

EXHIBIT "B"

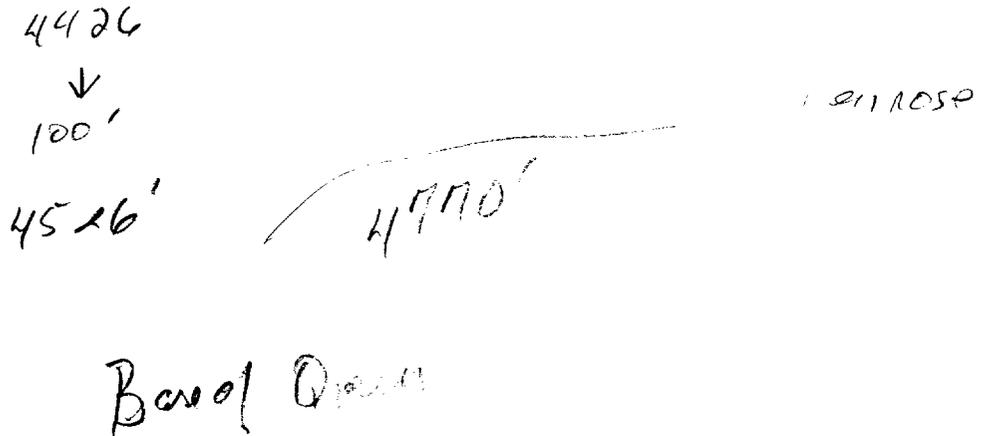
"Unitized Formation" is defined as that stratigraphic interval occurring between a point from the top of the Yates Sand at approximately 3,240 feet to 100 feet below the base of the Queen Sand, said interval occurring between 3240 feet and 4770 feet in the General Operating Company Santa Fe State Well No. 2 located 330 feet from the north line and 990 feet from the east line of Section 18, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico as recorded on the Welex compensated density dual spaced neutron log of said well dated January 20, 1986.

THIS APPLICATION IS FOR THE PURPOSE OF EXPANDING THE VERTICAL LIMITS OF THE UNITIZED FORMATION OF THE CENTRAL EK QUEEN UNIT.

THE CEKQU WAS FORMED DURING 1993 FOR THE WATERFLOOD DEVELOPMENT OF THE QUEEN SAND UNDER A GROUP OF LEASES COVERING 988.46 ACRES OF STATE OF NEW MEXICO LAND LOCATED IN SECTIONS 7, 8, 9, 17 AND 18, T18S, R34E, LEA COUNTY, NEW MEXICO. THESE ~~QUEEN~~ ^{WAS ENCOUNTERED} ~~LEASSES~~ THIS QUEEN SAND WATERFLOOD IS LOCATED IN THE E-K YATES-SR-QUEEN FIELD THAT PRODUCES FROM THE YATES, SR, AND QUEEN RESERVOIRS.

DURING DEVELOPMENT OF THE QUEEN SAND WF, A THIN POTENTIALLY OIL PRODUCTIVE ZONE IN THE YATES ^{WAS ENCOUNTERED} (AND IT IS DESIRED TO PRODUCE THIS ZONE BY PRIMARY MEANS WITH THE EXISTING QUEEN SAND OPERATIONS WF OPERATION. 4266

ATTACHED IS EXHIBIT 1 - CEKQU UNIT AGREEMENT. REFER TO SECTION 2(d) 100 OF THE UNIT AGREEMENT FOR ORIGINAL DEFINITION OF UNITIZED FORMATION. TO INCLUDE THE POTENTIAL YATES ZONE - PROPOSED TO CHANGE UNITIZED ⁴⁴³ FORMATION DEFINITION AS ABOVE.



COUNTY *Lea*

POOL *EK Yates - Seven Rivers - Queen*

TOWNSHIP *17 South*

RANGE *33 East*

NMPM

6	5	4	3	2	1
7	8	9	10	11	12
18	17	16	15	14	13
19	20	21	22	23	24
30	29	28	27	26	25
31	32	33	34	35	36

Ext. SE Sec. 36 (R-2469, 5-1-63) - Vertical limits extended to include Yates & Seven Rivers formations - name changed (R-2620, 1-1-64)

