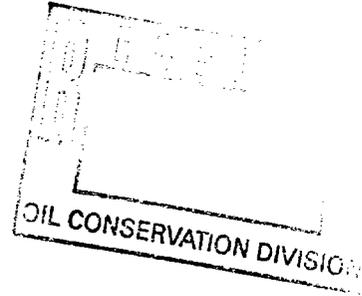


SEELY OIL COMPANY

815 WEST TENTH STREET  
FORT WORTH, TEXAS 76102

June 2, 1995

File  
10647



Mr. Pete Martinez  
State Land Office  
P. O. Box 1148  
Santa Fe, New Mexico 87509-1148

Re: Central EK Queen Unit (OG 2414)  
E-K Yates Seven Rivers Queen  
Lea County, New Mexico

Dear Mr. Martinez:

The OG-2414 (Tract 3) of our Central EK Queen Unit is included in the unit based upon the participation factor of 0.364326% for one usable well and 40 acres; however, it was given no credit for production since all of its past production and current production comes from the Yates formation. Only the Queen sand production was included in the unit and this tract has not had any production in the past and is currently not producing from the Queen.

We propose to take production out of the Yates until we expand the flood over to this area, which will probably be one to two years in the future. Until then we need a separate PUN for the Yates production from this tract.

Thank you for your attention to this matter.

Very truly yours,

C. W. Seely  
C. W. Seely *mm*

CWS/ww

cc: Valerie Anaya  
Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87504-2088



RECEIVED  
GENERAL INVESTIGATION DIVISION  
JUN 23 1995

State of New Mexico  
Commissioner of Public Lands

310 OLD SANTA FE TRAIL P.O. BOX 1148

SANTA FE, NEW MEXICO 87504-1148

RAY POWELL, M.S., D.V.M.  
COMMISSIONER

(505) 827-5760  
FAX (505) 827-5766

June 19, 1995

Seely Oil Company  
615 West Tenth Street  
Fort Worth, Texas 76102

Attn: Mr. C. W. Seely

Re: Central EK Queen Unit  
State OG-2414 Well No. 1-F  
Sec. 7-18S-34E  
Lea County, New Mexico

Dear Mr. Seely:

This office is in receipt of your letter of June 2, 1995. Your letter advised this office that the State OG-2414 Well No. 1-F, Sec. 7-18S-34E is not a unit well under the terms of the Central EK Queen Unit Agreement and should be produced on a lease basis.

A review of our records reflects that the unitized formation in the Central EK Queen Unit is "that stratigraphic interval occurring between a point of 100 feet above the top of the Queen Sand and 100 feet below the base of the Queen Sand, said Queen Sand interval occurring between 4366 feet and 4426 feet . . .".

NMOCD Order No. R-9885-A states that "the Seely Oil Company State OG 2414 Well No. 1 (Central EK Queen Unit Tract 3, Well No. 1), is currently a producing oil well in the Yates portion of the subject pool (perfs. 3321'-3447'); the current perforations are to be squeezed and the well is to be recompleted as an injection well in the perforated interval between 4361 feet to 4366 feet;"

In view of the above, please be advised that this office concurs with your determination that the State OG-2414 Well No. 1-F is currently producing on a lease basis from the Yates formation.

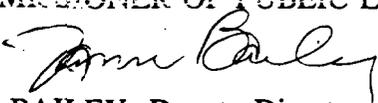
You are requested to advise this office immediately upon the re-completion of the above mentioned well into the unitized zone as an injection well.

Seely Oil Company  
June 19, 1995  
Page 2

If you have any questions, or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.  
COMMISSIONER OF PUBLIC LANDS

BY:   
JAMI BAILEY, Deputy Director  
Oil, Gas and Minerals Division  
(505) 827-5744

RP/JB/pm

cc: Reader File  
Royalty Management Division Attn: Ms. Wanda Helms  
OCD-Santa Fe Attn: Mr. Roy Johnson  
TRD-Santa Fe Attn: Ms. Valerie Anaya

RECEIVED  
CONCEPT

'94 JUL 25 AM 8 50

SEELY OIL COMPANY

815 WEST TENTH STREET  
FORT WORTH, TEXAS 76102

July 19, 1994

#10647

D -  
Unit letter

Tue R<sub>1</sub>

State of New Mexico  
Energy, Minerals and Natural Resources Dept.  
Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87504

Attn: Mr. William J. LeMay, Director

Re: Revised Plan of Operation  
Central EK Queen Unit  
E-K Yates-SR-Queen Field  
Lea County, New Mexico

Gentlemen:

An initial plan of operation of an enhanced oil recovery project for the Central EK Queen Unit (CEKQU), E-K Yates-SR-Queen Field, Lea County, New Mexico, was filed with the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico (Division) and the Commissioner of Public Lands of the State of New Mexico (Commissioner) with the filing for final approval of the CEKQU. The CEKQU was approved by the Division under Order No. R-9885 dated April 27, 1993, and the plan of operation for enhanced oil recovery via water injection into the oil productive Queen reservoir was approved under Order No. R-9885-A dated November 17, 1993.

The CEKQU became effective October 1, 1993, and subsequent to an extension of time granted by the Division and the Commissioner to commence enhanced oil recovery operations as provided under Section 11. Plan of Operations, water injection was commenced on July 10, 1994, into Tract 6 Well No. 1.

The initial plan of operation as approved by the Division and the Commissioner has been revised to the extent that the project development will be commenced on the east end of the CEKQU instead of the northwest end. There has been no extensive change in water injection pattern or wells to be utilized for water injection. Please refer to the attached revised Plan of Development map and schedule.

July 19, 1994

Under the provisions of Section 11. Plan of Operations, we respectfully request the approval of the Division and the Commissioner of this revised plan of operation for the CEKQU.

Very truly yours,

SEELY OIL COMPANY

A handwritten signature in cursive script, appearing to read "C. W. Seely".

C. W. Seely

CWS/ww  
Attch.

CENTRAL EK QUEEN UNIT  
E-K YATES-SR-QUEEN FIELD  
LEA COUNTY, NEW MEXICO

REVISED PLAN OF OPERATIONS

Develop east side first where most of the useable wells are located. Also where possible start water into reservoir at downdip locations. Determine response before expanding to west and northwest.

1994

(1) Develop fresh water supply	\$ 25,000
(2) Install water plant and injection system	50,000
(3) Convert Tract 6 Well #1 to water injection	20,000
(4) Consolidate tank batteries	30,000
(5) Drill, complete and equip Tract 11 Well #2 for water injection	200,000
(6) Drill, complete and equip Tract 7 Well #2 for water injection	200,000
(7) Drill, complete and equip Tract 8 Well #2 for water injection	225,000
	<u>\$750,000</u>

1995

(1) Re-complete Tract 3 Well #1 for water injection	\$ 50,000
(2) Re-enter and complete Tract 4 Well #1 for water injection	40,000
(3) Re-enter and complete Tract 13 Well #1 for water injection	40,000
(4) Convert Tract 5 Well #1 to water injection	20,000
(5) Drill, complete and equip Tract 8 Well #3 for water injection	200,000
	<u>\$350,000</u>

1996

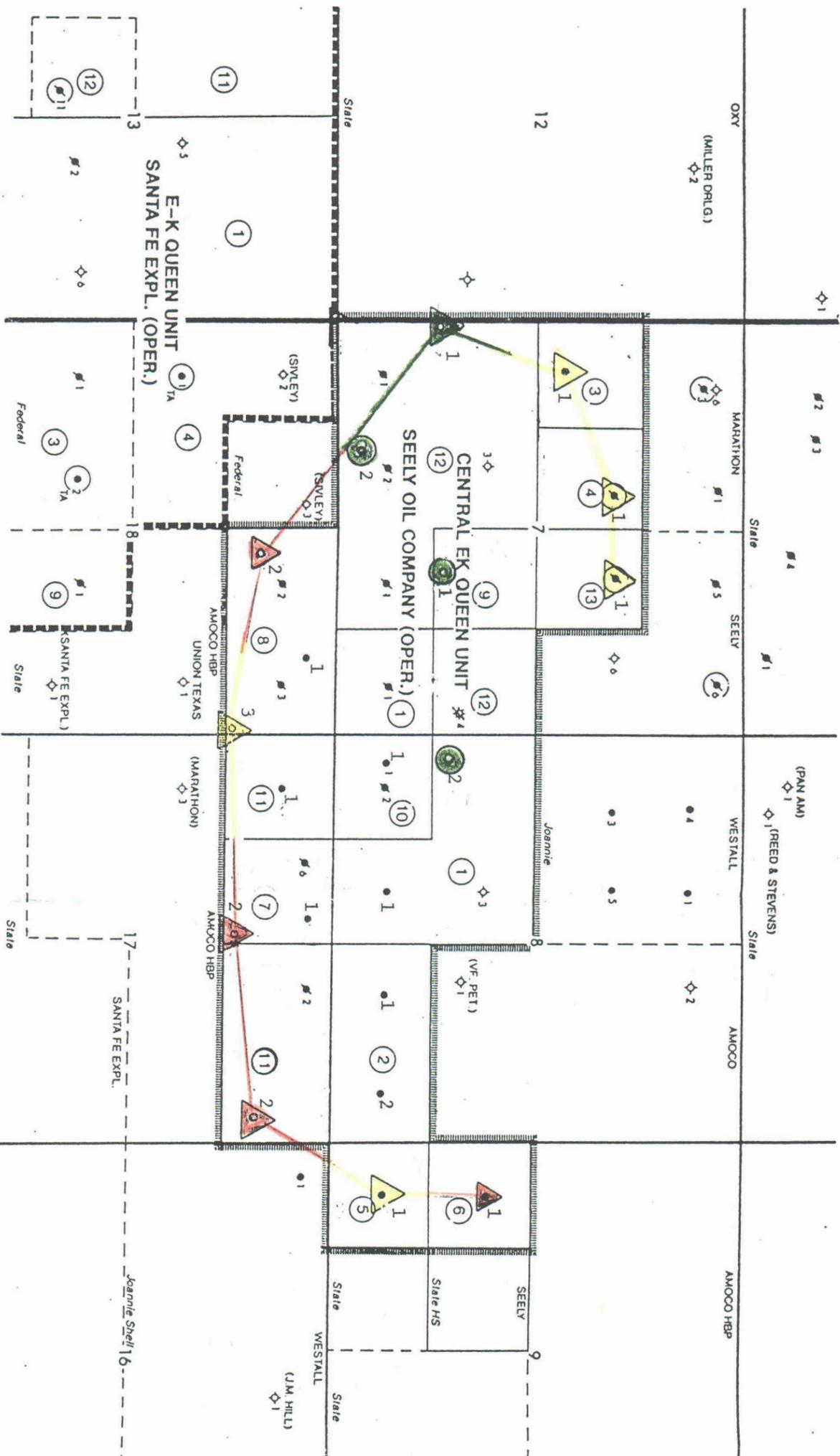
(1) Drill, complete and equip Tract 12 Well #1 for water injection	\$200,000
(2) Drill, complete and equip Tract 10 Well #1, Tract 9 Well #1 and Tract 12 Well #2 for production	675,000
	<u>\$875,000</u>

GRAND TOTAL \$1,975,000

R. 33 E.

R. 34 E.

T. 18 S.



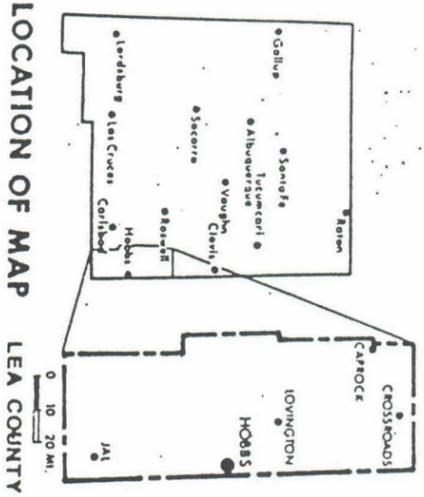
QUEEN SAND DEVELOPMENT PLAN

INJECTOR PRODUCER

LEGEND

E.K. YATES-SR. QUEEN WELLS ONLY

- QUEEN SAND OIL WELL
  - PLUGGED AND ABANDONED QUEEN SAND OIL WELL
  - ✘ PLUGGED AND ABANDONED QUEEN SAND GAS WELL
  - ◇ QUEEN SAND DRY HOLE
  - PLUGGED AND ABANDONED QUEEN SAND WATER INJECTION WELL
  - TEMPORARILY ABANDONED, QUEEN SAND WATER INJECTION WELL
  - SALT WATER DISPOSAL WELL, QUEEN SAND
  - ⑨ TRACT NUMBER
- ▲ 1994 WELLS TO BE ADDED
  - ▲ 1995 WELLS TO BE ADDED
  - ▲ 1996 WELLS TO BE ADDED



**Seely Oil Company**

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**CENTRAL E.K. QUEEN UNIT**  
**E.K. YATES SEVEN RIVERS QUEEN FIELD**  
**Lea County, New Mexico**

**PLAN OF DEVELOPMENT**  
 REVISED JULY 12, 1994

SCALE IN FEET  
 0 1000 2000





RAY B. POWELL  
COMMISSIONER

State of New Mexico

OFFICE OF THE

Commissioner of Public Lands

Santa Fe

10647

P.O. BOX 1148  
SANTA FE, NEW MEXICO 87504-1148

September 28, 1993

Seely Oil Company  
815 West 10th Street  
Ft. Worth, Texas 76102

Attention: Mr. C. W. Seely

Re: Final Approval  
Central EK Queen Unit  
Lea County, New Mexico

Dear Mr. Seely:

This office is in receipt of your letter of September 22, 1993, requesting Final Approval of the Central EK Queen Unit, Lea County, New Mexico. Attached with your letter is a copy of the New Mexico Oil Conservation Division's Order No. R-9885, Case #10647 entered on April 27, 1993.

