VJM certain fees as contemplated by the Limited Partnership Agreement. See Note (4) in Notes To Financial

Statements (Related-Party Transactions) for further discussion.

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PART IV

Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K a(1)

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a(2) FINANCIAL STATEMENT SCHEDULES

All schedules required by the SEC are either inapplicable or the required information is included in the Financial Statements, the Notes thereto, or in other information included elsewhere in this report.

a(3) EXHIBITS

3.1 Certificate of Limited Partnership of Swift Energy Income Partners 1986-D, Ltd. (including Limited Partnership Agreement of Swift Energy Income Partners 1986-D, Ltd., dated January 6, 1987), as filed January 9, 1987, with the Texas Secretary of State (excluding list of limited partners filed as part of Certificate) (Form 10-K for year ended December 31, 1988, Exhibit 3.1).

99.1 A copy of the following section of the Amended Prospectus dated October 8, 1986, contained in Post Effective Amendment No. 1 to Registration Statement No. 33-1875 on Form S-1 for Swift Energy Income Partners II, as filed on October 1, 1986, which have been incorporated herein by reference: "Proposed Activities" (pp 27 - 32) and "Conflicts of Interest" (pp. 44 - 48). (Form 10-K for year ended December 31, 1989, Exhibit 28.1).

b(1) REPORTS ON FORM 8-K

No reports on Form 8-K have been filed during the quarter ended December 31, 1998.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Swift Energy Income Partners 1986-D, Ltd.:

We have audited the accompanying balance sheets of Swift Energy Income Partners 1986-D, Ltd., (a Texas limited partnership) as of December 31, 1998 and 1997, and the related statements of operations, partners' capital and cash flows for the years ended December 31, 1998, 1997 and 1996. These financial statements are the responsibility of the Managing General Partner's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Swift Energy Income Partners 1986-D, Ltd., as of December 31, 1998 and 1997, and the results of its operations and its cash flows for the years ended December 31, 1998, 1997 and 1996, in conformity with generally accepted accounting principles.

ARTHUR ANDERSEN LLP

Houston, Texas
February 10, 1999

SWIFT ENERGY INCOME PARTNERS 1986-D, LTD.
BALANCE SHEETS
DECEMBER 31, 1998 AND 1997

<TABLE>
<CAPTION>

	1987	1997
<S>	<C>	<C>
ASSETS:		
Current Assets:		
Cash and cash equivalents	$ 1,669	$ 1,173
Oil and gas sales receivable	163,057	436,486
Other	10,882	6,468
Total Current Assets	175,608	444,127
Gas Imbalance Receivable	346	--
Oil and Gas Properties, using full cost accounting	12,812,427	12,752,686
Less-Accumulated depreciation, depletion and amortization	(11,298,612)	(10,677,142)
	1,513,815	2,075,544
	$ 1,689,769	$ 2,519,671
LIABILITIES AND PARTNERS' CAPITAL:		
Current Liabilities:		
Accounts Payable	$ 30,979	$ 88,549
Deferred Revenues	104,574	125,660
Limited Partners' Capital (14,121.10 Limited Partnership Units; $1,000 per unit)	1,475,276	2,195,259
General Partners' Capital	78,940	110,203
Total Partners' Capital	1,554,216	2,305,462

	$ 1,689,769	$ 2,519,671

</TABLE>

See accompanying notes to financial statements.

SWIFT ENERGY INCOME PARTNERS 1986-D, LTD.
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 1998 1997 AND 1996

<TABLE>
<CAPTION>

	1998	1997	1996
<S>	<C>	<C>	<C>
REVENUES:			
Oil and gas sales	$ 285,226	$ 573,207	$ 904,468
Interest income	6,663	55,885	998
Other	1,173	4,837	13,606
	293,062	633,929	919,072
COSTS AND EXPENSES:			
Lease operating	106,258	211,728	215,786
Production taxes	15,694	28,833	39,480
Depreciation, depletion and amortization -			
Normal provision	154,503	143,015	224,030
Additional provision	466,967	--	--
General and administrative	85,554	98,343	163,096
Interest expense	--	--	11,417
	828,976	481,919	653,809
INCOME (LOSS)	$ (535,914)	$ 152,010	$ 265,263

</TABLE>

See accompanying notes to financial statements.

