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**United States Department of the Interior**

BUREAU OF LAND MANAGEMENT  
ROSWELL FIELD OFFICE  
2909 West Second Street  
Roswell, New Mexico 88201-2019

RECEIVED

OCT 13 2004

IN REPLY REFER  
NMNM111801X  
3180 (NMS13)

OIL CONSERVATION  
DIVISION

OCT 14 2004

C. W. Stumhoffer  
P. O. Box 100416  
Fort Worth, TX 76185-0416

Dear Mr. Stumhoffer:

Your application of October 24, 2002, filed with the BLM on behalf of Seely Oil Company, requests the designation of the E-K Penrose Sand Unit area, embracing 1469.85 acres, more or less, Lea County, New Mexico, as logically subject to secondary recovery operations under the unitization provisions of the Mineral Leasing Act as amended.

Pursuant to unit plan regulations 43 CFR 3180, the land requested as outlined on your plat marked Exhibit A, Seely Oil Company, E-K Penrose Sand Unit, Lea County, New Mexico, is hereby designated as a logical unit area and has been assigned No. NMNM111801X. This designation is valid for a period from one year from the date of this letter.

Waterflooding will be limited to the following interval: That interval defined as the top of the Penrose Member at 4640' on the well log for the Federal CS NO. 1 well located 660' FSL and 1980' FEL sec. 19, T. 18 S., R. 34 E., NMPM to the base of the Penrose Member at 4750'.

Your basis for allocation of unitized substances and your proposed form of unit agreement are acceptable, however, in Section 24 of Page 10 of the agreement the effective date needs to be changed and the last sentence of the fourth paragraph of the same section also needs to be changed as shown on the enclosed Page 10. Corrections to be made to Exhibit B are marked in red on the enclosed Exhibit.

If conditions are such that modification of said standard form is deemed necessary, two copies of the proposed modifications with appropriate justification must be submitted to this office for preliminary approval.

In the absence of any type of land requiring special provisions or any objections not now apparent, a duly executed agreement identical with said form, modified as outline above, will be approved if submitted in approvable status within a reasonable period of time. However, notice is hereby given that the right is reserved to deny approval of any executed agreement submitted which in our opinion, does not have the full commitment of sufficient lands to afford effective control of operations in the unit area.

When the executed agreement is transmitted to the BLM for final approval, include the latest status of all acreage. In preparation of Exhibits "A" and "B", follow closely the format of the sample exhibits attached to the reprint of the aforementioned form. You will also need to submit an initial Plan of Operations and a list of wells showing the old well names and numbers and the new well names and numbers.

Inasmuch as this unit agreement involves Fee lands, we are sending a copy of the letter to the NMOCD.

Sincerely,

**/S/ Larry D. Bray**

Larry D. Bray  
Assistant Field Manager,  
Lands and Minerals

Enclosures

cc:  
NMOCD, Santa Fe.



**United States Department of the Interior**

**BUREAU OF LAND MANAGEMENT  
ROSSELL FIELD OFFICE  
2909 West Second Street  
Roswell, New Mexico 88201-2019**

IN REPLY REFER  
NMNM111801X  
3180 NM(513)

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APR 29 2005

APR 26 2005

Law Offices  
Lossee, Carson, & Haas, P.A.  
Attention: Suzette Johnson  
P. O. Box 1720  
Artesia, NM 88211-1720

OIL CONSERVATION  
DIVISION

Dear Ms. Johnson:

This office is in receipt of 2 originals and 1 copy of the Certificate of Effectiveness for the E-K Penrose Sand Unit Agreement, No. NMNM111801X, Lea County, New Mexico.

Such certificate is hereby accepted for record purposes and one original is returned for your files

Therefore, pursuant to Section 24 of the unit agreement, the E-K Penrose Sand Unit Agreement became effective as of April 1, 2005.

You are requested to furnish all interested principals with appropriate evidence of this acceptance.

Sincerely,

**/s/ Larry D. Bray**

Larry D. Bray  
Assistant Field Manager,  
Lands and Minerals

Enclosure

cc:  
MMS, Denver (357B-1,G. Ryer/C. Collins)  
NMOCD, Santa Fe