

SEELY OIL COMPANY

815 WEST TENTH STREET
FORT WORTH, TEXAS 76102

January 17, 2003

Oil Conservation Division
New Mexico Energy, Minerals and
Natural Resources Department
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: Seely Oil Company
Case No. 12983 - Application for
Approval of a Unit Agreement
E-K Penrose Sand Unit
Case No. 12964 - Application for
Approval of Waterflood Development
E-K Penrose Sand Unit
Lea County, New Mexico
Supplemental Reservoir Information

Attention: Mr. David Catanach

Gentlemen:

The existence of a gas cap in the hydrocarbon productive Penrose (Lower Queen) sand under the E-K Penrose Sand Unit, E-K Yates-Seven Rivers-Queen Field, Lea County, New Mexico was discovered during the primary development of the E-K Yates-Seven Rivers-Queen Field during the middle 1950s.

The location of this gas cap is shown on Exhibit No. 9, Net Pay Isopach Map of the Penrose (Lower Queen) Sand. This Exhibit was submitted for record during the examiner hearing before the NMOCD on January 9, 2003 seeking approval of the E-K Penrose Sand Unit and the waterflood development thereof.

There were two (2) wells that tested gas from the Penrose (Lower Queen) sand during the primary development of the E-K Yates-Seven Rivers-Queen Field.

These two (2) wells are (1) T. J. Sivley Federal Well No. 7-24 (now E-K Queen Unit Well No. 27) located in the SW/4 of the SE/4 of Section 24-T18S-R33E, NMPM and (2) T. J. Sivley Federal 19 Well No. 2 (now E-K Queen Unit Well No. 22) located in the NE/4 of the SW/4 of Section 19-T18S-R34E, NMPM, Lea County, New Mexico.

SEELY OIL COMPANY

815 WEST TENTH STREET
FORT WORTH, TEXAS 76102

Oil Conservation Division, New Mexico Energy, Minerals
and Natural Resources Department
Examiner Hearing Case No. 12983 and Case No. 12964
January 17, 2003

Page No. 2

Because of high nitrogen content and very low BTU value, this Penrose (Lower Queen) sand gas was not produced. Both wells were eventually utilized in the waterflood development of the oil productive Upper and Main Queen sands under the E-K Queen Unit.

Attached are BLM Form 9-331a, Sundry Notices and Report on Wells, to support the abandonment of the gas productive Penrose (Lower Queen) sand under these two (2) wells without being produced.

Seely Oil Company plans to inject water into this gas cap to prevent the loss of oil from the oil productive Penrose (Lower Queen) sand when the Penrose reservoir is re-pressured by water injection operations.

The undersigned is available at 817/946-8795 should you have further questions in regard to this proposed waterflood unit.

Very truly yours,

SEELY OIL COMPANY



C. W. Stumhoffer

CWS

Enclosures: BLM Form 9-331s
T. J. Sivley Federal Well No. 7-24
T. J. Sivley Federal 19 Well No. 2

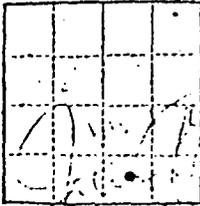
(SUBMIT IN TRIPPLICATE)

Land Office Santa Fe, N.M.

Lease No. LC-C65645

Unit 0

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY



SUNDRY NOTICES AND REPORTS ON WELLS

NOTICE OF INTENTION TO DRILL.....	SUBSEQUENT REPORT OF WATER SHUT-OFF.....	
NOTICE OF INTENTION TO CHANGE PLANS.....	SUBSEQUENT REPORT OF SHOOTING OR ACIDIZING.....	
NOTICE OF INTENTION TO TEST WATER SHUT-OFF.....	SUBSEQUENT REPORT OF ALTERING CASING.....	
NOTICE OF INTENTION TO RE-DRILL OR REPAIR WELL.....	SUBSEQUENT REPORT OF RE-DRILLING OR REPAIR.....	
NOTICE OF INTENTION TO SHOOT OR ACIDIZE.....	SUBSEQUENT REPORT OF ABANDONMENT.....	
NOTICE OF INTENTION TO PULL OR ALTER CASING.....	SUPPLEMENTARY WELL HISTORY.....	
NOTICE OF INTENTION TO ABANDON WELL.....	<u>Sand Frac</u>	<u>X</u>

(INDICATE ABOVE BY CHECK MARK NATURE OF REPORT, NOTICE, OR OTHER DATA)

Artesia, New Mexico 2/14/1958

[REDACTED] is located 990 ft. from [NS] line and 1980 ft. from [E] line of sec. 24

[REDACTED]
(1/4 Sec. and Sec. No.) (Twp.) (Range) (Meridian)
E.K. Queen Lea New Mexico
(Field) (County or Subdivision) (State or Territory)

The elevation of the derrick floor above sea level is 3916 ft.