SWIFT ENERGY INCOME PARTNERS 1986-D, LTD.
STATEMENTS OF PARTNERS' CAPITAL
FOR THE YEARS ENDED DECEMBER 31, 1998, 1997 AND 1996

<TABLE>
<CAPTION>

	Limited Partners	General Partners	Combining Adjustment	Total
<S>	<C>	<C>	<C>	<C>
Balance, December 31, 1995	$ 2,006,428	$ 113,194	$ 200,061	$ 2,319,683
Income (Loss)	237,315	41,427	(13,479)	265,263
Cash Distributions	(106,000)	(41,522)	--	(147,522)
Balance, December 31, 1996	2,137,743	113,099	186,582	2,437,424
Income (Loss)	137,328	23,276	(8,594)	152,010
Cash Distributions	(257,800)	(26,172)	--	(283,972)
Balance, December 31, 1997	2,017,271	110,203	177,988	2,305,462

Income (Loss)	(432,409)	469	(103,974)	(535,914)
Cash Distributions	(183,600)	(31,732)	--	(215,332)
Balance, December 31, 1998	$ 1,401,262	$ 78,940	$ 74,014	$ 1,554,216

Limited Partners' net income (loss) per unit	
1996	$ 16.81
1997	$ 9.73
1998	$ (30.62)

</TABLE>

See accompanying notes to financial statements.

SWIFT ENERGY INCOME PARTNERS 1986-D, LTD.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 1998, 1997 AND 1996

<TABLE>
<CAPTION>

<S>	1998 <C>	1997 <C>	1996 <C>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Income (Loss)	$ (535,914)	$ 152,010	$ 265,263
Adjustments to reconcile income (loss) to net cash provided by operations:			
Depreciation, depletion and amortization	621,470	143,015	224,030
Change in gas imbalance receivable and deferred revenues	(21,432)	(976)	(14,663)
Change in assets and liabilities:			
(Increase) decrease in oil and gas sales receivable	273,429	(237,420)	13,720
(Increase) decrease in other current assets	(4,414)	(6,468)	--
Increase (decrease) in accounts payable	(57,570)	(16,666)	(485,812)
Net cash provided by (used in) operating activities	275,569	33,495	2,538
CASH FLOWS FROM INVESTING ACTIVITIES:			
Additions to oil and gas properties	(59,741)	(19,707)	(70,762)
Proceeds from sales of oil and gas properties	--	270,328	239,921
Net cash provided by (used in) investing activities	(59,741)	250,621	169,159
CASH FLOWS FROM FINANCING ACTIVITIES:			
Cash distributions to partners	(215,332)	(283,972)	(147,522)
Payments on note payable	--	--	(25,000)
Net cash provided by (used in) financing activities	(215,332)	(283,972)	(172,522)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	496	144	(825)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,173	1,029	1,854
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 1,669	$ 1,173	$ 1,029
Supplemental disclosure of cash flow information:			
Cash paid during the year for interest	$ --	$ --	$ 12,045
Supplemental disclosure of non-cash investing activities:			
Oil and gas properties disposition for which cash will be received in a subsequent period	$ --	$ --	$ 105,380

</TABLE>

See accompanying notes to financial statements.

SWIFT ENERGY INCOME PARTNERS 1986-D, LTD.
NOTES TO FINANCIAL STATEMENTS

(1) Organization and Terms of Partnership Agreement -

Swift Energy Income Partners 1986-D, Ltd., a Texas limited partnership ("the Partnership"), was formed on January 9, 1987, for the purpose of purchasing and operating producing oil and gas properties within the continental United States. Swift Energy Company ("Swift"), a Texas corporation, and VJM Corporation ("VJM"), a California corporation, serve as Managing General Partner and Special General Partner of the Partnership, respectively. The general partners are required to contribute up to 1/99th of limited partner net contributions. The 1,580 limited partners made total capital contributions of $14,121,095.

Property acquisition costs and the management fee are borne 99 percent by the limited partners and one percent by the general partners. Organization and syndication costs were borne solely by the limited partners.

Initially, all continuing costs (including development costs, operating costs, general and administrative reimbursements and direct expenses) and revenues are allocated 85 percent to the limited partners and 15 percent to the general partners. After a certain period of Partnership operations, but prior to Partnership payout, as defined, one-third of these costs and revenues otherwise allocable to the general partners will be reallocated to the limited partners if the cash distribution rate (as defined in the Partnership Agreement) is less than 17.5 percent. Through December 31, 1988, the Partnership's continuing costs and revenues were allocated 85 percent to the limited partners and 15 percent to the general partners. Thereafter one-third of the general partners' share was reallocated to the limited partners as the cash distribution rate fell below 17.5 percent. Payout had not occurred as of December 31, 1998.