Please be advised that the Commissioner of Public Lands has this date granted final approval to the Central EK Queen Unit Agreement, Lea County, New Mexico. Please also be advised that your Initial Plan of Operation has also been approved pursuant to Section 11 of the Central EK Queen Unit Agreement. The effective date of this agreement is September 28, 1993.

Enclosed are Five (5) Certificates of Approval.

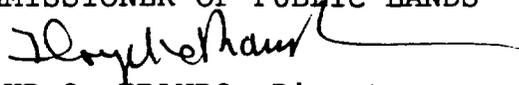
Your filing fee in the amount of \$280.00 dollars has been received.

Please advise all interested parties of this action.

If you have any questions, or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY B. POWELL, M.S., D.V.M.  
COMMISSIONER OF PUBLIC LANDS

BY:   
FLOYD O. PRANDO, Director  
Oil/Gas and Minerals Division  
(505) 827-5744  
RBP/FOP/pm

cc: Reader File  
OCD  
TRD

UNIT NAME: CENTRAL EK QUEEN UNIT  
 OPERATOR: SEELEY OIL COMPANY  
 COUNTY: LEA

DATE APPROVED	OCB CASE NO. ORDER NO.	EFFECTIVE DATE	TOTAL ACREAGE	STATE	FEDERAL-INDIAN	FEE	SEG CLAUSE	TERM
09/28/93	04/27/93	09/28/93	988.40	988.40	0	0	Modified	So long as

OCB: 04/27/93 - Case # 10647, Order No. R-9885  
 CPL: 09/28/93

UNIT AREA:

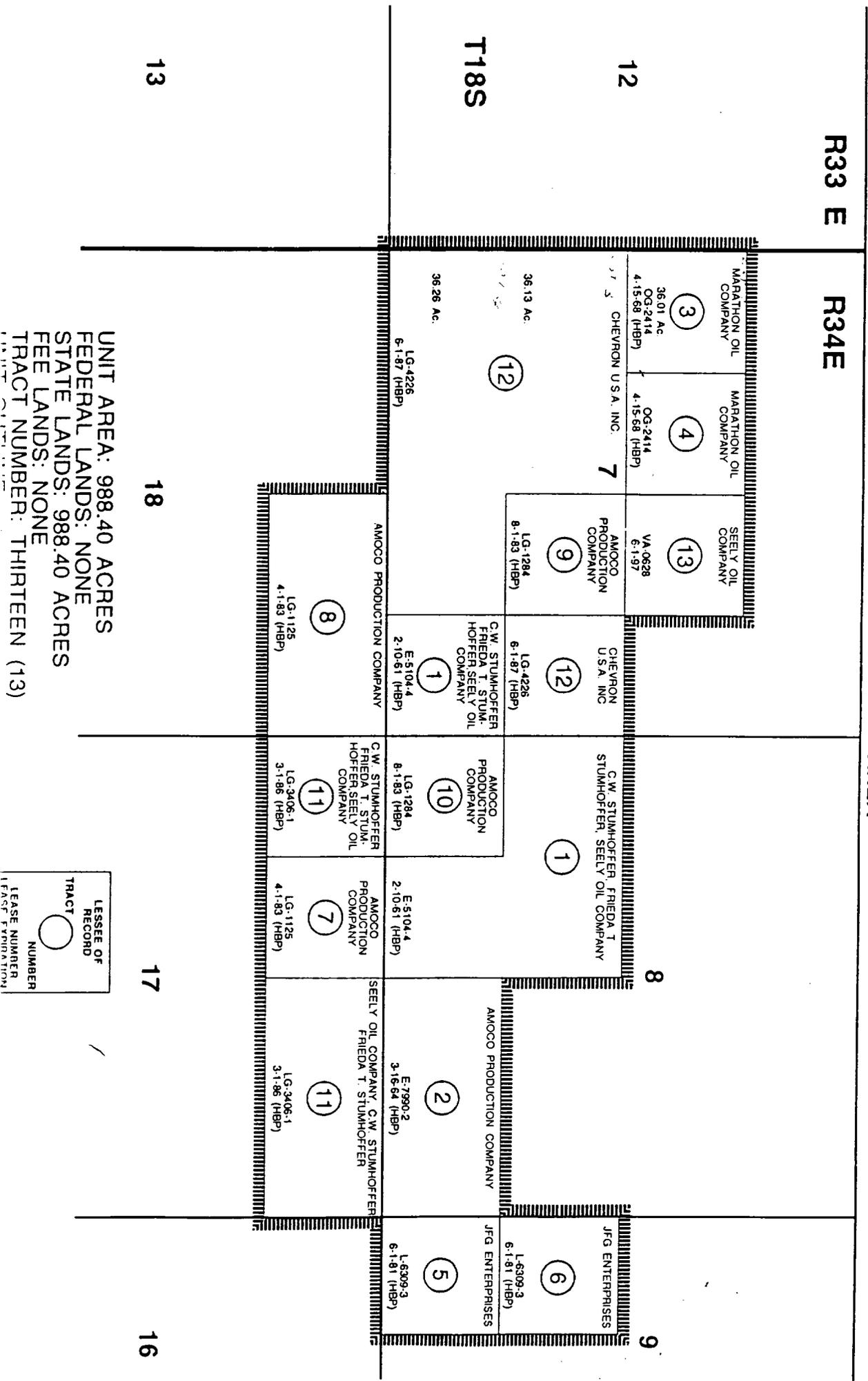
TOWNSHIP 18 SOUTH-RANGE 34 EAST

- SECTION 7: LOTS 2, 3, 4, SW $\frac{1}{4}$ NE $\frac{1}{4}$ , SE $\frac{1}{4}$ NW $\frac{1}{4}$ , E $\frac{1}{2}$ SW $\frac{1}{4}$ , SE $\frac{1}{4}$
- SECTION 8: SW $\frac{1}{4}$ , S $\frac{1}{2}$ SE $\frac{1}{4}$
- SECTION 9: W $\frac{1}{2}$ SW $\frac{1}{4}$
- SECTION 17: N $\frac{1}{2}$ N $\frac{1}{2}$
- SECTION 18: N $\frac{1}{2}$ NE $\frac{1}{4}$

# EXHIBIT "A" TO UNIT AGREEMENT

## CENTRAL EK QUEEN UNIT LEA COUNTY, NEW MEXICO

### MAP OF UNIT AREA



UNIT AREA: 988.40 ACRES  
 FEDERAL LANDS: NONE  
 STATE LANDS: 988.40 ACRES  
 FEE LANDS: NONE  
 TRACT NUMBER: THIRTEEN (13)

LESSEE OF RECORD  
 TRACT NUMBER  
 LEASE NUMBER  
 EXPIRATION

EXHIBIT "B" TO UNIT AGREEMENT  
CENTRAL EK QUEEN UNIT  
LEA COUNTY, NEW MEXICO

SCHEDULE SHOWING ALL LANDS AND LEASES

TRACT	DESCRIPTION OF LAND	NUMBER OF ACRES	LEASE NUMBER & EXPIRATION DATE	BASIC ROYALTY AND PERCENTAGE	LESSEE OF RECORD	OVERRIDING ROYALTY OWNERSHIP	WORKING INTEREST OWNERSHIP AND PERCENTAGE
1	SE/4 SE/4 Section 7 & SE/4 SW/4, N/2 SW/4 Section 8, T18S, R34E	160.00	E-5014-4 2-10-61 (HBP)	State of New Mexico 12.5%	C. W. Stunhoff Frieda T. Stunhoff Seely Oil Company	Appendix Note 1	Appendix Note 2
2	S/2 SE/4 Section 8, T18S, R34E	80.00	E-7990-2 3-16-64 (HBP)	State of New Mexico 12.5%	Amoco Production Company	Appendix Note 3	Appendix Note 4
3	Lot 2 (SW/4 NW/4) Section 7, T18S, R34E	36.01	OG-2414 4-15-68 (HBP)	State of New Mexico 12.5%	Marathon Oil Co.	Appendix Note 5	Appendix Note 6
4	SE/4 NW/4 Section 7, T18S, R34E	40.00	OG-2414 4-15-68 (HBP)	State of New Mexico 12.5%	Marathon Oil Co.	Appendix Note 7	Appendix Note 8
5	SW/4 SW/4 Section 9, T18S, R34E	40.00	L-6309-3 6-01-81 (HBP)	State of New Mexico 12.5%	JFG Enterprise	Appendix Note 9	Appendix Note 10
6	NW/4 SW/4 Section 9, T18S, R34E	40.00	L-6309-3 6-01-81 (HBP)	State of New Mexico 12.5%	JFG Enterprise	Appendix Note 11	Appendix Note 12
7	NE/4 NW/4 Section 17, T18S, R34E	40.00	LG-1125 4-01-83 (HBP)	State of New Mexico 12.5%	Amoco Production Company	Appendix Note 13	Appendix Note 14
8	N/2 NE/4 Section 18, T18S, R34E	80.00	LG-1125 4-01-83 (HBP)	State of New Mexico 12.5%	Amoco Production Company	Appendix Note 15	Appendix Note 16

EXHIBIT "B" TO UNIT AGREEMENT  
 CENTRAL, EK QUEEN UNIT  
 IEA COUNTY, NEW MEXICO

SCHEDULE SHOWING ALL LANDS AND LEASES

TRACT	DESCRIPTION OF LAND	NUMBER OF ACRES	LEASE NUMBER & EXPIRATION DATE	BASIC ROYALTY AND PERCENTAGE	LESSEE OF RECORD	OVERRIDING ROYALTY OWNERSHIP	WORKING INTEREST OWNERSHIP AND PERCENTAGE
9	NW/4 SE/4 Section 7, T18S, R34E	40.00	LG-1284 8-01-83 (HBP)	State of New Mexico 12.5%	Amoco Production Company	Appendix Note 17	Appendix Note 18
10	SW/4 SW/4 Section 8, T18S, R34E	40.00	LG-1284 8-01-83 (HBP)	State of New Mexico 12.5%	Amoco Production Company	Appendix Note 19	Appendix Note 20
11	NW/4 NW/4 & N/2 NE/4 Section 17, T18S, R34E	120.00	LG-3406-1 3-01-86 (HBP)	State of New Mexico 12.5%	Seely Oil Company C. W. Stumhoffer Frieda T. Stumhoffer	Appendix Note 21	Appendix Note 22
12	Lots 3 & 4 (W/2 SW/4), E/2 SW/4, NE/4 SE/4 & SW/4 SE/4 Section 7, T18S, R34E	232.39	LG-4226 6-01-87 (HBP)	State of New Mexico 12.5%	Chevron USA Inc.	Appendix Note 23	Appendix Note 24
13	SW/4 NE/4 Section 7, T18S, R34E	40.00	VA-0628 6-01-97	State of New Mexico 12.5%	Seely Oil Company	Appendix Note 25	Appendix Note 26
TOTALS							
	0 Federal Tracts				0.00 Acres	0.00% of Unit Area	
	13 State of New Mexico Tracts				988.40 Acres	100.00% of Unit Area	
	0 Fee Tracts				0.00 Acres	0.00% of Unit Area	
	13 Tracts				988.40 Acres	100.00% of Unit Area	

APPENDIX TO EXHIBIT "B" TO UNIT AGREEMENT  
CENTRAL E.K. QUEEN UNIT  
LEA COUNTY, NEW MEXICO

NOTE 1 - OVERRIDING ROYALTY OWNERS UNDER TRACT 1

Marc H. Lowrance, Jr.	0.931500%
Bill M. Scales	0.157407%
* C. W. Seely	2.794200%

\* ORRI converts to 25% reversionary WI at payout.