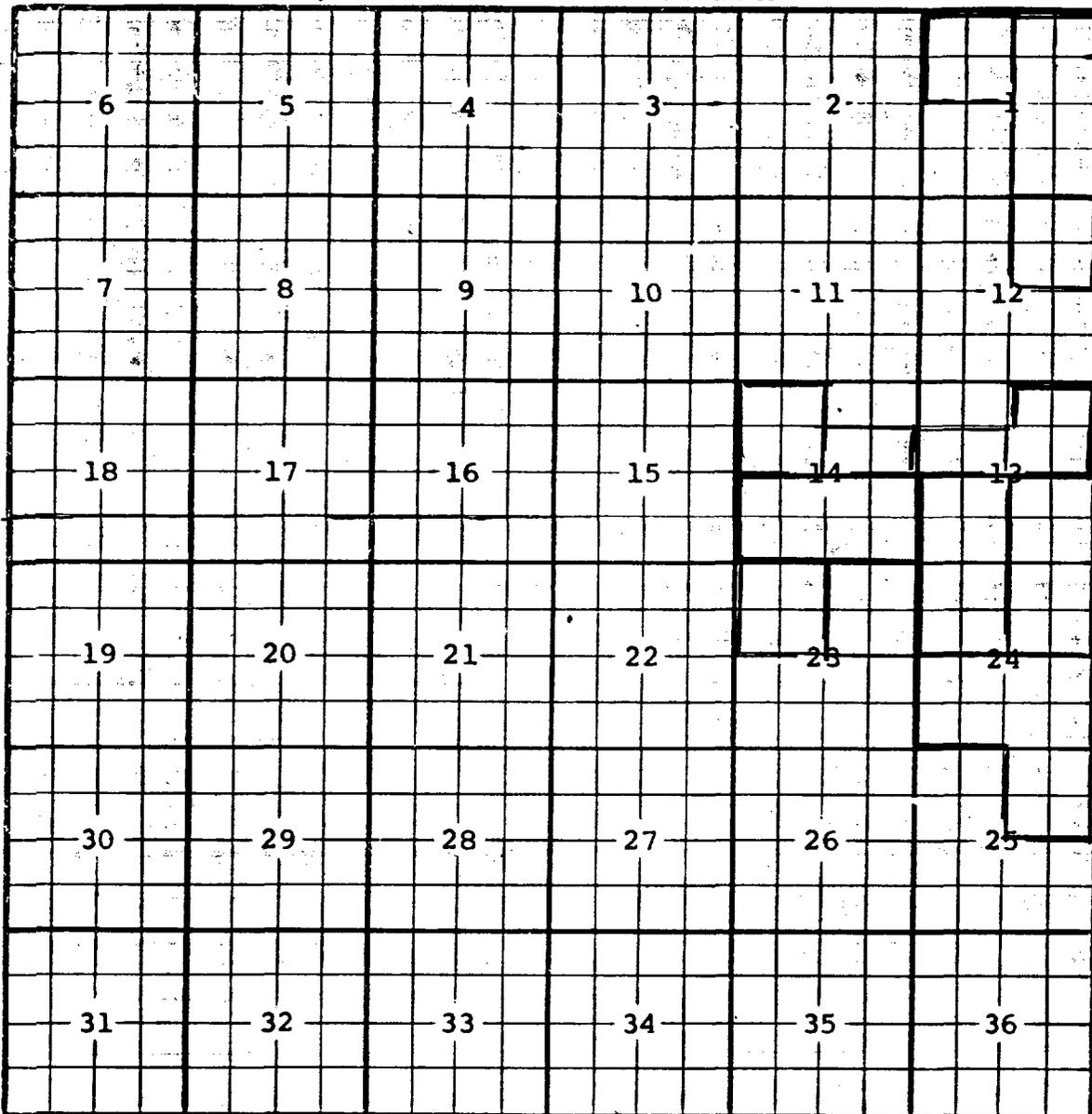
COUNTY Lea

POOL EK Yates - Seven Rivers - Queen

TOWNSHIP 18 South

RANGE 33 East

NMPM



Description: $\frac{SE}{4}$ Sec. 13; $\frac{NE}{4}$ Sec. 24 (R-606, 3-16-55)

Ext: $\frac{SW}{4}$ Sec. 13; $\frac{NW}{4}$ Sec. 24 (R-675, 8-17-55) - $\frac{S}{2}$ Sec. 24; $\frac{NE}{4}$ Sec. 25 (R-713, 11-10-55)

- $\frac{S}{2}$ Sec. 14 (R-842, 7-9-56) - $\frac{NW}{4}$ Sec. 14; $\frac{NE}{4}$ Sec. 23 (R-914, 11-13-56) - $\frac{S}{2}$ $\frac{NE}{4}$ Sec. 14 (R-982, 4-23-57)

- $\frac{S}{2}$ $\frac{NW}{4}$ Sec. 13; $\frac{NW}{4}$ Sec. 23 (R-1008, 5-29-57) - $\frac{E}{4}$ Sec. 1 (R-2469, 5-1-63) - Vertical

limits extended to include Yates & Seven Rivers formations - Name

Changed (R-2620, 1-1-64) Ext: $\frac{NE}{4}$ Sec. 12 (R-7763, 1-8-85)

Ext: $\frac{NW}{4}$ Sec. 1 (R-8149, 2-14-86) Ext: $\frac{NE}{4}$ Sec. 13 (R-11183, 5-19-99)