(2) Significant Accounting Policies -

Use of Estimates --

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from estimates.

Oil and Gas Properties --

The Partnership accounts for its ownership interest in oil and gas properties using the proportionate consolidation method, whereby the Partnership's share of assets, liabilities, revenues and expenses is included in the appropriate classification in the financial statements.

For financial reporting purposes, the Partnership follows the "full-cost" method of accounting for oil and gas property costs. Under this method of accounting, all productive and nonproductive costs incurred in the acquisition and development of oil and gas reserves are capitalized. Such costs include lease acquisitions, geological and geophysical services, drilling, completion, equipment and certain general and administrative costs directly associated with acquisition and development activities. General and administrative costs related to production and general overhead are expensed as incurred. No general and administrative costs were capitalized during the years ended December 31, 1998, 1997 and 1996.

Future development, site restoration, dismantlement and abandonment costs, net of salvage values, are estimated on a property-by-property basis based on current economic conditions and are amortized to expense as the Partnership's capitalized oil and gas property costs are amortized.

The unamortized cost of oil and gas properties is limited to the "ceiling limitation", (calculated separately for the Partnership, limited partners, and general partners). The "ceiling limitation" is calculated on a quarterly basis and represents the estimated future net revenues from proved properties using current prices, discounted at ten percent. Proceeds from the sale or disposition of oil and gas properties are treated as a reduction of oil and gas property costs with no gains or losses being recognized except in significant transactions.

The Partnership computes the provision for depreciation, depletion and amortization of oil and gas properties on the units-of-production method. Under this method, the provision is calculated by multiplying the total unamortized cost of oil and gas properties, including future development, site restoration, dismantlement and abandonment costs, by an overall amortization rate that is determined by dividing the physical units of oil and gas produced during the period by the total estimated units of proved oil and gas reserves at the beginning of the period.

The calculation of the "ceiling limitation" and the provision for depreciation, depletion and amortization is based on estimates of proved reserves. There are numerous uncertainties inherent in estimating quantities of proved reserves and in projecting the future rates of production, timing and plan of development. The accuracy of any reserve estimate is a function of the quality of available data and of engineering and geological interpretation and judgment. Results of drilling, testing and production subsequent to the date of the estimate may justify revision of such estimate. Accordingly, reserve estimates are often different from the quantities of oil and gas that are ultimately recovered.

Cash and Cash Equivalents --

Highly liquid debt instruments with an initial maturity of three months or less are considered to be cash equivalents.

Reclassifications --

Certain reclassifications have been made to the prior year balances to conform with the current year presentation.

(3) Oil and Gas Capitalized Costs -

The following table sets forth capital expenditures related to the Partnership's oil and gas operations:

<TABLE>
<CAPTION>

	Year Ended December 31,		
	1998	1997	1996
Acquisition of proved properties	$ --	$ --	$ --
Development	59,741	19,707	70,762
	$ 59,741	$ 19,707	$ 70,762

</TABLE>

All oil and gas property acquisitions are made by Swift on behalf of the Partnership. The costs of the properties include the purchase price plus any costs incurred by Swift in the evaluation and acquisition of properties.

During 1998, the Partnership's unamortized oil and gas property costs exceeded the quarterly calculations of the "ceiling limitation" resulting in an additional provision for depreciation, depletion and amortization of $466,967. In addition, the limited partners' share of unamortized oil and gas property costs exceeded their "ceiling limitation" in 1998, resulting in a valuation allowance of $372,936. This amount is included in the income (loss) attributable to the limited partners shown in the statements of partners' capital together with "combining adjustments" for the differences between the limited partners' valuation allowances and the Partnership's full cost ceiling write down. The "combining adjustments" change quarterly as the Partnership's total depreciation, depletion and amortization provision is more or less than the combined depreciation, depletion and amortization provision attributable to the general and limited partners.

(4) Related-Party Transactions -

An affiliate of the Special General Partner, as Dealer Manager, received $353,027 for managing and overseeing the offering of limited partnership units.

A one-time management fee of $353,027 was paid to Swift in 1987 for services performed for the Partnership. During 1998, 1997 and 1996, the Partnership paid Swift $43,034, $43,568 and $107,566, respectively, as general and administrative overhead allowances.

(5) Federal Income Taxes -

The Partnership is not a tax-paying entity. No provision is made in the accounts of the Partnership for federal or state income taxes, since such taxes are liabilities of the individual partners, and the amounts thereof depend upon their respective tax situations.