NOTE 2 - WORKING INTEREST OWNERS UNDER TRACT 1

* J. Cleo Thompson & James Cleo Thompson, Jr., a partnership	23.290%
* Patricia Dean Boswell, Trustee under Revocable ** Trust Agreement dated June 13, 1988	7.450%
* John P. Oil Company **	2.790%
* C.E.B. Oil Company **	2.790%
* E.A.B. Oil Company **	2.800%
* P.V.B. Oil Company **	2.800%
* Houston & Emma Hill Trust Estate ***	9.314%
* Express Air Drilling, Inc.	5.820%
* Wes-Tex Drilling Company	5.820%
* Northbrook Business Center	5.820%
* Burnett Oil Company	9.314%
* Merlyn W. Dahlin	1.860%
* Charles P. Davis	1.860%
David L. Henderson	0.931%
Michael J. Havel	0.931%
C. W. Stumhoffer & Frieda T. Stumhoffer	6.860%
C. W. Seely	9.550%

\*Subject to a 25% reversionary working interest at payout.

\*\*Subject to prorata share of the Marc H. Lowrance, Jr. ORRI.

\*\*\*Subject to the Bill M. Scales ORRI.

APPENDIX TO EXHIBIT "B" TO UNIT AGREEMENT  
 CENTRAL E.K. QUEEN UNIT  
 LEA COUNTY, NEW MEXICO

NOTE 3 - OVERRIDING ROYALTY OWNERS UNDER TRACT 2

Windell A. Thomason	7.500000%
Marc H. Lowrance, Jr.	0.931500%
Bill M. Scales	0.143440%
* C. W. Seely	2.794200%

\* ORRI converts to 25% reversionary WI at payout.

NOTE 4 - WORKING INTEREST OWNERS UNDER TRACT 2

* J. Cleo Thompson & James Cleo Thompson, Jr., a partnership	23.290%
* Patricia Dean Boswell, Trustee under Revocable ** Trust Agreement dated June 13, 1988	7.450%
* John P. Oil Company **	2.790%
* C.E.B. Oil Company **	2.790%
* E.A.B. Oil Company **	2.800%
* P.V.B. Oil Company **	2.800%
* Houston & Emma Hill Trust Estate ***	9.314%
* Express Air Drilling, Inc.	5.820%
* Wes-Tex Drilling Company	5.820%
* Northbrook Business Center	5.820%
* Burnett Oil Company	9.314%
* Merlyn W. Dahlin	1.860%
* Charles P. Davis	1.860%
David L. Henderson	0.931%
Michael J. Havel	0.931%
C. W. Stumhoffer & Frieda T. Stumhoffer	6.860%
C. W. Seely	9.550%

\*Subject to a 25% reversionary working interest at payout.

\*\*Subject to prorata share of the Marc H. Lowrance, Jr. ORRI.

\*\*\*Subject to the Bill M. Scales ORRI.

APPENDIX TO EXHIBIT "B" TO UNIT AGREEMENT  
CENTRAL E.K. QUEEN UNIT  
LEA COUNTY, NEW MEXICO

NOTE 5 - OVERRIDING ROYALTY OWNERS UNDER TRACT 3

Marathon Oil Company	12.500000%
Dwight A. Free, Jr.	2.343750%
John E. Casey	1.171880%
Bradley A. Pomeroy	0.328130%
Hanon Operating Company	6.156250%
Marc H. Lowrance, Jr.	0.937500%
Bill M. Scales	0.121082%

NOTE 6 - WORKING INTEREST OWNERS UNDER TRACT 3

* J. Cleo Thompson & James Cleo Thompson, Jr., a partnership	23.290%
* Patricia Dean Boswell, Trustee under Revocable ** Trust Agreement dated June 13, 1988	7.450%
* John P. Oil Company	2.790%
**	
* C.E.B. Oil Company	2.790%
**	
* E.A.B. Oil Company	2.800%
**	
* P.V.B. Oil Company	2.800%
**	
* Houston & Emma Hill Trust Estate ***	9.314%
* Express Air Drilling, Inc.	5.820%
* Wes-Tex Drilling Company	5.820%
* Northbrook Business Center	5.820%
* Burnett Oil Company	9.314%
* Merlyn W. Dahlin	1.860%
* Charles P. Davis	1.860%
David L. Henderson	0.931%
Michael J. Havel	0.931%
C. W. Stumhoffer & Frieda T. Stumhoffer	6.860%
C. W. Seely	9.550%

- \* Subject to a 25% reversionary working interest at payout.
- \*\* Subject to prorata share of the Marc H. Lowrance, Jr. ORRI.
- \*\*\* Subject to the Bill M. Scales ORRI.

APPENDIX TO EXHIBIT "B" TO UNIT AGREEMENT  
CENTRAL E.K. QUEEN UNIT  
LEA COUNTY, NEW MEXICO

NOTE 7 - OVERRIDING ROYALTY OWNERS UNDER TRACT 4

None

NOTE 8 - WORKING INTEREST OWNERS UNDER TRACT 4

Marathon Oil Company

100.00%

APPENDIX TO EXHIBIT "B" TO UNIT AGREEMENT  
CENTRAL E.K. QUEEN UNIT  
LEA COUNTY, NEW MEXICO

NOTE 9 - OVERRIDING ROYALTY OWNERS UNDER TRACT 5

Windell A. Thomason	12.500000%
David S. Googins, Jr.	1.000000%
George Weis	1.000000%
Bobby Hicks	1.000000%
Marc H. Lowrance, Jr.	0.931500%
Bill M. Scales	0.134122%

NOTE 10 - WORKING INTEREST OWNERS UNDER TRACT 5

* J. Cleo Thompson & James Cleo Thompson, Jr., a partnership	23.290%
* Patricia Dean Boswell, Trustee under Revocable ** Trust Agreement dated June 13, 1988	7.450%
* John P. Oil Company **	2.790%
* C.E.B. Oil Company **	2.790%
* E.A.B. Oil Company **	2.800%
* P.V.B. Oil Company **	2.800%
* Houston & Emma Hill Trust Estate ***	9.314%
* Express Air Drilling, Inc.	5.820%
* Wes-Tex Drilling Company	5.820%
* Northbrook Business Center	5.820%
* Burnett Oil Company	9.314%
* Merlyn W. Dahlin	1.860%
* Charles P. Davis	1.860%
David L. Henderson	0.931%
Michael J. Havel	0.931%
C. W. Stumhoffer & Frieda T. Stumhoffer	6.860%
C. W. Seely	9.550%

- \*Subject to a 25% reversionary working interest at payout.
- \*\*Subject to prorata share of the Marc H. Lowrance, Jr. ORRI.
- \*\*Subject to the Bill M. Scales ORRI.

APPENDIX TO EXHIBIT "B" TO UNIT AGREEMENT  
CENTRAL E.K. QUEEN UNIT  
LEA COUNTY, NEW MEXICO

NOTE 11 - OVERRIDING ROYALTY OWNERS UNDER TRACT 6

Marc H. Lowrance, Jr.	0.937500%
Bill M. Scales	0.153681%

NOTE 12 - WORKING INTEREST OWNERS UNDER TRACT 6

* J. Cleo Thompson & James Cleo Thompson, Jr., a partnership	23.290%
* Patricia Dean Boswell, Trustee under Revocable ** Trust Agreement dated June 13, 1988	7.450%
* John P. Oil Company **	2.790%
* C.E.B. Oil Company **	2.790%
* E.A.B. Oil Company **	2.800%
* P.V.B. Oil Company **	2.800%
* Houston & Emma Hill Trust Estate ***	9.314%
* Express Air Drilling, Inc.	5.820%
* Wes-Tex Drilling Company	5.820%
* Northbrook Business Center	5.820%
* Burnett Oil Company	9.314%
* Merlyn W. Dahlin	1.860%
* Charles P. Davis	1.860%
David L. Henderson	0.931%
Michael J. Havel	0.931%
C. W. Stumhoffer & Frieda T. Stumhoffer	6.860%
C. W. Seely	9.550%
* Subject to a 25% reversionary working interest at payout.	
** Subject to prorata share of the Marc H. Lowrance, Jr. ORRI.	
*** Subject to the Bill M. Scales ORRI.	

APPENDIX TO EXHIBIT "B" TO UNIT AGREEMENT  
CENTRAL E.K. QUEEN UNIT  
LEA COUNTY, NEW MEXICO

NOTE 13 - OVERRIDING ROYALTY OWNERS UNDER TRACT 7

Amoco Production Company	10.500000%
Thomas R. Smith	0.750000%
John Saleh	0.250000%
Linda W. Smith	0.500000%
Marc H. Lowrance, Jr.	0.931500%
Bill M. Scales	0.134122%
* C. W. Seely	2.794200%

\* ORRI converts to 25% reversionary WI at payout.

NOTE 14 - WORKING INTEREST OWNERS UNDER TRACT 7

*J. Cleo Thompson & James Cleo Thompson, Jr., a partnership	23.290%
* Patricia Dean Boswell, Trustee under Revocable Trust Agreement dated June 13, 1988	7.450%
* John P. Oil Company	2.790%
* C.E.B. Oil Company	2.790%
* E.A.B. Oil Company	2.800%
* P.V.B. Oil Company	2.800%
* Houston & Emma Hill Trust Estate	9.314%
* Express Air Drilling, Inc.	5.820%
* Wes-Tex Drilling Company	5.820%
* Northbrook Business Center	5.820%
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* Charles P. Davis	1.860%
David L. Henderson	0.931%
Michael J. Havel	0.931%
C. W. Stumhoffer & Frieda T. Stumhoffer	6.860%
C. W. Seely	9.550%

\*Subject to a 25% reversionary working interest at payout.

\*\*Subject to prorata share of the Marc H. Lowrance, Jr. ORRI.

\*\*\*Subject to the Bill M. Scales ORRI.

APPENDIX TO EXHIBIT "B" TO UNIT AGREEMENT  
CENTRAL E.K. QUEEN UNIT  
LEA COUNTY, NEW MEXICO

NOTE 15 - OVERRIDING ROYALTY OWNERS UNDER TRACT 8

Amoco Production Company	10.500000%
Thomas R. Smith	0.750000%
John Saleh	0.250000%
Linda W. Smith	0.500000%
Marc H. Lowrance, Jr.	0.727500%
Bill M. Scales	0.092365%
* C. W. Seely	1.910610%

\* ORRI converts to 25% reversionary WI at payout.

NOTE 16 - WORKING INTEREST OWNERS UNDER TRACT 8

* J. Cleo Thompson & James Cleo Thompson, Jr., a partnership	17.6830%
* Patricia Dean Boswell, Trustee under Revocable Trust Agreement dated June 13, 1988	5.6648%
* John P. Oil Company	2.1215%
* C.E.B. Oil Company	2.1215%
* E.A.B. Oil Company	2.1215%
* P.V.B. Oil Company	2.1215%
* Houston & Emma Hill Trust Estate	7.0754%
* Express Air Drilling, Inc.	4.4208%
* Wes-Tex Drilling Company	4.4208%
* Northbrook Business Center	4.4208%
* Burnett Oil Company	7.0754%
* Merlyn W. Dahlin	1.4106%
* Charles P. Davis	1.4106%
David L. Henderson	0.7087%
Michael J. Havel	0.7087%
C. W. Stumhoffer & Frieda T. Stumhoffer	7.6197%
C. W. Seely	7.2542%
Frances Buckler	4.3750%
Roger W. Moore	4.3750%
J. C. Maddux	2.7340%
Thomas J. Maddux	5.4690%
Armstrong Energy Corp.	1.87500%
James E. Haas	2.81250%

\* Subject to a 25% reversionary working interest at payout.

