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RECEIVED  
SEP 10 2001  
OIL CONSERVATION  
DIVISION

September 7, 2001

New Mexico Oil Conservation Division  
Attn: Florence Davidson  
1220 S. Saint Francis Drive  
Santa Fe, New Mexico 87505

Case 12746

Re: Application of Seely Oil Company  
Central EK Queen Unit, Lea County, New Mexico

Dear Ms. Davidson:

Please find enclosed an original and one copy of Seely Oil Company's Application to Expand the Vertical Limits of the Unitized Formation for the Central EK Queen Unit. Our draft ad is being e-mailed to Kathy Valdes. Please schedule this hearing for October 18, 2001. If you have any questions, please do not hesitate to call. Thank you for your assistance.

Very truly yours,

LOSEE, CARSON, HAAS & CARROLL, P.A.



Hannah Palomin  
Secretary to Ernest L. Carroll

Encl.

cc: Seely Oil Company  
Attn: Mr. David Henderson

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION :  
OF SEELY OIL COMPANY TO EXPAND : CASE NO. 12740  
THE VERTICAL LIMITS OF THE :  
UNITIZED FORMATION FOR THE :  
CENTRAL EK QUEEN UNIT, :  
LEA COUNTY, NEW MEXICO :  
\_\_\_\_\_ :

APPLICATION

COMES NOW SEELY OIL COMPANY, by its attorneys Losee, Carson, Haas and Carroll, P.A. (Ernest L. Carroll), and in support of its application to expand the vertical limits of the unitized formation for the Central EK Queen Unit, respectfully states:

1. Applicant is the Operator of the Central EK Queen Unit comprising the following described lands in Lea County, New Mexico, containing 988.40 acres, more or less of state lands with production from the EK Yates-7 Rivers-Queen Pool, Lea County, New Mexico:

Township 18 South, Range 34 East, N.M.P.M.

Section 7: Lots 2, 3 and 4, SW/4 NE/4, SE/4 NW/4, E/2 SW/4 and SE/4  
Section 8: SW/4, S/2 SE/4  
Section 9: W/2 SW/4  
Section 17: N/2 N/2  
Section 18: N/2 NE/4

2. By Order No. R-9885, dated April 27, 1993, in Case Number 10647, the Division authorized the creation of the Central EK Queen Unit covering the above described

988.40 acres, more or less, of state lands for the purpose of creating a secondary recovery unit.

3. The vertical limits of said unit area or "Unitized Formation" was defined as "the stratigraphic interval occurring between a point 100 feet above the top of the Queen Sand and 100 feet below the base of the Queen Sand. Said Queen Sand interval occurs between 4,366 feet and 4,426 feet in the General Operating Company Santa Fe State Well #2 located 330' FNL and 990' FEL, Unit A of Section 18, Township 18 South, Range 34 East, NMPM, Lea County, New Mexico as recorded on the Welex Compensated Density Dual Spaced Neutron Log of said well dated January 20, 1986".

4. Applicant was authorized to institute a water flood project for the secondary recovery of oil and associated gas, condensate and all associated liquefiable hydrocarbons within and produced from the unit area. Said water flood project was the subject of Division Case Number 10648 and approved in Order No. R-9885-A, dated November 17, 1993.

5. The unit was approved as a voluntary unit pursuant to a voluntary unit agreement approved by all necessary parties.

6. Paragraph No. 8 of Order No. R-9885 required that "all plans of development and operation, all unit participating areas and expansions or contractions of the unit area, shall be submitted to the Director of the Oil Conservation Division for approval."

7. Applicant seeks to amend the definition of the unitized formation to increase its vertical limits to read as follows: "**Unitized formation' is defined as that stratigraphic interval occurring between a point from the top of the Yates Sand at approximately 3,240 feet to 100 feet below the base of the Queen Sand**, said interval occurring between 3,240 feet and 4,770

feet in the General Operating Company Santa Fe State Well #2 located 330' FNL and 990' FEL of Section 18, Township 18 South, Range 34 East, NMPM, Lea County, New Mexico, as recorded on the Welex Compensated Density Dual Spaced Neutron Log of said well dated January 20, 1986.” The entire stratigraphic interval Applicant seeks to include in the unitized formation is considered by the Division to be part of the EK Yates-7 Rivers-Queen Pool, Lea County, New Mexico.

8. It has been determined by Applicant that within the same pool there are certain horizons which are productive of oil and gas and associated hydrocarbons which have not been opened up to production within the expanded area of the unitized formation as described above.

9. It has further been determined by Applicant that the reserves in said horizons, while they may be productive and can be produced with an economic return for the Operator from existing wells, would not have economic viability if new wells were drilled only to tap those undeveloped virgin reservoirs.

10. Applicant does not seek to expand the water injection program approved by the Division in Case Number 10648 and Order No. R-9885-A.

11. Applicant anticipates that 100% of the working interest and royalty interest will agree to said expansion of the unitized formation if the Division approves such an amendment.

12. Approval of the expansion of the vertical limits of the unitized formation to include the new formations as hereinabove described shall promote the prevention of waste and the protection of correlative rights within the unit area.

WHEREFORE, applicant prays:

- A. That this application be set for hearing before an examiner and that notice of said hearing be given as required by law;
- B. That upon hearing the Division enter its order amending the unitized formation definition previously approved in Case No. 10647 by Order No. R-9885 to read as follows: "Unitized formation is defined as that stratigraphic interval occurring between a point from the top of the Yates Sand at approximately 3,240 feet to 100 feet below the base of the Queen Sand, said interval occurring between 3,240 feet and 4,770 feet in the General Operating Company Santa Fe State Well #2 located 330' FNL and 990' FEL of Section 18, Township 18 South, Range 34 East, NMPM, Lea County, New Mexico, as recorded on the Welex Compensated Density Dual Spaced Neutron Log of said well dated January 20, 1986."
- C. And for such other relief as may be just in the premises.

Respectfully submitted,

LOSEE, CARSON, HAAS & CARROLL, P.A.

By:   
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