The tax returns and the amount of distributable Partnership income are subject to examination by the federal and state taxing authorities. If the Partnership's ordinary income for federal income tax purposes is ultimately changed by the taxing authorities, the tax liability of the limited partners could be changed accordingly. Ordinary income reported on the Partnership's federal return of income for the years ended December 31, 1998, 1997 and 1996 was $21,392, $194,850 and $469,226, respectively. The difference between ordinary income for federal income tax purposes reported by the Partnership and net income or loss reported herein primarily results from the exclusion of depletion (as described below) from ordinary income reported in the Partnership's federal return of income.

For federal income tax purposes, depletion with respect to production of oil and gas is computed separately by the partners and not by the Partnership. Since the amount of depletion on the production of oil and gas is not computed at the Partnership level, depletion is not included in the Partnership's income for federal income tax purposes but is charged directly to the partners' capital accounts to the extent of the cost of the leasehold interests, and thus is treated as a separate item on the partners' Schedule K-1. Depletion for federal income tax purposes may vary from that computed for financial reporting purposes in cases where a ceiling adjustment is recorded, as such amount is not recognized for tax purposes.

(6) Gas Imbalances -

The Partnership recognizes its ownership interest in natural gas production as revenue. Actual production quantities sold may be different than the Partnership's ownership share in a given period. If the Partnership's sales exceed its ownership share of production, the differences are recorded as deferred revenue. Gas balancing receivables are recorded when the Partnership's ownership share of production exceeds sales.

(7) Vulnerability Due to Certain Concentrations -

The Partnership's revenues are primarily the result of sales of its oil and natural gas production. Market prices of oil and natural gas may fluctuate and adversely affect operating results.

In the normal course of business, the Partnership extends credit, primarily in the form of monthly oil and gas sales receivables, to various companies in the oil and gas industry which results in a concentration of credit risk. This concentration of credit risk may be affected by changes in economic or other conditions and may accordingly impact the Partnership's overall credit risk. However, the Managing General Partner believes that the risk is mitigated by the size, reputation, and nature of the companies to which the Partnership extends credit. In addition, the Partnership generally does not require collateral or other security to support customer receivables.

(8) Fair Value of Financial Instruments -

The Partnership's financial instruments consist of cash and cash equivalents and short-term receivables and payables. The carrying amounts approximate fair value due to the highly liquid nature of the short-term instruments.

SWIFT ENERGY INCOME PARTNERS 1986-D, LTD

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SWIFT ENERGY INCOME
PARTNERS 1986-D, LTD.
(Registrant)

By: SWIFT ENERGY COMPANY
General Partner

Date: March 12, 1999 By: s/b A. Earl Swift

A. Earl Swift
Chief Executive Officer

Date: March 12, 1999 By: s/b John R. Alden

John R. Alden
Principal Financial Officer

Date: March 12, 1999 By: s/b Alton D. Heckaman, Jr.

Alton D. Heckaman, Jr.
Principal Accounting Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

SWIFT ENERGY INCOME
PARTNERS 1986-D, LTD.
(Registrant)

By: SWIFT ENERGY COMPANY
General Partner

Date: March 12, 1999 By: s/b A. Earl Swift

A. Earl Swift
Director and Principal
Executive Officer

Date: March 12, 1999 By: s/b Virgil N. Swift

Virgil N. Swift
Director and Executive
Vice President - Business
Development

Date: March 12, 1999 By: s/b G. Robert Evans

G. Robert Evans
Director

Date: March 12, 1999 By: s/b Raymond O. Loen

Raymond O. Loen
Director

Date: March 12, 1999 By: s/b Henry C. Montgomery

Henry C. Montgomery
Director

Date: March 12, 1999 By: s/b Clyde W. Smith, Jr.

Clyde W. Smith, Jr.
Director

Date: March 12, 1999 By: s/b Harold J. Withrow

Harold J. Withrow
Director

<TABLE> <S> <C>

<ARTICLE> 5
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This schedule contains summary financial information extracted from Swift Energy Income Partners 1986-D, Ltd.'s balance sheet and statement of operations contained in its Form 10-K for the year ended December 31, 1998 and is qualified in its entirety by reference to such financial statements.
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<FN>
<F1>Includes lease operating expenses, production taxes and depreciation,

depletion and amortization expense. Excludes general and administrative and interest expense.
</FN>

</TABLE>