\*\* Subject to prorata share of the Marc H. Lowrance, Jr. ORRI.

\*\*\* Subject to the Bill M. Scales ORRI.

APPENDIX TO EXHIBIT "B" TO UNIT AGREEMENT  
CENTRAL E.K. QUEEN UNIT  
LEA COUNTY, NEW MEXICO

NOTE 17 - OVERRIDING ROYALTY OWNERS UNDER TRACT 9

Amoco Production Company	10.500000%
Thomas R. Smith	0.750000%
John Saleh	0.250000%
Linda W. Smith	0.500000%
Marc H. Lowrance, Jr.	0.806500%
Bill M. Scales	0.116930%
* C. W. Seely	2.419200%

\* ORRI converts to 25% reversionary WI at payout.

NOTE 18 - WORKING INTEREST OWNERS UNDER TRACT 9

* J. Cleo Thompson & James Cleo Thompson, Jr., a partnership	23.040%
* Patricia Dean Boswell, Trustee under Revocable Trust Agreement dated June 13, 1988	7.370%
* John P. Oil Company	2.760%
* C.E.B. Oil Company	2.760%
* E.A.B. Oil Company	2.760%
* P.V.B. Oil Company	2.760%
* Houston & Emma Hill Trust Estate	9.220%
* Express Air Drilling, Inc.	5.760%
* Wes-Tex Drilling Company	5.760%
* Northbrook Business Center	5.760%
* Burnett Oil Company	9.220%
* Merlyn W. Dahlin	1.840%
* Charles P. Davis	1.840%
David L. Henderson	0.921%
Michael J. Havel	0.921%
C. W. Stumhoffer & Frieda T. Stumhoffer	7.840%
C. W. Seely	9.468%

\* Subject to a 25% reversionary working interest at payout.

\*\* Subject to prorata share of the Marc H. Lowrance, Jr. ORRI.

\*\*\* Subject to the Bill M. Scales ORRI.

APPENDIX TO EXHIBIT "B" TO UNIT AGREEMENT  
CENTRAL E.K. QUEEN UNIT  
LEA COUNTY, NEW MEXICO

NOTE 19 - OVERRIDING ROYALTY OWNERS UNDER TRACT 10

Amoco Production Company	10.500000%
Thomas R. Smith	0.750000%
John Saleh	0.250000%
Linda W. Smith	0.500000%
Marc H. Lowrance, Jr.	0.806500%
Bill M. Scales	0.116930%
* C. W. Seely	2.419200%

\* ORRI converts to 25% reversionary WI at payout.

NOTE 20 - WORKING INTEREST OWNERS UNDER TRACT 10

* J. Cleo Thompson & James Cleo Thompson, Jr., a partnership	23.040%
* Patricia Dean Boswell, Trustee under Revocable Trust Agreement dated June 13, 1988	7.371%
* John P. Oil Company	2.766%
* C.E.B. Oil Company	2.766%
* E.A.B. Oil Company	2.766%
* P.V.B. Oil Company	2.766%
* Houston & Emma Hill Trust Estate	9.216%
* Express Air Drilling, Inc.	5.760%
* Wes-Tex Drilling Company	5.760%
* Northbrook Business Center	5.760%
* Burnett Oil Company	9.216%
* Merlyn W. Dahlin	1.840%
* Charles P. Davis	1.840%
David L. Henderson	0.921%
Michael J. Havel	0.921%
C. W. Stumhoffer & Frieda T. Stumhoffer	7.840%
C. W. Seely	9.451%

\* Subject to a 25% reversionary working interest at payout.

\*\* Subject to prorata share of the Marc H. Lowrance, Jr. ORRI.

\*\*\* Subject to the Bill M. Scales ORRI.

APPENDIX TO EXHIBIT "B" TO UNIT AGREEMENT  
CENTRAL E.K. QUEEN UNIT  
LEA COUNTY, NEW MEXICO

NOTE 21 - OVERRIDING ROYALTY OWNERS UNDER TRACT 11

Marc H. Lowrance, Jr.	0.907500%
Bill M. Scales	0.147260%
C. W. Seely	2.614200%

\* ORRI converts to 25% reversionary WI at payout.

NOTE 22 - WORKING INTEREST OWNERS UNDER TRACT 11

* J. Cleo Thompson & James Cleo Thompson, Jr., a partnership	21.790%
* Patricia Dean Boswell, Trustee under Revocable ** Trust Agreement dated June 13, 1988	6.970%
* John P. Oil Company **	2.610%
* C.E.B. Oil Company **	2.610%
* E.A.B. Oil Company **	2.620%
* P.V.B. Oil Company **	2.620%
* Houston & Emma Hill Trust Estate ***	8.714%
* Express Air Drilling, Inc.	5.450%
* Wes-Tex Drilling Company	5.450%
* Northbrook Business Center	5.450%
* Burnett Oil Company	8.714%
* Merlyn W. Dahlin	1.740%
* Charles P. Davis	1.740%
David L. Henderson	0.871%
Michael J. Havel	0.871%
C. W. Stumhoffer & Frieda T. Stumhoffer	6.860%
C. W. Seely	8.920%
Mary F. Buckler	3.000%
Roger W. Moore	3.000%

\* Subject to a 25% reversionary working interest at payout.

\*\* Subject to prorata share of the Marc H. Lowrance, Jr. ORRI.

\*\*\* Subject to the Bill M. Scales ORRI.

APPENDIX TO EXHIBIT "B" TO UNIT AGREEMENT  
CENTRAL E.K. QUEEN UNIT  
LEA COUNTY, NEW MEXICO

NOTE 23 - OVERRIDING ROYALTY OWNERS UNDER TRACT 12

Marc H. Lowrance, Jr.	0.937500%
Bill M. Scales	0.162995%

NOTE 24 - WORKING INTEREST OWNERS UNDER TRACT 12

* J. Cleo Thompson & James Cleo Thompson, Jr., a partnership	23.290%
* Patricia Dean Boswell, Trustee under Revocable ** Trust Agreement dated June 13, 1988	7.450%
* John P. Oil Company	2.790%
**	
* C.E.B. Oil Company	2.790%
**	
* E.A.B. Oil Company	2.800%
**	
* P.V.B. Oil Company	2.800%
**	
* Houston & Emma Hill Trust Estate	9.314%
***	
* Express Air Drilling, Inc.	5.820%
* Wes-Tex Drilling Company	5.820%
* Northbrook Business Center	5.820%
* Burnett Oil Company	9.314%
* Merlyn W. Dahlin	1.860%
* Charles P. Davis	1.860%
David L. Henderson	0.931%
Michael J. Havel	0.931%
C. W. Stumhoffer & Frieda T. Stumhoffer	6.860%
C. W. Seely	9.550%

\* Subject to a 25% reversionary working interest at payout.

\*\* Subject to prorata share of the Marc H. Lowrance, Jr. ORRI.

\*\*\* Subject to the Bill M. Scales ORRI.

APPENDIX TO EXHIBIT "B" TO UNIT AGREEMENT  
CENTRAL E.K. QUEEN UNIT  
LEA COUNTY, NEW MEXICO

NOTE 25 - OVERRIDING ROYALTY OWNERS UNDER TRACT 13

Marc H. Lowrance, Jr.	0.937500%
Bill M. Scales	0.162995%

NOTE 26 - WORKING INTEREST OWNERS UNDER TRACT 13

* J. Cleo Thompson & James Cleo Thompson, Jr., a partnership	23.290%
* Patricia Dean Boswell, Trustee under Revocable ** Trust Agreement dated June 13, 1988	7.450%
* John P. Oil Company	2.790%
**	
* C.E.B. Oil Company	2.790%
**	
* E.A.B. Oil Company	2.800%
**	
* P.V.B. Oil Company	2.800%
**	
* Houston & Emma Hill Trust Estate	9.314%
***	
* Express Air Drilling, Inc.	5.820%
* Wes-Tex Drilling Company	5.820%
* Northbrook Business Center	5.820%
* Burnett Oil Company	9.314%
* Merlyn W. Dahlin	1.860%
* Charles P. Davis	1.860%
David L. Henderson	0.931%
Michael J. Havel	0.931%
C. W. Stumhoffer & Frieda T. Stumhoffer	6.860%
C. W. Seely	9.550%
* Subject to a 25% reversionary working interest at payout.	
** Subject to prorata share of the Marc H. Lowrance, Jr. ORRI.	
*** Subject to the Bill M. Scales ORRI.	

APPENDIX TO EXHIBIT "B" TO UNIT AGREEMENT  
CENTRAL E.K. QUEEN UNIT  
LEA COUNTY, NEW MEXICO

NOTE 25 - OVERRIDING ROYALTY OWNERS UNDER TRACT 13

Marc H. Lowrance, Jr.	0.937500%
Bill M. Scales	0.162995%

NOTE 26 - WORKING INTEREST OWNERS UNDER TRACT 13

* J. Cleo Thompson & James Cleo Thompson, Jr., a partnership	23.290%
* Patricia Dean Boswell, Trustee under Revocable ** Trust Agreement dated June 13, 1988	7.450%
* John P. Oil Company	2.790%
**	
* C.E.B. Oil Company	2.790%
**	
* E.A.B. Oil Company	2.800%
**	
* P.V.B. Oil Company	2.800%
**	
* Houston & Emma Hill Trust Estate	9.314%
***	
* Express Air Drilling, Inc.	5.820%
* Wes-Tex Drilling Company	5.820%
* Northbrook Business Center	5.820%
* Burnett Oil Company	9.314%
* Merlyn W. Dahlin	1.860%
* Charles P. Davis	1.860%
David L. Henderson	0.931%
Michael J. Havel	0.931%
C. W. Stumhoffer & Frieda T. Stumhoffer	6.860%
C. W. Seely	9.550%

\* Subject to a 25% reversionary working interest at payout.

\*\* Subject to prorata share of the Marc H. Lowrance, Jr. ORRI.

\*\*\* Subject to the Bill M. Scales ORRI.

SEELY OIL COMPANY

815 WEST TENTH STREET  
FORT WORTH, TEXAS 76102

March 21, 1994

D -  
Unit letter  
Tax 12y

State of New Mexico  
Energy & Minerals Department  
P. O. Box 2088  
Santa Fe, New Mexico 87504

Attn: Mr. William J. LeMay  
Division Director

Re: Central EK Queen Unit  
E-K Yates-Seven Rivers-Queen Field  
Lea County, New Mexico  
*Effective Date Change to 10-1-94*

Gentlemen:

The provisions of Section 11, Plan of Operations of the Unit Agreement for the Central EK Queen Unit, E-K Yates-Seven Rivers-Queen Field, Lea County, New Mexico, that became effective October 1, 1993, requires commencement of secondary recovery operations not later than six (6) months after the effective date of this Agreement which would be April 1, 1994.

Due to economic conditions, namely the depressed price of crude oil, Seely Oil Company, as Unit Operator, hereby requests an extension of this provision until October 1, 1994. Even should crude oil prices remain depressed, it is Seely Oil Company's intention to proceed with this project during the six-month extension period.

Your approval of this request prior to April 1, 1994, is needed. Should you have any questions in regard to this request, please advise.

Thank you for your consideration in this matter.

Very truly yours,

SEELY OIL COMPANY

*C. W. Stumhoffer*

C. W. Stumhoffer

CWS/ww



State of New Mexico  
Commissioner of Public Lands

310 OLD SANTA FE TRAIL P.O. BOX 1148

SANTA FE, NEW MEXICO 87504-1148

(505) 827-5760  
FAX (505) 827-5766

RAY POWELL, M.S., D.V.M.  
COMMISSIONER

March 24, 1994

Seely Oil Company  
815 West 10th Street  
Ft. Worth, Texas 78102

Attention: Mr. C. W. Stumhoffer

Re: Six Month Extension  
Central EK Queen Unit  
Lea County, New Mexico

Dear Mr. Stumhoffer:

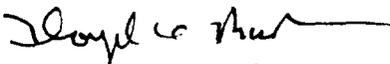
This office is in receipt of your letter of March 21, 1994, wherein you have requested a six month extension to October 1, 1994, to commence secondary recovery operations.