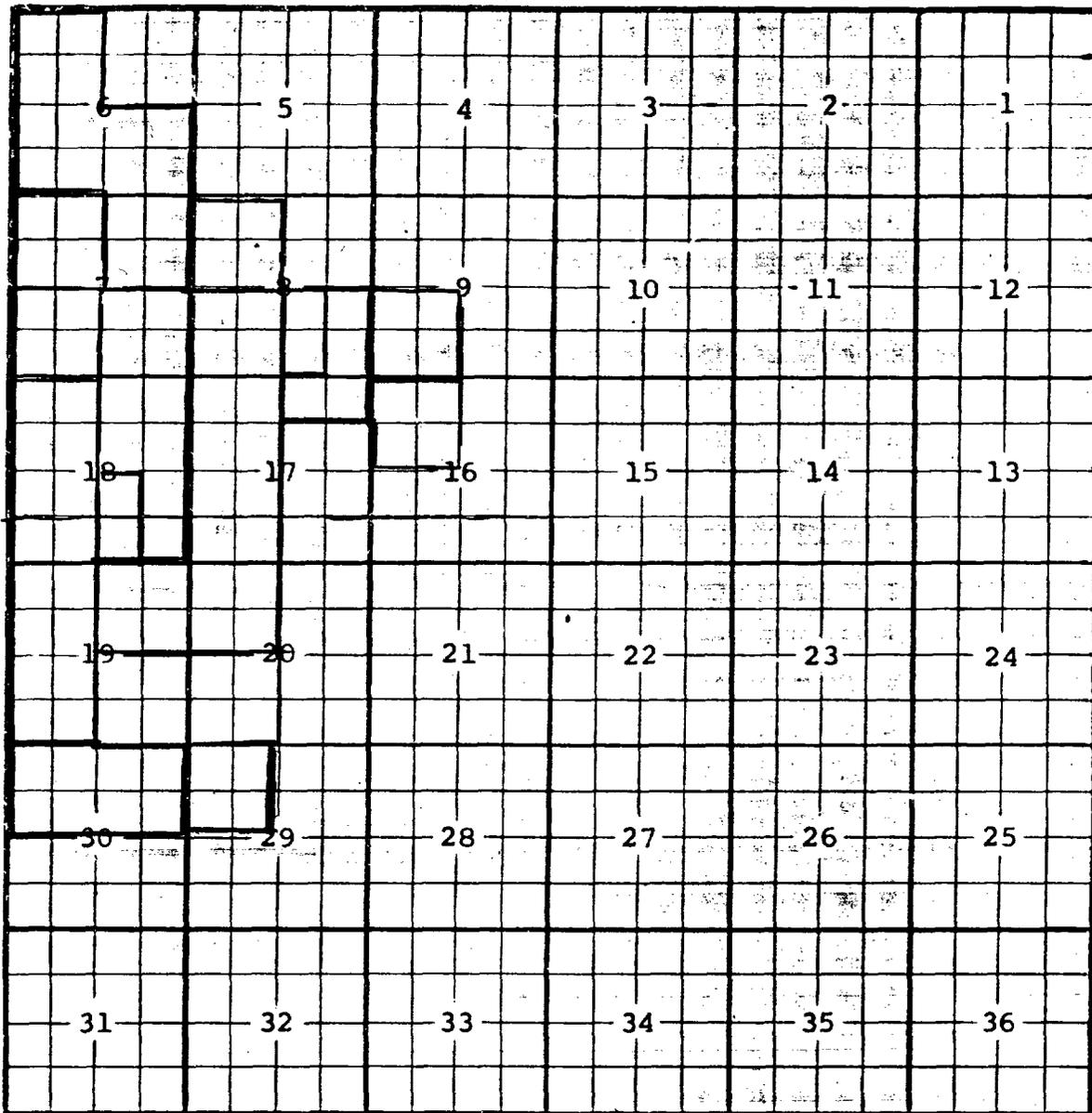
COUNTY Lea

POOL EK Yates - Seven Rivers - Queen

TOWNSHIP 18 South

RANGE 34 East

NMPM



Ext: $\frac{W}{2}$ Sec. 18; $\frac{W}{2}$ Sec. 19 (R-631, 5-12-55) - $\frac{SW}{4}$ Sec. 7 (R-675, 8-17-55)
 - $\frac{W}{2}$ $\frac{SE}{4}$ Sec. 18 (R-713, 11-10-55) - $\frac{SE}{4}$ Sec. 7; $\frac{NE}{4}$ $\frac{E}{2}$ $\frac{SE}{4}$ Sec. 18; $\frac{N}{2}$ Sec. 30 (R-738, 1-12-56)
 - $\frac{SW}{4}$ Sec. 8; $\frac{W}{2}$ Sec. 17; $\frac{NE}{4}$ Sec. 19; $\frac{NW}{4}$ Sec. 20 (R-842, 7-9-56) - $\frac{W}{2}$ $\frac{SE}{4}$ Sec. 8 (R-982, 4-23-57)
 - $\frac{E}{2}$ $\frac{SE}{4}$ Sec. 8; $\frac{N}{2}$ $\frac{NE}{4}$ Sec. 17 (R-1008, 5-29-57) - $\frac{W}{2}$ $\frac{SE}{4}$ Sec. 6; $\frac{NE}{4}$ Sec. 7 (R-2469, 5-1-63)
 - $\frac{NW}{4}$ Sec. 7 (R-2527, 8-1-63) - Vertical limits extended to include Yates & Seven Rivers formations - Name changed (R-2620, 1-1-64)
 Ext: $\frac{NW}{4}$ Sec 8 (R-4646, 11-1-73) Ext: $\frac{NW}{4}$ Sec 16 (R-4743, 4-1-74)
 EXT: $\frac{SW}{4}$ sec 9 (R-7009, 6-19-82)
 Ext: $\frac{SE}{4}$ Sec. 19, $\frac{SW}{4}$ Sec. 20 (R-4014, 8-21-70) Ext: $\frac{NW}{4}$ Sec. 29 (R-11633, 8-10-01)

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 842
Order No. R-606

THE APPLICATION OF THE OIL
CONSERVATION COMMISSION
UPON ITS OWN MOTION FOR AN
ORDER CALLING FOR THE CREATION
OF NEW POOLS AND THE EXTENSION
OF EXISTING POOLS IN LEA, CHAVES
AND EDDY COUNTIES, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a. m. on February 16, 1955, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

NOW, on this 16th. day of March, 1955, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the Buffalo-Wolfcamp and the E-K-Queen Oil Pools should be created in Lea County, New Mexico, to encompass the areas described in legal advertisement.

(3) That extensions as advertised should be approved for the Eumont Gas Pool, the Caprock Oil Pool, and the Grayburg-Jackson Oil Pool.

IT IS THEREFORE ORDERED:

That the application of the Oil Conservation Commission of New Mexico be, and the same hereby is, approved as follows:

(a) That a new pool should be created in Lea County, New Mexico, classified as an oil pool for Wolfcamp production, designated as the Buffalo-Wolfcamp Pool, and described as:

Township 19 South, Range 33 East, NMPM
NW/4 Section 3

(Discovery Well: Stanolind Oil & Gas Company's Buffalo Unit No. 1-F, SE/4 NW/4 3-19S-33E, completed September 20, 1954, as a producer from the Wolfcamp, with top of perforations at 10,597'.)