DETAILS OF WORK

(State names of and expected depths to objective sands; show sizes, weights, and lengths of proposed casings; indicate mudding jobs, cementing points, and all other important proposed work)

On February 11, 1958 this well was treated with 500 Gallons of Breakdown acid, 25,000 Gallons of Lease Cfude and 25,000 lbs of Sand. Treating pressure averaged 3000 lbs with an injection rate of 19 bbls per minute.

After swabbing back 200 bbls of load oil the well kicked off and flowed. Balance of load to recover as of date is 650 bbls.

RF
FEB 17 1958

I understand that this plan of work must receive approval in writing by the Geological Survey before operations may be commenced.

Company Thomas J. Sivley

Address Box 1208

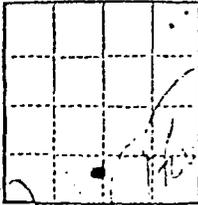
Artesia, New Mexico

By [Signature]

Title Owner-Operator

(SUBMIT IN TRIPLICATE)

Land Office _____
Lease No. 10-000045
Unit 0



UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

MARCH 10 1952
SUNDRY NOTICES AND REPORTS ON WELLS

NOTICE OF INTENTION TO DRILL.....	SUBSEQUENT REPORT OF WATER SHUT-OFF.....
NOTICE OF INTENTION TO CHANGE PLANS.....	SUBSEQUENT REPORT OF SHOOTING OR ACIDIZING.....
NOTICE OF INTENTION TO TEST WATER SHUT-OFF.....	SUBSEQUENT REPORT OF ALTERING CASING.....
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NOTICE OF INTENTION TO SHOOT OR ACIDIZE.....	SUBSEQUENT REPORT OF ABANDONMENT.....
NOTICE OF INTENTION TO PULL OR ALTER CASING.....	SUPPLEMENTARY WELL HISTORY.....
NOTICE OF INTENTION TO ABANDON WELL.....	

(INDICATE ABOVE BY CHECK MARK NATURE OF REPORT, NOTICE, OR OTHER DATA)

March 17, 1952

[REDACTED] is located 900 ft. from N line and 1000 ft. from E line of sec. 24
[REDACTED] 100 10-1 R1M

2-2 100N 10N R1M
(Field) (County or Subdivision) (State or Territory)
New Mexico

The elevation of the derrick floor above sea level is 3916 ft.

DETAILS OF WORK

(State names of and expected depths to objective sands; show sizes, weights, and lengths of proposed casings; indicate mudding jobs, cementing points, and all other important proposed work)

Treatment of the [REDACTED] well. Only 270 bbls of loose crude was recovered. 300 bbls lost in formation.

[REDACTED] was obtained, which is not commercial. Permission is requested that I be allowed to plug and abandon.

I propose to set a cast iron bridge plug above gas zone, fill the casing with mud, screw down in top of casing, and weld on regulation marker, clean up location, erect well sign and abandon.

I understand that this plan of work must receive approval in writing by the Geological Survey before operations may be commenced.

Company Thomas J. Sivley
Address Box 1208
Artesia, N.M.
By [Signature]
Title Owner-Operator

Form 9-331a
(Feb. 1951)

(SUBMIT IN TRIPLICATE)

Land Office Santa Fe, New Mexico

Lease No. LC-063645

Unit "K"

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

W.S. Swobert

SUNDRY NOTICES AND REPORTS ON WELLS

NOTICE OF INTENTION TO DRILL.....	SUBSEQUENT REPORT OF WATER SHUT-OFF.....	
NOTICE OF INTENTION TO CHANGE PLANS.....	SUBSEQUENT REPORT OF SHOOTING OR ACIDIZING.....	<input checked="" type="checkbox"/>
NOTICE OF INTENTION TO TEST WATER SHUT-OFF.....	SUBSEQUENT REPORT OF ALTERING CASING.....	
NOTICE OF INTENTION TO RE-DRILL OR REPAIR WELL.....	SUBSEQUENT REPORT OF RE-DRILLING OR REPAIR.....	
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NOTICE OF INTENTION TO PULL OR ALTER CASING.....	SUPPLEMENTARY WELL HISTORY.....	
NOTICE OF INTENTION TO ABANDON WELL.....		

(INDICATE ABOVE BY CHECK MARK NATURE OF REPORT, NOTICE, OR OTHER DATA)

E.J. Sivley-Federal 19 / November 12, 1956

W. 1/2 Sec. 19 is located 1990 ft. from N line and 1897 ft. from E line of sec. 19

189 (Twp.) 34E (Range) NMPM (Meridian)
E.K. Queen (Field) Lea (County or Subdivision) New Mexico (State or Territory)

The elevation of the derrick floor above sea level is 3982 ft.