Please be advised that the Commissioner of Public Lands has this date approved your request, and you are hereby granted an extension to October 1, 1994, to commence secondary recovery operations on the Central EK Queen Unit.

If you have any questions, or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY B. POWELL, M.S., D.V.M.  
COMMISSIONER OF PUBLIC LANDS

BY:   
FLOYD O. PRANDO, Director  
Oil/Gas and Minerals Division  
(505) 827-5744  
RBP/FOP/pm  
cc: Reader File  
OCD



JIM BACA  
COMMISSIONER

State of New Mexico

OFFICE OF THE

Commissioner of Public Lands

Santa Fe

P.O. BOX 1148  
SANTA FE, NEW MEXICO 87504-1148

August 31, 1992

Seeley Oil Company  
815 West Tenth Street  
Fort Worth, Texas 76102

Attn: Mr. C. W. Stumhoffer

Re: Request for Preliminary Approval  
Central EK Queen Unit  
Lea County, New Mexico

Dear Mr. Stumhoffer:

This office is in receipt of your application letter of August 19, 1992, requesting preliminary approval of the Central EK Queen Unit, Lea County, New Mexico.

We regret to inform you that preliminary approval of this unit agreement is being withheld until the following has been submitted:

1. The filing fee for a unit agreement is thirty (\$30.00) dollars for every section or partial section thereof. The filing fee for this unit agreement is \$280.00.
2. Since all unit wells must carry the unit name, please submit a re-designation of all well names and numbers.
3. Data used in determining Tract Participation factors as per Section 13 of the unit agreement.
4. Since your proposed agreement contains 100% State Trust Lands, you will need to use the "All State Waterflood Unit Agreement Form". A copy of this form is enclosed for your review.
5. Exhibit "A" should show the record lessee of each tract as reflected in Exhibit "B".
6. On Exhibit "B", Tract No. 1, the lessee of record should be Chevron U.S.A., Inc. The expiration date for LG-4226 is June 1, 1987.
7. On Exhibit "B", Tract No. 2, the expiration date is August 1, 1983.
8. On Exhibit "B", Tract No. 3, the correct lease number is E-5104-4, the expiration date of this lease is February 10, 1961. The correct lessee of record is C. W. Stumhoffer, Frieda T. Stumhoffer and Seely Oil Company.

9. On Exhibit "B", Tract No. 4, the expiration date of lease no. LG-1284 is August 1, 1983.
10. On Exhibit "B", Tract No. 5, the correct lease no. is E-7990-2, the expiration date is March 16, 1964 and the lessee of record is Amoco Production Company.
11. On Exhibit "B", Tract No. 6, the correct lease no. is L-6309-3, the expiration date is June 1, 1981, the lessee of record is JFG Enterprise.
12. On Exhibit "B", Tract No. 7, the correct lease no. is LG-3406-1, the expiration date is March 1, 1986 and the lessee of record is Seely Oil Company, C. W. Stumhoffer and Frieda T. Stumhoffer.
13. On Exhibit "B", Tract Nos. 8 and 9, the expiration date of LG-1125 is April 1, 1983.
14. On Exhibit "B", Tract No. 10, the correct lease no. is LG-3228-1, the expiration date is December 1, 1985 and the correct lessee of record is Pogo Producing Company.
15. On Exhibit "B", Tract No. 11, the correct lease no. is LG-1543-2, and the expiration date is February 1, 1984.
16. On Exhibit "B", Tract Nos. 12 and 13, the expiration date of OG-2414 is April 15, 1968. The correct lessee of record is Marathon Oil Co.
17. On Exhibit "B", Tract No. 14, the expiration date of lease no. VA-0628 is June 1, 1997.
18. On Exhibit "B", Tract No. 15, the correct lease number is L-6309-3, the expiration date is June 1, 1981 and the correct lessee of record is JFG Enterprise.
19. On Exhibit "B", Tract No. 16, the correct lease no. is K-4735-5, the expiration date is February 16, 1975 and the correct lessees of record are Santa Fe Natural Resources, Inc. and Ray Westall.
20. Exhibit "B" should list all leases in numerical order. Also, at the bottom of the exhibit there should be a recap showing the total state lands, acreage and percentage of ownership.

Seeley Oil Company  
Central EK Queen Unit  
August 31, 1992  
Page 3

21. Our records do not show that Seeley Oil Company has a bond filed with this office. Please submit a \$20,000.00 multiple lease surface improvement damage bond. A instruction sheet for filing an oil and gas lease surface improvement damage bond is enclosed.

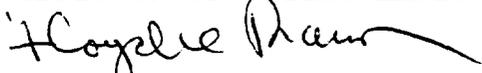
Please also be advised that the State Land Office has a new policy barring the use of fresh water in State waterflood units except where the operator can demonstrate that the use of salt water poses an excessive technological or financial burden. If you plan to use fresh water in your proposed unit agreement, the following specific information should also be provided:

1. Laboratory analyses of water compatibility tests (fresh vs. salt water);
2. Reservoir analyses for swelling clays and soluble salts;
3. Estimate of monthly makeup water required for operations;
4. Location and depth of area fresh water supplies and aquifer formation name;
5. Location and depth of area salt water wells or quantities of produced water available for injection;
6. Treatment/pumping/delivery costs of fresh water vs. salt water;
7. Total cost of fresh water vs. treated water compared to total cost of project;
8. Any other factors specific to the exception request;

If you have any questions, or if we can be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

JIM BACA  
COMMISSIONER OF PUBLIC LANDS

BY:   
FLOYD O. BRANDO, Director  
Oil/Gas and Minerals Division  
(505) 827-5744  
JB/FOP/pm  
encls.  
cc: Reader File  
OCD-Santa Fe



JIM BACA  
COMMISSIONER

State of New Mexico  
OFFICE OF THE  
Commissioner of Public Lands  
Santa Fe

P.O. BOX 1148  
SANTA FE, NEW MEXICO 87504-1148

March 17, 1993

Campbell, Carr, Berge & Sheridan, P.A.  
P. O. Box 2208  
Santa Fe, New Mexico 87504-2208

Attn: Mr. William F. Carr

Re: Central EK Queen Unit  
Preliminary Approval  
Lea County, New Mexico

Dear Mr. Carr:

This office has reviewed the unexecuted copy of unit agreement for the proposed Central EK Queen Unit, Lea County, New Mexico. This agreement meets the general requirements of the Commissioner of Public Lands and has this date granted you preliminary approval as to form and content.

Preliminary approval shall not be construed to mean final approval of this agreement in any way and will not extend any short term leases until final approval and an effective date are given.

When submitting your agreement for final approval, please submit the following:

1. Formal application for final approval setting forth the tracts that have been committed and the tracts that have not been committed.
2. Initial Plan of Operation.
3. Amended schedule for data used in determining tract participation factors to support Exhibit "C".
4. Re-designation of well names and numbers.
5. All ratifications from Lessees of Record and Working Interest Owners. All signatures should be acknowledged before a Notary. One set must contain original signatures.
6. Order of the New Mexico Oil Conservation Division. Our approval will be conditioned upon subsequent favorable approval by the New Mexico Oil Conservation Division.

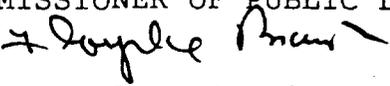
Campbell, Carr, Berge & Sheridan, P.A.  
Central EK Queen Unit  
March 17, 1993  
Page 2

7. Two copies of the Unit Operating Agreement.
8. Two copies of the Unit Agreement including Exhibits "A", "B", and "C".
9. A \$20,000.00 multi-lease surface improvement damage bond.  
A copy of this bond has been enclosed.

If you have any questions, or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

JIM BACA  
COMMISSIONER OF PUBLIC LANDS

BY: 

FLOYD O. PRANDO, Director  
Oil/Gas and Minerals Division  
(505) 827-5744  
JB/FOP/pm  
encls.

cc: Reader File  
OCD-Santa Fe



STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING  
GOVERNOR

ANITA LOCKWOOD  
CABINET SECRETARY

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87504  
(505) 827-5800

April 28, 1993

CAMBELL, CARR, BERGE  
& SHERIDAN  
Attorneys at Law  
P. O. Box 2208  
Santa Fe, New Mexico 87504

RE: CASE NO. 10647  
ORDER NO. R-9885

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Sincerely,

*Sally E. Leichtle*  
Sally E. Leichtle  
Administrative Secretary

cc: BLM Carlsbad Office

CAMPBELL, CARR, BERGE  
& SHERIDAN, P.A.  
LAWYERS

MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE  
MARK F. SHERIDAN  
WILLIAM P. SLATTERY

PATRICIA A. MATTHEWS  
MICHAEL H. FELDEWERT

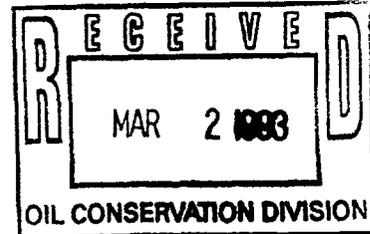
JACK M. CAMPBELL  
OF COUNSEL

*He*

JEFFERSON PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
TELEPHONE (505) 988-4421  
TELECOPIER (505) 983-6043

March 1, 1993

HAND-DELIVERED



William J. LeMay, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
State Land Office Building  
Santa Fe, New Mexico 87503

Re: Oil Conservation Division Case No. 10647.  
Application of Seely Oil Company for Statutory Unitization, Lea County, New Mexico

Oil Conservation Division Case No. 10648:  
Application of Seely Oil Company for Approval of a Waterflood Project and  
Qualification for the Recovered Oil Tax Rate, Lea County, New Mexico

Dear Mr. LeMay:

Seely Oil Company hereby requests that the above-referenced cases scheduled for hearing before a Division Examiner on March 4, 1993 be continued to the Examiner hearings scheduled for March 18, 1993.

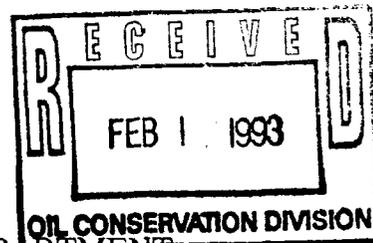
Your attention to this request is appreciated.

Very truly yours,

*William F. Carr*

WILLIAM F. CARR  
WFC:mlh

cc: Mr. Clarence Stumhoffer  
W. Thomas Kellahin, Esq.



STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

**IN THE MATTER OF THE HEARING CALLED  
BY THE OIL CONSERVATION DIVISION  
FOR THE PURPOSES OF CONSIDERING:**

**THE APPLICATION OF SEELY OIL  
COMPANY FOR STATUTORY UNITIZATION,  
LEA COUNTY, NEW MEXICO**

**CASE NO. 10647**

**THE APPLICATION OF SEELY OIL COMPANY  
FOR A WATERFLOOD PROJECT AND  
QUALIFICATION FOR THE RECOVERED  
OIL TAX RATE, LEA COUNTY, NEW MEXICO**

**CASE NO. 10648**

**RESPONSE TO MOTION TO DISMISS**

Seely Oil Company, by its undersigned attorneys, for its response to the motion of Marathon Oil Company, Ray Westall Operating Inc. and BTA Oil Producers' to dismiss the above-referenced cases with prejudice, states:

1. The Division issued a subpoena duces tecum on behalf of Ray Westall Operating Inc. and Marathon Oil Company directing Seely Oil Company to appear on January 7, 1993 and produce certain documents in the above-referenced cases.

2. Seely Oil Company advised counsel for Marathon Oil Company and Ray Westall Operating Inc. that data which responded to the subpoena it would be provided by Seely.