(b) That a new pool should be created in Lea County, New Mexico, classified as an oil pool for Queen production, designated as the E-K Queen Pool, and described as:

Township 18 South, Range 33 East, NMPM
SE/4 Section 13; NE/4 Section 24

(Discovery Well: Carper Drilling Company's Carper-Sivley No. 1-P, SE/4 SE/4 13-18S-33E, completed December 2, 1954, as a producer from the Queen formation, depth of casing shoe 4,375'.)

(c) That the Eumont Gas Pool boundary, as heretofore classified, defined and described, should be extended to include:

Township 19 South, Range 37 East, NMPM
E/2 Section 16; E/2 Section 21

(d) That the Caprock Pool boundary, as heretofore classified, defined and described, should be extended to include:

Township 13 South, Range 31 East, NMPM
SW/4 Section 14; SE/4 Section 15;
NE/4 Section 22; N/2 Section 23

(e) That the Grayburg-Jackson Pool boundary as heretofore classified, defined and described, should be extended to include:

Township 17 South, Range 31 East, NMPM
SE/4 Section 4; NE/4 Section 9

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JOHN F. SIMMS, Chairman

E. S. WALKER, Member

W. B. MACEY, Member and Secretary

S E A L

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF
NEW MEXICO FOR THE PURPOSE
OF CONSIDERING:

CASE NO. 2957
Order No. R-2620

THE APPLICATION OF THE OIL
CONSERVATION COMMISSION UPON
ITS OWN MOTION FOR AN ORDER
CREATING AND EXTENDING VERTICAL
AND HORIZONTAL LIMITS OF
CERTAIN POOLS IN CHAVES, EDDY,
LEA, AND ROOSEVELT COUNTIES,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on December 18, 1963, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 23rd day of December, 1963, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and subject matter thereof.
- (2) That there is need for the creation of a new pool in Lea County, New Mexico, for the production of gas from the Pennsylvanian formation, said pool to bear the designation of East Buffalo-Pennsylvanian Gas Pool. Said East Buffalo-Pennsylvanian Gas Pool was discovered by Pan American Petroleum Corporation, Buffalo Unit No. 5, located in Unit F of Section 2, Township 19 South, Range 33 East, NMPM. It was completed in Morrow on December 7, 1962. The top of perforations is 13,110 feet.
- (3) That there is need for the creation of a new pool in Eddy County, New Mexico, for the production of oil from the Strawn formation, said pool to bear the designation of Fenton Draw-Strawn Pool. Said Fenton Draw-Strawn Pool was discovered by Pan American Petroleum Corporation, Big Eddy Unit No. 2, located in Unit F of Section 19, Township 21 South, Range 28 East, NMPM. It was completed in Strawn on April 24, 1963. The top of perforations is 10,707 feet.
- (4) That there is need for the creation of a new pool in Chaves County,

New Mexico, for the production of oil from the San Andres formation, said pool to bear the designation of Linda-San Andres Pool. Said Linda-San Andres Pool was discovered by H. E. Barnes, Federal No. 1, located in Unit N of Section 33, Township 6 South, Range 26 East, NMPM. It was completed in San Andres on April 8, 1963. The top of perforations is 1,023 feet.

(5) That there is need for the creation of a new pool in Eddy County, New Mexico, for the production of oil from the Seven Rivers formation, said pool to bear the designation of South Red Lake-Seven Rivers Pool. Said South Red Lake-Seven Rivers Pool was discovered by Cima Capitan, Inc., Red Lake, State No. 10, located in Unit F of Section 22, Township 17 South, Range 28 East, NMPM. It was completed in Seven Rivers on September 10, 1963. The top of perforations is 770 feet.

(6) That there is need for the extension of the vertical limits of the EK-Queen Pool in Lea County, New Mexico, to include the Yates and Seven Rivers formations and change the pool name to the EK Yates-Seven Rivers-Queen Pool.

(7) That there is need for certain extensions to the North Benson Queen-Grayburg Pool, the Henshaw-Wolfcamp Pool, and the North Square Lake Grayburg-San Andres Pool, all in Eddy County, New Mexico, the Milnesand-San Andres Pool in Roosevelt County, New Mexico, the Buffalo-Pennsylvanian Gas Pool, the Fowler-Blinebry Pool, the Justis-Blinebry Pool, the North Justis-Blinebry Pool, the Middle Lane-Pennsylvanian Pool, the Mesa-Queen Pool, the South Tonto-Yates Pool, the Vacuum-Glorieta Pool, and the Wantz-Granite Wash Pool, all in Lea County, New Mexico.

IT IS THEREFORE ORDERED:

(a) That a new pool in Lea County, New Mexico, classified as a gas pool for Pennsylvanian production, is hereby created and designated as the East Buffalo-Pennsylvanian Gas Pool, consisting of the following described area:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM
SECTION 2: NW/4

(b) That a new pool in Eddy County, New Mexico, classified as an oil pool for Strawn production, is hereby created and designated as the Fenton Draw-Strawn Pool, consisting of the following described area:

TOWNSHIP 21 SOUTH, RANGE 28 EAST, NMPM
SECTION 19: SE/4

(c) That a new pool in Chaves County, New Mexico, classified as an oil pool for San Andres production, is hereby created and designated as the Linda-San Andres Pool, consisting of the following described area:

TOWNSHIP 6 SOUTH, RANGE 26 EAST, NMPM
SECTION 33: SW/4 and S/2 NW/4

(d) That a new pool in Eddy County, New Mexico, classified as an oil pool for Seven Rivers production, is hereby created and designated as the South Red Lake-Seven Rivers Pool, consisting of the following described area:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM
SECTION 22: NW/4

(e) That the North Benson Queen-Grayburg Pool in Eddy County, New Mexico,

CASE NO. 2957
Order No. R-2620

as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM
SECTION 27: N/2 SW/4
SECTION 28: NE/4

(f) That the Buffalo-Pennsylvanian Gas Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM
SECTION 4: NW/4
SECTION 5: E/2

(g) That the vertical limits of the EK-Queen Pool in Lea County, New Mexico, are hereby extended to include the Yates and Seven Rivers formations and that the pool name be changed to the EK Yates-Seven Rivers-Queen Pool.