DETAILS OF WORK

(State names of and expected depths to objective sands; show sizes, weights, and lengths of proposed casings; indicate mudding jobs, cementing points, and all other important proposed work)

On November 8, 1956 the Pearse Zone from 4578-4690 was perforated with 6 Holes per Ft. 48, Holes. On 11/9/56 the well was treated with 500 gallons of mud acid and then fractured with 10,000 gallons of Lease crude and 7500# of Sand. Injection rate was 20 bbls per minute at 2800# pressure. The well kicked off after swabbing back 38 bbls of oil, and was flowing back load oil at the rate of about 5 bbls per hour. It is expected that this well is gas with a high oil content. Will continue testing the well for a week or ten days before perforating and treating the upper Queen Zone.

I understand that this plan of work must receive approval in writing by the Geological Survey before operations may be commenced.

Company Thomas J. Sivley
Address Box 1208,
Artesia, New Mexico
By [Signature]
Title Owner

(SUBMIT IN TRIPLICATE)

Land Office Santa Fe, N.M.
Lease No. LC-063645
Unit K

APPROVED
JAN 21 1957
H. K. ...
H. K. ...
DISTRICT SUPERVISOR

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

RECEIVED
JAN 21 1957

SUNDRY NOTICES AND REPORTS ON WELLS

NOTICE OF INTENTION TO DRILL.....		SUBSEQUENT REPORT OF WATER SHUT-OFF.....	
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NOTICE OF INTENTION TO PULL OR ALTER CASING.....		SUPPLEMENTARY WELL HISTORY.....	
NOTICE OF INTENTION TO ABANDON WELL.....			

(INDICATE ABOVE BY CHECK MARK NATURE OF REPORT, NOTICE, OR OTHER DATA)

~~.....~~ - Federal 19/ January 18, 1957, 19

~~.....~~ is located 1930 ft. from [EX] line and 1897 ft. from [EX] line of sec. 19
[S] [W]

~~.....~~ 18S 34E N47M
(1/4 Sec. and Sec. No.) (Twp.) (Range) (Meridian)
E.K. Queen Lea New Mexico
(Field) (County or Subdivision) (State or Territory)

The elevation of the derrick floor above sea level is 3982 ft.

DETAILS OF WORK

(State names of and expected depths to objective sands; show sizes, weights, and lengths of proposed casings; indicate mudding jobs, cementing points, and all other important proposed work)

After treating the ~~.....~~ pay opposite perforations from ~~.....~~ with 10,000 Gallons of lease crude and 7500# of sand, the well made 5.5 Million Cu. Feet of Gas daily through open 2" Tubing. ~~.....~~ and treat with 10,000 gallons of Lease Crude and 15,000 lbs of sand.

I understand that this plan of work must receive approval in writing by the Geological Survey before operations may be commenced.

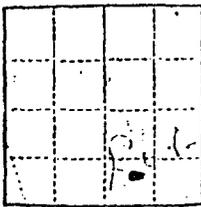
Company Thomas J. Sivley

Address Box 1208
Artesia, New Mexico

By *[Signature]*
Title Owner

(SUBMIT IN TRIPLICATE)

Land Office Santa Fe, N.M.
Lease No. LC-063645
Unit 0



UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

SUNDRY NOTICES AND REPORTS ON WELLS

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NOTICE OF INTENTION TO ABANDON WELL.....		

(INDICATE ABOVE BY CHECK MARK NATURE OF REPORT, NOTICE, OR OTHER DATA)

Artesia, New Mexico 1/18, 1957

~~Thomas J. Sivley - Federal~~

~~is located~~ is located 990 ft. from NE line and 1960 ft. from E line of sec. 24

~~sec. and Sec. No.~~ E.K. Queen Lea New Mexico
(Field) (County or Subdivision) (State or Territory)

The elevation of the derrick floor above sea level is 5916 ft.

DETAILS OF WORK

(State names of and expected depths to objective sands; show sizes, weights, and lengths of proposed casings; indicate mudding jobs, cementing points, and all other important proposed work)

This well drilled to a total depth of 4657' on 1/14/58. On that date 4657' of 5-1/2" OD 14# J-55 Gals Casing was run to total depth of 4657' and cemented with 200 sacks of neat cement. Plug down 9:15 P

On 1/16/58 Electric Logs were run to top of float Collar at 4836. Cement not drilled out to total depth. ~~Productions are~~ being made to treat the pay zone with 500 Ga. Mud acid, 25,000 Gallo of lease crude and 25,000 Lbs of sand.

I understand that this plan of work must receive approval in writing by the Geological Survey before operations may be commenced.

Company Thomas J. Sivley
Address Box 1208
Artesia, N.M.
By [Signature]
Title Owner-Operator