3. On February 12, 1993, and prior to receiving the Motion to Dismiss, Seely supplied to counsel for Ray Westall Operating Inc. and Marathon Oil Company the following documents from the files of Seely Oil Company:

- A. Geology and Production History Proposed Central EK Queen Unit, E-K Yates-Seven Rivers-Queen Field (EK Queen) Lea County, New Mexico;
- B. Waterflood Prospect, Proposed Central EK Queen Unit, E-K Yates-Seven Rivers-Queen Field (EK Queen) Lea County, New Mexico;
- C. Plat of Queen Waterfloods in Lea County and Eddy County, New Mexico;
- D. Plat of Proposed Central EK Queen Unit with Traces for Cross-sections;
- E. Structure Map: Top of Queen Formation;
- F. Production Decline Curve for Mobil EK Queen Unit, Lea County, New Mexico;
- G. Production Decline Curve for Murphy H. Baxter, North EK Queen Unit;
- H. Primary Production Curve for Proposed EK Queen Unit;
- I. Iso-Cumulative Map, EK Queen Field;
- J. Plat of EK Queen Unit (Exhibit A to Unit Agreement);
- K. Data Used and Assumptions Made in Preparing Cash Flow;
- L. Seely Oil Company Petroleum Economics Proved Producing;
- M. Seely Oil Company Central EK Queen Unit, Unit Participation by Tracts;
- N. Seely Oil Company Central EK Queen Unit, Participation for Cumulative Queen Oil Recovery Including Adjustment for Usable Wells;
- O. Seely Oil Company Central EK Queen Unit, Queen Oil Recovery as of 1/1/91;
- P. Seely Oil Company Central EK Queen Unit, Queen Oil Adjustment for Usable Wells;

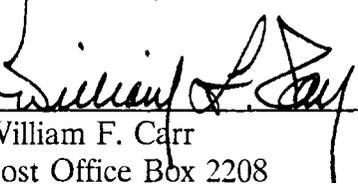
- Q. Seely Oil Company Central EK Queen Unit, Unit Participation for Acreage Factor;
- R. Seely Oil Company Redesignation Unit Well Names and Numbers;
- S. Seely Oil Company Table Redesignation Well Names and Numbers; and
- T. Seely Oil Company Redesignation Unit Well Names and Numbers (Plat).

4. The hearing on these applications has been continued at the request of Seely Oil Company until March 4, 1993, thereby providing Marathon and Westall ample opportunity to review to the information supplied on February 12, 1993.

WHEREFORE, Seely Oil Company requests that the Motion to Dismiss for failure to comply with subpoena duces tecum be denied.

Respectfully submitted,

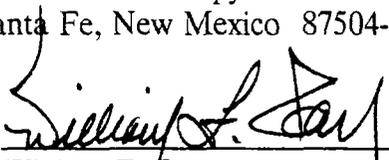
CAMPBELL, CARR, BERGE &  
SHERIDAN, P.A.

By:   
William F. Carr  
Post Office Box 2208  
Santa Fe, New Mexico 87504-2208  
(505) 988-4421

Attorneys for Seely Oil Company

#### CERTIFICATE OF SERVICE

I hereby certify that I have caused a true and correct copy of the foregoing to W. Thomas Kellahin, Esq., Post Office Box 2265, Santa Fe, New Mexico 87504-2265, on this 15th day of February, 1993.

  
William F. Carr

CAMPBELL, CARR, BERGE  
& SHERIDAN, P.A.  
LAWYERS

MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE  
MARK F. SHERIDAN  
WILLIAM P. SLATTERY

PATRICIA A. MATTHEWS  
MICHAEL H. FELDEWERT

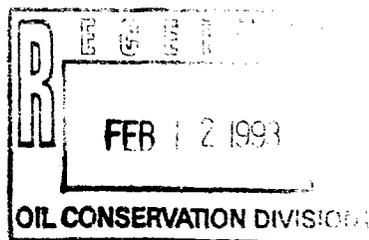
JACK M. CAMPBELL  
OF COUNSEL

JEFFERSON PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
TELEPHONE: (505) 988-4421  
TELECOPIER (505) 983-6043

February 12, 1993

HAND-DELIVERED

*W.F.C.*



William J. LeMay, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
State Land Office Building  
Santa Fe, New Mexico 87503

Re: Oil Conservation Division Case No. 10647:  
Application of Seely Oil Company for Statutory Unitization, Lea County, New  
Mexico

Oil Conservation Division Case No. 10648:  
Application of Seely Oil Company for Approval of a Waterflood Project and  
Qualification for the Recovered Oil Tax Rate, Lea County, New Mexico

Dear Mr. LeMay:

Seely Oil Company hereby requests that the above-referenced cases scheduled for hearing before a Division Examiner on February 18, 1993 be continued to the Examiner hearings scheduled for March 4, 1993.

Your attention to this request is appreciated.

Very truly yours,

*William F. Carr*

WILLIAM F. CARR  
WFC:mlh

cc: Mr. Clarence Stumhoffer  
W. Thomas Kellahin, Esq.

**KELLAHIN AND KELLAHIN**

ATTORNEYS AT LAW  
EL PATIO BUILDING

117 NORTH GUADALUPE  
POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

W THOMAS KELLAHIN\*

\*NEW MEXICO BOARD OF LEGAL SPECIALIZATION  
RECOGNIZED SPECIALIST IN THE AREA OF  
NATURAL RESOURCES-OIL AND GAS LAW

TELEPHONE (505) 982-4285  
TELEFAX (505) 982-2047

JASON KELLAHIN (RETIRED 1991)

February 4, 1993

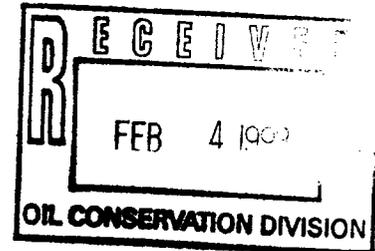
Robert G. Stovall, Esq.  
Counsel, Oil Conservation Division  
310 Old Santa Fe Trail  
Santa Fe, New Mexico 87501

**HAND DELIVERED**

Michael E. Stogner  
Chief Hearing Officer/Engineer  
Oil Conservation Division  
310 Old Santa Fe Trail  
Santa Fe, New Mexico 87501

**HAND DELIVERED**

**RE: Motion to Dismiss  
NMOC Cases 10647 and 10648  
Applications of Seely Oil Company for  
Statutory Unitization and Approval of  
a Waterflood Project and Qualification  
for the Recovered Oil Tax Rate, Lea  
County, New Mexico**



Gentlemen:

On behalf of Marathon Oil Company, Ray Westall Operating Inc. and BTA Oil Producers, Inc., please find enclosed our Motion to Dismiss the above-referenced cases for failure to comply with the Subpeona Duces Tecum issued in these cases.

Please advise me of Oil Conservation Division's decision with regard to this Motion as soon as possible. Thank you for your attention to this matter.

Very truly yours,

A handwritten signature in cursive script, appearing to read "W. Thomas Kellahin".

W. Thomas Kellahin

WTK/jcl/mot204.092

Enclosure

xc: William F. Carr, Esq. (w/encl.)  
Marathon Oil Company (w/encl.)  
Ray Westall Operating Inc. (w/encl.)  
BTA Oil Producers, Inc. (w/encl.)

STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED  
BY THE OIL CONSERVATION DIVISION  
FOR THE PURPOSES OF CONSIDERING:

THE APPLICATION OF SEELY OIL  
COMPANY FOR STATUTORY UNITIZATION,  
LEA COUNTY, NEW MEXICO

CASE NO. 10647

THE APPLICATION OF SEELY OIL COMPANY  
FOR A WATERFLOOD PROJECT AND  
QUALIFICATION FOR THE RECOVERED  
OIL TAX RATE, LEA COUNTY, NEW MEXICO

CASE NO. 10648

**MOTION TO DISMISS**  
**FOR FAILURE TO COMPLY**  
**WITH SUBPOENA DUCES TECUM**

COMES NOW Marathon Oil Company, Ray Westall Operating Inc. and BTA Oil Producers, Inc, by and through counsel of record, and moves that the New Mexico Oil Conservation Division dismiss with prejudice the applications of Seely Oil Company for statutory unitization in Case 10647 and for waterflood project and other relief in Case 10648, as captioned above and as grounds therefore states:

(1) On November 24, 1992, Seely Oil Company filed its two applications before the New Mexico Oil Conservation Division seek approval of a waterflood

project and statutory unitization for its proposed Central EK Queen Unit Area, Lea County, New Mexico.

(2) The Division docketed the waterflood application as Case 10648 and the unit application as Case 10647 and set both applications for hearing on December 17, 1992

(3) Thereafter, the applicant continued its cases to the Examiner's docket set for January 7, 1993.

(4) At the request of Ray Westall Operating Inc. and Marathon Oil Company, on December 23, 1993 the Division issued a Subpoena Duces Tecum directed to Seely Oil Company to appear on January 7, 1993 and to produce certain specified documents. Attached hereto as Exhibit (1).

(5) On December 23, 1993, William F. Carr, counsel for Seely Oil Company, accepted the Subpoena on behalf of Seely Oil Company. See Exhibit (2), attached hereto.

(6) On December 29, 1992, counsel for Seely Oil Company and counsel for Marathon Oil Company and Ray Westall Operating Inc., agreed to a continuance of the OCD hearings to February 3, 1993 and agreed that Seely Oil Company would respond to the Subpoena Duces Tecum by January 13, 1993. See Exhibit (3), attached hereto.

Motion to Dismiss  
OCD Case Nos. 10647 and 10648  
Page 3

(7) By January 25, 1993 Seely Oil Company had failed to provide any documents in response to the subpoena and on that date demand was made upon counsel for Seely Oil Company to produce the subpoenaed documents by January 29, 1993.

(8) On January 25, 1993, BTA Oil Producers Inc. filed its appearance and joined Marathon Oil Company and Ray Westall Operating Inc. in opposition to Seely Oil Company's applications in these two cases.

(8) On January 28, 1993, counsel for Seely Oil Company agreed to provide that same day all data with the exception of two cross sections which he had not yet received and which would be furnished prior to hearing.

(9) As of February 4, 1993, despite representations of counsel for Seely Oil Company to provide the requested documents, no documents have been delivered in response to said subpoena and no objection or other response has been timely filed by Seely Oil Company.

WHEREFORE, Marathon Oil Company, Ray Westall Operating Inc., and BTA Oil Producers, Inc. move that the Division dismiss the referenced cases with prejudice for

Motion to Dismiss  
OCD Case Nos. 10647 and 10648  
Page 4

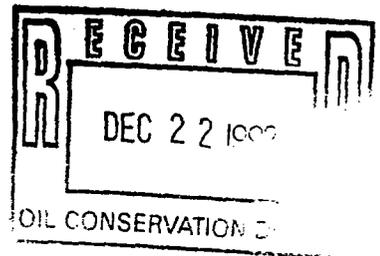
failure of the applicant to timely respond to the subject  
Subpoena Duces Tecum.

Respectfully submitted,

KELLAHIN AND KELLAHIN,

BY:   
W. Thomas Kellahin  
Post Office Box 2265  
Santa Fe, New Mexico 87504  
(505) 982-4285

ATTORNEYS FOR MARATHON OIL  
COMPANY, RAY WESTALL OPERATING  
INC., AND BTA OIL PRODUCERS,  
INC.



STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES  
BEFORE THE OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED BY  
THE OIL CONSERVATION DIVISION FOR THE  
PURPOSE OF CONSIDERING:

THE APPLICATION OF SEELY OIL COMPANY  
FOR STATUTORY UNITIZATION,  
LEA COUNTY, NEW MEXICO.

CASE NO. 10647

THE APPLICATION OF SEELY OIL COMPANY  
FOR APPROVAL OF A WATERFLOOD PROJECT  
AND QUALIFICATION FOR THE RECOVERED  
OIL-TAX RATE, LEA COUNTY, NEW MEXICO.