(h) That the Fowler-Blinebry Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 24 SOUTH, RANGE 37 EAST, NMPM
SECTION 15: SE/4

(i) That the Henshaw-Wolfcamp Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 16 SOUTH, RANGE 30 EAST, NMPM
SECTION 23: E/2 SW/4

(j) That the Justis-Blinebry Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 25 SOUTH, RANGE 37 EAST, NMPM
SECTION 11: S/2 SE/4

(k) That the North Justis-Blinebry Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 24 SOUTH, RANGE 37 EAST, NMPM
SECTION 34: E/2 SE/4

TOWNSHIP 25 SOUTH, RANGE 37 EAST, NMPM
SECTION 11: N/2 N/2

(l) That the Middle Lane-Pennsylvanian Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 10 SOUTH, RANGE 33 EAST, NMPM
SECTION 14: NE/4

(m) That the Mesa-Queen Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 16 SOUTH, RANGE 32 EAST, NMPM
SECTION 17: SE/4

(n) That the Milnesand-San Andres Pool in Roosevelt County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 8 SOUTH, RANGE 34 EAST, NMPM
SECTION 12: NW/4
SECTION 25: NE/4 NE/4

TOWNSHIP 8 SOUTH, RANGE 35 EAST, NMPM
SECTION 6: NE/4
SECTION 19: SW/4

(o) That the North Square Lake Grayburg-San Andres Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 16 SOUTH, RANGE 31 EAST, NMPM
SECTION 6: Lots 9 and 10

(p) That the South Tonto-Yates Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM
SECTION 19: SW/4

(q) That the Vacuum-Glorieta Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 17 SOUTH, RANGE 34 EAST, NMPM
SECTION 24: SW/4
SECTION 25: NW/4 and SE/4
SECTION 36: NE/4

TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMPM
SECTION 31: N/2

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM
SECTION 1: N/2

(r) That the Wantz-Granite Wash Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
SECTION 2: SW/4

IT IS FURTHER ORDERED:

That the effective date of this order and all creations and extensions of vertical and horizontal limits included herein shall be January 1, 1964.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JACK M. CAMPBELL, Chairman

SEAL

E. S. WALKER, Member

A. L. PORTER, Jr., Member & Secretary

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 PURPOSE OF
CONSIDERING:

CASE NO. 10647
ORDER NO. R-9885

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

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on March 18, 1993, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 27th day of April, 1993 the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) At the time of the hearing, this case was consolidated with Case No. 10648 for the purpose of testimony.

(3) The applicant, Seely Oil Company, seeks statutory unitization, pursuant to the "Statutory Unitization Act," Sections 70-7-1 through 70-7-21, NMSA (1978), for the purpose of establishing a secondary recovery project in the EK Yates-Seven Rivers-Queen Pool, said unit to be designated the Central EK Queen Unit Area with horizontal limits comprising the following described lands in Lea County, New Mexico, containing 1148.40 acres, more or less, of state lands. The applicant further seeks approval of the Unit Agreement, Unit Operating Agreement, and Unit Participation Agreement which were submitted in evidence as Exhibits 1, 6 and 2, respectively.

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM
Section 12: SE/4 NE/4 and E/2 SE/4

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM

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 and S/2 SE/4
Section 9: W/2 SW/4
Section 16: NW/4 NW/4
Section 17: N/2 N/2
Section 18: N/2 NE/4

(4) The vertical limits of said unit area or "Unitized Formation" is defined as that 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 4366 feet and 4426 feet in the General Operating Company Santa Fe State Well No. 2 located 330 feet from the North line and 990 feet from the East line (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.

(5) At the time of the hearing, the applicant requested that the horizontal limits of the proposed unit area be amended by deleting 160 acres comprising the SE/4 NE/4 and E/2 SE/4 of Section 12, Township 18 South, Range 33 East, NMPM, and the NW/4 NW/4 of Section 16, Township 18 South, Range 34 East, NMPM, Lea County, New Mexico.

(6) Also at the hearing the applicant requested this matter be approved as a voluntary unit in anticipation that 100 percent of the working interests and royalty interests will agree to participate in the proposed unit area.

(7) The proposed unit should therefore be approved as a voluntary unit agreement at this time.

(8) No interested party appeared and objected to the proposed unit area or proposed plans for a waterflood project.

(9) All plans of development and operation and creations, expansions or contractions of participating areas or expansions or contractions of the unit area should be submitted to the Director of the Division for approval.

(10) Approval of the proposed unit area should promote the prevention of waste and the protection of correlative rights within the unit area.

IT IS THEREFORE ORDERED THAT:

(1) The application of Seely Oil Company for the Central EK Queen Unit, covering 988.40 acres, more or less, of state lands in the EK Yates-Seven Rivers-Queen Pool, Lea County, New Mexico, for the purpose of establishing a secondary recovery project is hereby approved for voluntary unitization.

(2) The land covered by said Central EK Queen Unit Agreement shall be designated the Central EK Queen Unit Area and shall comprise the following described lands in Lea County, New Mexico.

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM

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 and S/2 SE/4
Section 9: W/2 SW/4
Section 17: N/2 N/2
Section 18: N/2 NE/4

(3) The vertical limits of said unit area or "Unitized Formation" is defined as that 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 4366 feet and 4426 feet in the General Operating Company Santa Fe State Well No. 2 located 330 feet from the North line and 990 feet from the East line (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) The applicant shall institute a waterflood project for the secondary recovery of oil and associated gas, condensate and all associated liquefiable hydrocarbons within and produced from the unit area, and said waterflood project is the subject of Division Case No. 10648.

(5) The Central EK Queen Unit Agreement, Central EK Queen Unit Operating Agreement and the Unit Participation Formula, which were submitted to the Division at the time of the hearing as Exhibits 1, 6 and 2, respectively, are hereby associated by reference into this order.

(6) The plan contained in said unit agreement for the development and operation of the unit area is hereby approved in principle as a proper conservation measure; provided however, notwithstanding any of the provisions contained in said unit agreement, this approval shall not be considered as waiving or relinquishing, in any manner, any right, duty or obligation which is now, or may hereafter be, vested in the Division to supervise and control operations for the unit and production of oil and gas therefrom.

(7) The unit operator shall file with the Division an executed original or executed counterpart of the unit agreement within sixty days after the effective date thereof; in the event of subsequent joinder by any other party or expansion or contraction of the unit area, the unit operator shall file with the Division, within thirty days thereafter, counterparts of the unit agreement reflecting the subscription of those interests which have been joined or ratified.

(8) 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.

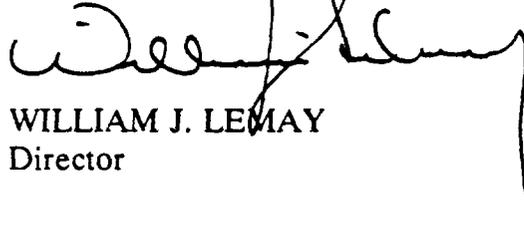
(9) This order shall become effective upon approval of said unit agreement by the Commissioner of Public Lands for the State of New Mexico; this order shall terminate ipso facto upon termination of said unit agreement; and the last unit operator shall notify the Division immediately in writing of such termination.

(10) The portion of the subject application seeking statutory unitization of the Central EK Queen Unit Area is hereby dismissed.

(11) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

S E A L

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 PURPOSE OF
CONSIDERING:

Case No. 10648
Order No. R-9885-A

APPLICATION OF SEELY OIL COMPANY FOR A WATERFLOOD PROJECT, FOUR UNORTHODOX INJECTION WELL LOCATIONS, AND QUALIFICATION FOR THE RECOVERED OIL TAX CREDIT PURSUANT TO THE NEW MEXICO OIL RECOVERY ACT, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on March 18 and April 22, 1993, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 17th day of November, 1993, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

- (1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.
- (2) At the March 18, 1993 hearing this case was consolidated with Division Case No. 10647 for the purpose of testimony.
- (3) By Order No. R-9885, issued in Case 10647 on April 27, 1993, the Division, upon application by Seely Oil Company, approved the statutory unitization of its Central "EK" Queen Unit, comprising the following described 988.40 acres, more or less, of State lands in Lea County, New Mexico:

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM

- 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 and S/2 SE/4
Section 9: W/2 SW/4

Section 17: N/2 N/2
Section 18: N/2 NE/4

(4) The applicant, Seely Oil Company, ("Seely") seeks authority to institute a waterflood project in said Central "EK" Queen Unit by the injection of water into the "Unitized Formation", as authorized in said Order No. R-9885 and defined in Decretory Paragraph No. (2) of said Order, which essentially consists of the Queen interval of the EK-Yates-Seven Rivers-Queen Pool. The applicant proposes to utilize five existing wells for water injection and to drill six new injection wells, four of which are considered to be unorthodox (lease-line) injection well locations, as follows:

- a) the Seely Oil Company State "OG" 2414 Well No. 1 (*Central "EK" Queen Unit, Tract 3, Well No. 1*), located 2310' FNL - 660' FWL (Unit E) of Section 7 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;
- b) the Murphy H. Baxter North "EK" Queen Unit, Tract 7, Well No. 2 (*Central "EK" Queen Unit, Tract 4, Well No. 1*), located 1650' FNL - 2176' FWL (Unit F) of Section 7 was last utilized as a water injection well (perfs. 4348' - 4355') in the Murphy H. Baxter North "EK" Queen Unit Waterflood Project, EK-Yates-Seven Rivers-Queen Pool, authorized by Division Order No. R-4009, dated August 12, 1970; this well was plugged and abandoned in late 1987; the applicant proposes to re-enter said well and utilize the former perforations for injection;
- c) the Murphy H. Baxter North "EK" Queen Unit, Tract 4, Well No. 7 (*Central "EK" Queen Unit, Tract 13, Well No. 1*), located 1650' FNL - 1980' FEL (Unit G) of Section 7 was last utilized as a water injection well (perfs. 4342' - 4360') in the Murphy H. Baxter North "EK" Queen Unit Waterflood Project, EK-Yates-Seven Rivers-Queen Pool, authorized by Division

Order No. R-4009, dated August 12, 1970; this well was also plugged and abandoned in late 1987; the applicant proposes to re-enter said well and utilize the former perforations for injection;