CASE NO. 10648

**SUBPOENA DUCES TECUM**

TO: SEELY OIL COMPANY  
c/o William F. Carr, Esq.  
Campbell, Carr, Berge & Sheridan  
Jefferson Place/110 N. Guadalupe  
P. O. Box 2208  
Santa Fe, New Mexico, 87504

Pursuant to Section 70-2-8, NMSA (1978) and Rule  
1211 of the New Mexico Oil Conservation Division's  
Rules of Procedure, you are hereby ORDERED to appear at  
8:15 a.m., January 7, 1993, to the offices of the Oil  
Conservation Division, State Land Office Building, 310  
Old Santa Fe Trail, Santa Fe, New Mexico 87501 and to  
produce the documents and items specified in attached

Page 1 of 10

EXHIBIT (1)  
Ten Pages

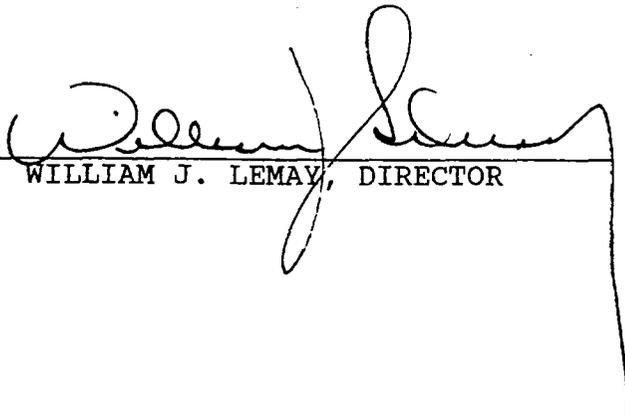
Exhibit A and to make available to Marathon Oil Company and Ray Westall Operating Inc. and their attorney, W. Thomas Kellahin, for copying, all of said documents.

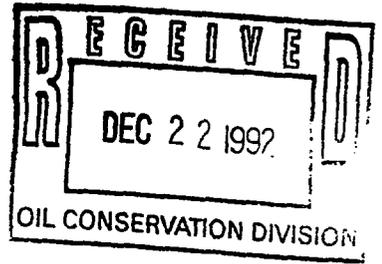
This subpoena is issued on application of Marathon Oil Company and Ray Westall Operating Inc. through their attorneys, Kellahin & Kellahin, P. O. Box 2265, Santa Fe, New Mexico 87504.

Dated this 23rd day of December, 1992.

NEW MEXICO OIL CONSERVATION DIVISION

BY:

  
WILLIAM J. LEMAY, DIRECTOR



**EXHIBIT "A"**  
**TO SUBPOENA DUCES TECUM**  
**TO SEELY OIL COMPANY IN NEW MEXICO**  
**OIL CONSERVATION DIVISION CASES 10647 AND 10648**

**I. FOR THE PROPOSED UNIT AND ANY WELL WITHIN THE UNIT  
PRODUCE THE FOLLOWING DOCUMENTS:**

1. Any and all daily production data of oil, gas and water from first production to date;
2. Any and all pressure data, including but not limited to bottom hole pressure surveys, daily tubing pressure and casing pressure surveys, with relevant information as to shut-in time and production rate prior to shut-in;
3. Any and all Oil-Water Ratio Tests;
4. Any and all reserve calculations, including but not limited to estimates of ultimate recovery, production decline curves, pressure decline curves, material balance calculations (including reservoir parameters), volumetric calculation (including reservoir parameters);

5. Any and all reservoir studies, including but not limited to drainage calculations, well interference studies, pressure studies or well communication studies;
6. Any and all economic studies including but not limited to Cash Flow Economic Projections which state rate of return, years to payout net income/investment (return on investment), and undiscounted present worth;
7. Any and all drilling agreements and contracts;
8. Any and all drilling, completing and operating expenses for each well including (a) the "AFE" costs submitted to owners and any revisions or supplements, (b) the actual costs to Seely, and (c) the actual charges to owners;
9. Any and all drilling and producing overhead charges for operations and a calculation of how those charges are allocated;
10. Describe in itemized detail to what extent does the equipment utilized or to be utilized on the wells in the unit come from Seely's

inventory and to what extent is the equipment new or used. Include the basis for the charge in each category.

11. Complete daily drilling and completion reports from inception to the latest available date for each well; AND
12. Any and all geologic and/or engineering studies and interpretations by which you justify and evaluate the proposed unit;

**II. OTHER INFORMATION ORDERED PRODUCED:**

1. Produce all documents discussing or evaluating the feasibility of the proposed Central EK Queen Unit.
2. Produce all documents concerning reservoir information for the proposed Central EK Queen Unit including but not limited to pool history, geology, production history, current status, petroleum engineering studies.
3. Produce all documents concerning the proposed boundary of the Central EK Queen Unit, including but not limited to how both the

horizontal and vertical boundaries were determined.

4. Produce all documents concerning the secondary recovery potential for the Central EK Queen Unit, including but not limited to the data used, the criteria for evaluation, the determination of original oil in place per tract, the determination of recoverable oil per tract, the determination of the remaining recoverable oil per tract, the estimated recoverable secondary oil per tract within the unit, and the reservoir "equity" parameters per tract prepared to determine participation factors for unitization.
5. Produce all documents concerning the unit participation formula factor calculation including but not limited to tabulation of the participation factor calculation by individual tracts and all ballots concerning voting on participation parameters and formulas by the working interest owners in the proposed unit.

6. Produce all documents concerning the technical committee formed for purposes of unitization including any Technical Committee Reports and minutes.
7. Produce all documents concerning the working interest owners committee formed for purposes of unitization including minutes of committee meetings.
8. Produce all documents concerning capital requirements including but not limited to surface facilities, drilling and completion costs, workover costs, testing and cores, wellbore dedication incentives and investment schedule.
9. Produce all documents concerning economics of the proposed unitization.
10. Produce all documents concerning the plan of unitization (unit agreement and all drafts) and the operating plan (joint operating agreement).
11. Produce all documents showing an allocation to the separately owned tracts in the proposed unit of all the oil and gas that is

produced for the unit, the "relative value" of each separately owned tract for oil and gas purposes and its contributing value to the unit in relation to like values of other tracts in the unit as set forth in Section 70-7-4 (J) NMSA (1978).

12. Produce all documents showing efforts, if any, to make a good faith effort to secure voluntary unitization.
13. Produce all documents showing the basis for including each tract within the unit.

**III. HEARING EXHIBITS ORDERED PRODUCE:**

1. Copies of any geologic exhibits for possible use by Seely Oil Company at the subject hearing;
2. Copies of any engineering exhibits for possible use by Seely Oil Company at the subject hearing;
3. Copies of any land exhibits for possible use by Seely Oil Company at the subject hearing;

4. Copies of any other exhibits which you could or may use at the hearing;

#### INSTRUCTIONS

This Subpoena Duces Tecum seeks all information available to you or in your possession, custody or control from any source, wherever situated, including but not limited to information from any files, records, documents, employees, former employees, counsel and former counsel. It is directed to each person to whom such information is a matter of personal knowledge.

When used herein, "you" or "your" refers to the person or entity to whom this Subpoena Duces Tecum is addressed to including all of his or its attorneys, officers, agent, employees, directors, representatives, officials, departments, divisions, subdivisions, subsidiaries, or predecessors.

The term "document" as used herein means every writing and record of every type and description in the possession, custody or control of Seely Oil Company, whether prepared by you or otherwise, which is in your possession or control or known by you to exist, including but not limited to all drafts, papers, books,

writings, records, letters, photographs, tangible things, correspondence, communications, telegrams, cables, telex messages, memoranda, notes, notations, work papers, transcripts, minutes, reports and recordings of telephone or other conversations or of interviews, conferences, or meetings. It also includes diary entries, affidavits, statements, summaries, opinions, reports, studies, analyses, evaluations, contracts, agreements, jottings, agenda, bulletins, notices, announcements, plans, specifications, sketches, instructions charts, manuals, brochures, publications, schedules, price lists, client lists, journals, statistical records, desk calendars, appointment books, lists, tabulations sound recordings, computer printouts, books of accounts, checks, accounting records, vouchers, and invoices reflecting business operations, financial statements, and any notice or drafts relating to the foregoing, without regard to whether marked confidential or proprietary,. It also includes duplicate copies if the original is unavailable or if the duplicate is different in any way, including marginal notations, from the original.

subt1221.092

**KELLAHIN AND KELLAHIN**

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

TELEPHONE (505) 982-4285  
TELEFAX (505) 982-2047

W. THOMAS KELLAHIN\*

\*NEW MEXICO BOARD OF LEGAL SPECIALIZATION  
RECOGNIZED SPECIALIST IN THE AREA OF  
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

December 23, 1992

William F. Carr, Esq.  
Campbell, Carr Berg & Sheridan  
110 N. Guadalupe  
Santa Fe, New Mexico 87501

HAND DELIVERED

Re: Subpoena Duces Tecum  
NMOCD Cases 10647 and 10648  
Applications of Seely Oil Corporation

Dear Mr. Carr:

On behalf of Marathon Oil Company and Ray Westall Operating Inc. I am delivering to you the original of the enclosed and referenced subpoena.

If you are unable to accept the subpoena for your client, please call me. Otherwise I have enclosed an acceptance for your signature.

Very truly yours,

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written over a horizontal line.

W. Thomas Kellahin

CAMPBELL, CARR, BERGE

& SHERIDAN, P.A.

LAWYERS

MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE  
MARK F. SHERIDAN  
WILLIAM P. SLATTERY

PATRICIA A. MATTHEWS  
MICHAEL H. FELDEWERT

JACK M. CAMPBELL  
OF COUNSEL

JEFFERSON PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
TELEPHONE: (505) 988-4421  
TELECOPIER: (505) 983-6043

December 29, 1992

**HAND-DELIVERED**

W. Thomas Kellahin, Esq.  
Kellahin and Kellahin  
117 North Guadalupe Street  
Santa Fe, New Mexico 87501

Re: Oil Conservation Division Cases 10647 and 10648:  
Applications of Seely Oil Company for Statutory Unitization, Approval of a  
Waterflood Project and Qualification for the Recovered Oil Tax Rate, Lea  
County, New Mexico

Dear Tom:

This letter confirms our conversation of December 28, 1992 in which we agreed to continue the hearing in the above-referenced cases to the Examiner hearings scheduled for February 3, 1993. We further agreed that we will respond to your Subpoena Duces Tecum by January 13, 1993.

Best regards.

Very truly yours,



WILLIAM F. CARR

WFC:mlh

cc: Mr. Clarence Stumhoffer  
Seely Oil Company  
6300 Ridgley Place, Suite 1007  
Fort Worth, Texas 76116

CAMPBELL, CARR, BERGE  
& SHERIDAN, P.A.  
LAWYERS

MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE  
MARK F. SHERIDAN  
WILLIAM P. SLATTERY

PATRICIA A. MATTHEWS  
MICHAEL H. FELDEWERT

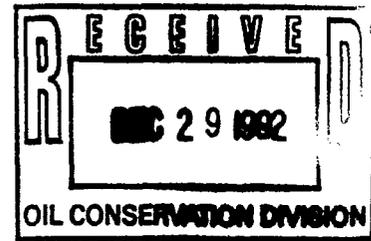
JACK M. CAMPBELL  
OF COUNSEL

*WFC*  
JEFFERSON PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
TELEPHONE: (505) 988-4421  
TELECOPIER: (505) 983-6043

December 29, 1992

HAND-DELIVERED

William J. LeMay, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
State Land Office Building  
Santa Fe, New Mexico 87503



Re: Oil Conservation Division Case No. 10647:  
Application of Seely Oil Company for Statutory Unitization, Lea County, New Mexico

Oil Conservation Division Case No. 10648:  
Application of Seely Oil Company for Approval of a Waterflood Project and  
Qualification for the Recovered Oil Tax Rate, Lea County, New Mexico

Dear Mr. LeMay:

Seely Oil Company hereby requests that the above-referenced cases scheduled for hearing before a Division Examiner on January 7, 1993 be continued to the Examiner hearings scheduled for February 3, 1993.

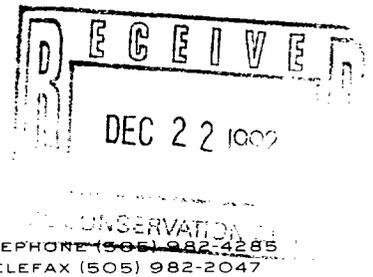
Your attention to this request is appreciated.

Very truly yours,

*William F. Carr*  
WILLIAM F. CARR

WFC:mlh

cc: Mr. Clarence Stumhoffer  
W. Thomas Kellahin, Esq.