- d) the proposed *Central "EK" Queen Unit, Tract 12, Well No. 1* is to be drilled at an unorthodox (lease-line) injection well location 1370' FSL - 50' FWL (Unit L) of Section 7, with perforations from approximately 4350 feet to 4400 feet;
- e) the proposed *Central "EK" Queen Unit, Tract 12, Well No. 2* is to be drilled at an unorthodox (lease-line) injection well location 50' FS & WL (Unit M) of Section 7, with perforations from approximately 4350 feet to 4400 feet;
- f) the proposed *Central "EK" Queen Unit, Tract 1, Well No. 2* is to be drilled at an undetermined standard injection well location within the NW/4 SW/4 (Unit L) of Section 8, with perforations from approximately 4350 feet to 4400 feet;
- g) the Seely Oil Company State "HS" SWD Well No. 2 (*Central "EK" Queen Unit, Tract 6, Well No. 1*), located 1980' FSL - 660' FWL (Unit L) of Section 9 is being utilized as a salt water disposal well, under the authority of Division Administrative Order SWD-320, dated July 6, 1987, for injection of produced salt water into the subject pool through the perforated interval from 4380 feet to 4385 feet, no operational changes in said well are currently planned;
- h) the Seely Oil Company Rhodes State Well No. 1 (*Central "EK" Queen Unit, Tract 5, Well No. 1*), located 660' FS & WL (Unit M) of Section 9 is currently a producing oil well in the subject pool (perfs. 4387' - 4415'), this well is to be converted from a producing oil well to a water injection well with no change in the perforated interval;

- i) the proposed *Central "EK" Queen Unit, Tract 11, Well No. 2* is to be drilled at an undetermined standard injection well location within the NE/4 NE/4 (Unit A) of Section 17, with perforations from approximately 4350 feet to 4400 feet;
- j) the proposed *Central "EK" Queen Unit, Tract 7, Well No. 2* is to be drilled at an unorthodox (lease-line) injection well location 1270' FNL - 2590' FWL (Unit C) of Section 17, with perforations from approximately 4350 feet to 4400 feet; and,
- k) the proposed *Central "EK" Queen Unit, Tract 8, Well No. 3* is to be drilled at an unorthodox (lease-line) injection well location 1270' FNL - 50' FEL (Unit A) of Section 18, with perforations from approximately 4350 feet to 4400 feet.

(5) By utilizing a peripheral water injection pattern for the subject acreage as proposed by the applicant, an ultimate recovery of approximately 1,230,000 barrels of oil can be expected from the Project Area; this represents an additional recovery of 786,000 barrels of oil over the approximate 444,000 barrels of cumulative oil shown to have already been recovered, thereby preventing waste of otherwise unrecoverable oil.

(6) A total of 20 wells have contributed to the above 444,000 barrel cumulative production figure, most of these producing wells were plugged as being non-commercial. There are currently eight remaining producing oil wells from the proposed Project Area, average production for the last month available at the time of the hearing (December, 1992) was far less than 5 barrels of oil per day per well. Such evidence indicates that within the confines of the proposed Unit Area oil production from the "Queen" interval of said pool is in a state of depletion.

(7) In addition to the above-described injection wells the applicant's plans for developing this waterflood includes the installation of a water injection system and the drilling of four additional producing wells. The applicant testified that the capital expenditures required will be \$2,375,000.00 and is scheduled to take three and one-half years for implementation.

(8) Seely's plans also include developing the eleven injection wells over the three-and-a-half year time frame in the following manner:

1993:

Reenter and/or Recomplete: Tract 4, Well No. 1
Tract 13, Well No. 1

Convert: Tract 3, Well No. 1

Drill and Complete: Tract 12, Well No. 1

1994:

Drill and Complete: Tract 12, Well No. 2
Tract 8, Well No. 3

1995:

Drill and Complete: Tract 11, Well No. 2

Convert: Tract 5, Well No. 1
Tract 6, Well No. 1

1996:

Drill and Complete: Tract 7, Well No. 2
Tract 1, Well No. 2

(9) The four proposed unorthodox injection well locations should enhance and improve the "sweep efficiency" of the flood on the western and southern portions of the Project Area, which will further serve in the prevention of waste.

(10) The applicant, at the time of the hearing, requested a surface limitation pressure in excess of the Division's guidelines of 0.2 psi per foot of depth, but not in excess of 2,000 psi. The applicant however offered no evidence or needed testimony to support this request for assignment of a higher injection pressure.

(11) The operator of the proposed Central "EK" Queen Unit Waterflood Project should take all steps necessary to ensure that the injected water enters and remains confined to only the proposed injection interval and is not permitted to escape to other formations or onto the surface from injection, production, or plugged and abandoned wells:

(a) *The previously plugged and abandoned (The) Ohio Oil Company State "EKA" Well No. 5, located 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 17, Township 18 South, Range 34 East, NMPM, Lea County, New Mexico, is located within the one-half mile "area of review" of the proposed Central "EK" Queen Unit, Tract 7, Well No. 2, located in Unit "C" of said Section 17 and the proposed Central "EK" Queen Unit, Tract 8, Well No. 3, located in Unit "A" of Section 18, Township 18 South, Range 34 East, NMPM, Lea County, New Mexico.*

Prior to commencement of injection into either the Central "EK" Queen Unit, Tract 7, Well No. 2 or the Central "EK" Queen Unit, Tract 8, Well No. 3, as described above, the operator should demonstrate to the satisfaction of the supervisor of the Division's District Office in Hobbs that the previously plugged and abandoned (The) Ohio Oil Company State "EKE" Well No. 5, as described above, has either been re-entered and re-plugged or has previously been plugged and abandoned in such a manner as to ensure that it does not provide an avenue of escape for waters from the proposed injection interval or that said wellbore will not otherwise serve for such escape.

(b) *Likewise, the previously plugged and abandoned Santa Fe Exploration, Inc. Lee Ranch Well No. 1, located 1650 feet from the South line and 660 feet from the East line (Unit I) of Section 18, Township 18 South, Range 34 East, NMPM, Lea County, New Mexico, is also located within the one-half mile "area of review" of said Central "EK" Queen Unit, Tract 8, Well No. 3, located in Unit "A" of said Section 18.*

Prior to commencement of injection into said Central "EK" Queen Unit, Tract 8, Well No. 3, as described above, operator should demonstrate to the satisfaction of the supervisor of the Division's District Office in Hobbs that the previously plugged and abandoned Santa Fe Exploration, Inc. Lee Ranch Well No. 1, as described above, has either been re-entered and replugged or has previously been plugged and abandoned in such a manner as to ensure that it does not provide an avenue of escape for waters from the proposed injection interval or that said wellbore will not otherwise serve for such escape.