KELLAHIN AND KELLAHIN  
ATTORNEYS AT LAW  
EL PATIO BUILDING  
117 NORTH GUADALUPE  
POST OFFICE BOX 2265  
SANTA FE, NEW MEXICO 87504-2265

W. THOMAS KELLAHIN\*

\*NEW MEXICO BOARD OF LEGAL SPECIALIZATION  
RECOGNIZED SPECIALIST IN THE AREA OF  
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

December 22, 1992

William J. LeMay  
Oil Conservation Division  
310 Old Santa Fe Trail  
Room 219  
Santa Fe, New Mexico 87501

HAND DELIVERED

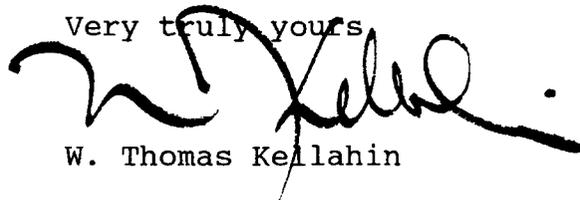
RE: NMOCD Cases 10647 and 10648  
Applications of Seely Oil Company for  
Statutory Unitization AND for a  
Waterflood Project and Qualification  
for the Recovered Oil-Tax Rate,  
Lea County, New Mexico

Dear Mr. LeMay:

On behalf of Marathon Oil Company and Ray Westall Operating, Inc., I request that the Oil Conservation Division issue the enclosed Subpoena to Seely Oil Company. An additional copy is enclosed for the OCD File in this matter. Please have your office call when the Subpoena has been issued and we will send a messenger to pick it up.

Your attention to this request is appreciated.

Very truly yours,

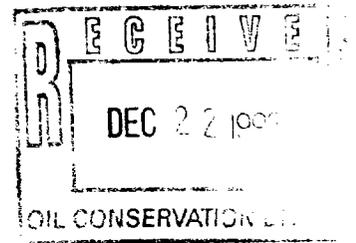


W. Thomas Kellahin

WTK/jcl  
Enclosures  
xc: With Enclosure  
Marathon Oil Company  
Ray Westall Operating, Inc.

lnt1222.092

COPY



STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES  
BEFORE THE OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED BY  
THE OIL CONSERVATION DIVISION FOR THE  
PURPOSE OF CONSIDERING:

THE APPLICATION OF SEELY OIL COMPANY  
FOR STATUTORY UNITIZATION,  
LEA COUNTY, NEW MEXICO.

CASE NO. 10647

THE APPLICATION OF SEELY OIL COMPANY  
FOR APPROVAL OF A WATERFLOOD PROJECT  
AND QUALIFICATION FOR THE RECOVERED  
OIL-TAX RATE, LEA COUNTY, NEW MEXICO.

CASE NO. 10648

**SUBPOENA DUCES TECUM**

TO: SEELY OIL COMPANY  
c/o William F. Carr, Esq.  
Campbell, Carr, Berge & Sheridan  
Jefferson Place/110 N. Guadalupe  
P. O. Box 2208  
Santa Fe, New Mexico, 87504

Pursuant to Section 70-2-8, NMSA (1978) and Rule  
1211 of the New Mexico Oil Conservation Division's  
Rules of Procedure, you are hereby ORDERED to appear at  
8:15 a.m., January 7, 1993, to the offices of the Oil  
Conservation Division, State Land Office Building, 310  
Old Santa Fe Trail, Santa Fe, New Mexico 87501 and to  
produce the documents and items specified in attached

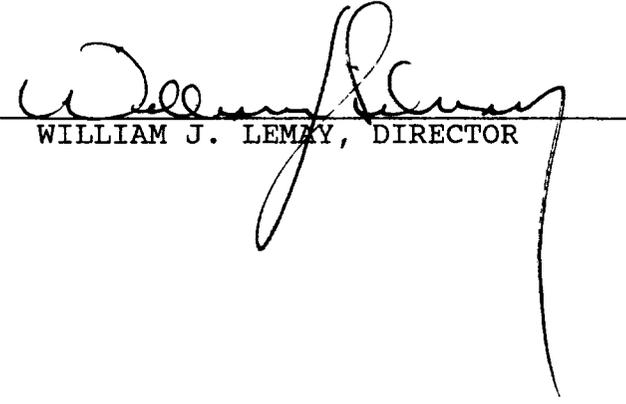
Exhibit A and to make available to Marathon Oil Company and Ray Westall Operating Inc. and their attorney, W. Thomas Kellahin, for copying, all of said documents.

This subpoena is issued on application of Marathon Oil Company and Ray Westall Operating Inc. through their attorneys, Kellahin & Kellahin, P. O. Box 2265, Santa Fe, New Mexico 87504.

Dated this 23rd day of December, 1992.

NEW MEXICO OIL CONSERVATION DIVISION

BY:

  
WILLIAM J. LEMAY, DIRECTOR

**EXHIBIT "A"**

**TO SUBPOENA DUCES TECUM  
TO SEELY OIL COMPANY IN NEW MEXICO  
OIL CONSERVATION DIVISION CASES 10647 AND 10648**

**I. FOR THE PROPOSED UNIT AND ANY WELL WITHIN THE UNIT  
PRODUCE THE FOLLOWING DOCUMENTS:**

1. Any and all daily production data of oil, gas and water from first production to date;
2. Any and all pressure data, including but not limited to bottom hole pressure surveys, daily tubing pressure and casing pressure surveys, with relevant information as to shut-in time and production rate prior to shut-in;
3. Any and all Oil-Water Ratio Tests;
4. Any and all reserve calculations, including but not limited to estimates of ultimate recovery, production decline curves, pressure decline curves, material balance calculations (including reservoir parameters), volumetric calculation (including reservoir parameters);

5. Any and all reservoir studies, including but not limited to drainage calculations, well interference studies, pressure studies or well communication studies;
6. Any and all economic studies including but not limited to Cash Flow Economic Projections which state rate of return, years to payout net income/investment (return on investment), and undiscounted present worth;
7. Any and all drilling agreements and contracts;
8. Any and all drilling, completing and operating expenses for each well including (a) the "AFE" costs submitted to owners and any revisions or supplements, (b) the actual costs to Seely, and (c) the actual charges to owners;
9. Any and all drilling and producing overhead charges for operations and a calculation of how those charges are allocated;
10. Describe in itemized detail to what extent does the equipment utilized or to be utilized on the wells in the unit come from Seely's

inventory and to what extent is the equipment new or used. Include the basis for the charge in each category.

11. Complete daily drilling and completion reports from inception to the latest available date for each well; AND
12. Any and all geologic and/or engineering studies and interpretations by which you justify and evaluate the proposed unit;

**II. OTHER INFORMATION ORDERED PRODUCED:**

1. Produce all documents discussing or evaluating the feasibility of the proposed Central EK Queen Unit.
2. Produce all documents concerning reservoir information for the proposed Central EK Queen Unit including but not limited to pool history, geology, production history, current status, petroleum engineering studies.
3. Produce all documents concerning the proposed boundary of the Central EK Queen Unit, including but not limited to how both the

horizontal and vertical boundaries were determined.

4. Produce all documents concerning the secondary recovery potential for the Central EK Queen Unit, including but not limited to the data used, the criteria for evaluation, the determination of original oil in place per tract, the determination of recoverable oil per tract, the determination of the remaining recoverable oil per tract, the estimated recoverable secondary oil per tract within the unit, and the reservoir "equity" parameters per tract prepared to determine participation factors for unitization.
5. Produce all documents concerning the unit participation formula factor calculation including but not limited to tabulation of the participation factor calculation by individual tracts and all ballots concerning voting on participation parameters and formulas by the working interest owners in the proposed unit.

6. Produce all documents concerning the technical committee formed for purposes of unitization including any Technical Committee Reports and minutes.
7. Produce all documents concerning the working interest owners committee formed for purposes of unitization including minutes of committee meetings.
8. Produce all documents concerning capital requirements including but not limited to surface facilities, drilling and completion costs, workover costs, testing and cores, wellbore dedication incentives and investment schedule.
9. Produce all documents concerning economics of the proposed unitization.
10. Produce all documents concerning the plan of unitization (unit agreement and all drafts) and the operating plan (joint operating agreement).
11. Produce all documents showing an allocation to the separately owned tracts in the proposed unit of all the oil and gas that is

produced for the unit, the "relative value" of each separately owned tract for oil and gas purposes and its contributing value to the unit in relation to like values of other tracts in the unit as set forth in Section 70-7-4 (J) NMSA (1978).

12. Produce all documents showing efforts, if any, to make a good faith effort to secure voluntary unitization.
13. Produce all documents showing the basis for including each tract within the unit.

**III. HEARING EXHIBITS ORDERED PRODUCE:**

1. Copies of any geologic exhibits for possible use by Seely Oil Company at the subject hearing;
2. Copies of any engineering exhibits for possible use by Seely Oil Company at the subject hearing;
3. Copies of any land exhibits for possible use by Seely Oil Company at the subject hearing;

4. Copies of any other exhibits which you could or may use at the hearing;

#### **INSTRUCTIONS**

This Subpoena Duces Tecum seeks all information available to you or in your possession, custody or control from any source, wherever situated, including but not limited to information from any files, records, documents, employees, former employees, counsel and former counsel. It is directed to each person to whom such information is a matter of personal knowledge.

When used herein, "you" or "your" refers to the person or entity to whom this Subpoena Duces Tecum is addressed to including all of his or its attorneys, officers, agent, employees, directors, representatives, officials, departments, divisions, subdivisions, subsidiaries, or predecessors.

The term "document" as used herein means every writing and record of every type and description in the possession, custody or control of Seely Oil Company, whether prepared by you or otherwise, which is in your possession or control or known by you to exist, including but not limited to all drafts, papers, books,

writings, records, letters, photographs, tangible things, correspondence, communications, telegrams, cables, telex messages, memoranda, notes, notations, work papers, transcripts, minutes, reports and recordings of telephone or other conversations or of interviews, conferences, or meetings. It also includes diary entries, affidavits, statements, summaries, opinions, reports, studies, analyses, evaluations, contracts, agreements, jottings, agenda, bulletins, notices, announcements, plans, specifications, sketches, instructions charts, manuals, brochures, publications, schedules, price lists, client lists, journals, statistical records, desk calendars, appointment books, lists, tabulations sound recordings, computer printouts, books of accounts, checks, accounting records, vouchers, and invoices reflecting business operations, financial statements, and any notice or drafts relating to the foregoing, without regard to whether marked confidential or proprietary,. It also includes duplicate copies if the original is unavailable or if the duplicate is different in any way, including marginal notations, from the original.

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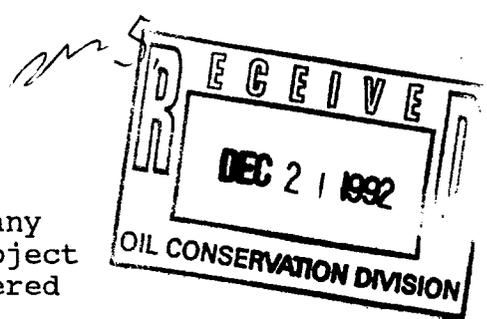
JASON KELLAHIN (RETIRED 1991)

December 21, 1992

William J. LeMay  
Director  
Oil Conservation Division  
310 Old Santa Fe Trail  
Room 219  
Santa Fe, New Mexico 87501

HAND DELIVERED

*DAC*



RE: NMOCD Case Nos. 10647 and 10648  
Applications for Seely Oil Company  
for Approval of a Waterflood Project  
and Qualification for the Recovered  
Oil-Tax Rate AND for Statutory  
Unitization, Lea County, New Mexico

Dear Mr. LeMay:

On behalf of Marathon Oil Company and Ray Westall  
Operating Inc., we respectfully request that the above  
referenced cases be continued from the January 7, 1992  
Hearing Examiner's Docket to the January 21, 1992  
Docket.

Very truly yours,

A handwritten signature in black ink, appearing to read "W. Thomas Kellahin".

W. Thomas Kellahin

WTK/jcl

xc: William F. Carr, Esq. (Via Facsimile)  
Marathon Oil Company  
Ray Westall Operating Inc.

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