(c) *The previously plugged and abandoned T. J. Sivley Fox Well No. 2, located 660 feet from the North and West lines (Unit D) of Section 18, Township 18 South, Range 34 East, NMPM, Lea County, New Mexico, is located within the one-half mile "area of review" of the proposed Central*

"EK" Queen Unit, Tract 12, Well No. 1, located in Unit "L" and the proposed Central "EK" Queen Unit, Tract 12, Well No. 2, located in Unit "M", both in Section 7, Township 18 South, Range 34 East, NMPM, Lea County, New Mexico.

Prior to commencement of injection into either the Central "EK" Queen Unit, Tract 12, Well No. 1 or the Central "EK" Queen Unit, Tract 12, Well No. 2, as described above, the operator should demonstrate to the satisfaction of the supervisor of the Division's District Office in Hobbs that the previously plugged and abandoned T. J. Sivley Fox Well No. 2, as described above, has either been re-entered and replugged or has previously been plugged and abandoned in such a manner as to ensure that it does not provide an avenue of escape for waters from the proposed injection interval or that said wellbore will not otherwise serve for such escape.

(d) *Likewise, the previously plugged and abandoned T. J. Sivley Fox Well No. 3, located 330 feet from the North line and 2310 feet from the West line (Unit C) of Section 18, Township 18 South, Range 34 East, NMPM, Lea County, New Mexico, is also located within the one-half mile "area of review" of said Central "EK" Queen Unit, Tract 12, Well No. 2, located in Unit "M" of adjacent Section 7.*

Prior to commencement of injection into said Central "EK" Queen Unit, Tract 12, Well No. 2, as described above, operator should demonstrate to the satisfaction of the supervisor of the Division's District Office in Hobbs that the previously plugged and abandoned T. J. Sivley Fox Well No. 3, as described above, has either been re-entered and replugged or has previously been plugged and abandoned in such a manner as to ensure that it does not provide an avenue of escape for waters from the proposed injection interval or that said wellbore will not otherwise serve for such escape.

(12) The injection of water into the proposed injection wells should be accomplished through 2-3/8 inch internally plastic-lined tubing installed in a packer set within 100 feet of the uppermost injection perforation; the casing-tubing annulus should be filled with an inert fluid and a gauge or approved leak-detection device should be attached to the annulus in order to determine leakage in the casing, tubing or packer.

(13) Prior to commencing injection operations into the proposed injection wells, the casing in each well should be pressure tested throughout the interval from the surface down to the proposed packer setting depth, to assure the integrity of such casing.

(14) The injection wells or pressurization system for each of the proposed injection wells should be so equipped at this time as to limit injection pressure at the wellhead to no more than the Division's established 0.2 psi per foot of depth to the uppermost injection perforation; however the operator should have the opportunity to request, at a later date, an increase in the injection pressure limitation placed upon any well upon a proper showing by the operator that such higher pressure will not result in the migration of the injected water from its respective interval or fracture the confining strata. Such authorization will however remain with the Division Director.

(15) The operator should give advance notification to the supervisor of the Hobbs District Office of the Division of the date and time of the installation of injection equipment and of the mechanical integrity pressure-tests in order that the same may be witnessed.

(16) No offset operator or interested party appeared at the hearing in opposition to this application.

(17) The proposed waterflood project is in the best interest of conservation and will serve to protect correlative rights, therefore this application should be approved and the project should be governed by the provisions of Rule Nos. 701 through 708 of the Oil Conservation Division Rules and Regulations.

(18) The applicant further requests that the subject waterflood project be approved by the Division as a qualified "Enhanced Oil Recovery Project" pursuant to the "Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5).

(19) The evidence presented indicates that the subject waterflood project meets all the criteria for approval.

(20) The approved "project area" should initially comprise that area described in Finding Paragraph No. (3) above.

(21) To be eligible for the EOR credit, prior to commencing injection operations, the operator must request from the Division a Certificate of Qualification, which certificate will specify the proposed project area as described above.

(22) At such time as a positive production response occurs and within five years from the date of the Certificate of Qualification, the applicant must apply to the Division for certification of positive production response, which application shall identify the area actually benefitting from enhanced recovery operations, and identifying the specific wells which the operator believes are eligible for the credit. The Division may review the application administratively or set it for hearing. Based upon evidence presented, the Division will certify to The Department of Taxation and Revenue those lands and wells which are eligible for the credit.

(23) The injection authority granted herein for each of the proposed injection wells should terminate on December 31st of the year therein designated in Finding Paragraph No. (8) above if the operator has not commenced injection operation into the subject well by that date, provided however, the Division, upon written request by the operator, may grant an extension thereof for good cause shown.

(24) The previous injection authority granted by the Division for the Murphy H. Baxter North "EK" Queen Unit, Tract 7, Well No. 2 (*Central "EK" Queen Unit, Tract 4, Well No. 1*), the Murphy H. Baxter North "EK" Queen Unit, Tract 4, Well No. 7 (*Central "EK" Queen Unit, Tract 13, Well No. 1*), and the Seely Oil Company State "HS" SWD Well No. 2 (*Central "EK" Queen Unit, Tract 6, Well No. 1*) by Division Administrative Order SWD-320 and Division Order No. R-4009 should be placed in abeyance or withdrawn at this time.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Seely Oil Company, is hereby authorized to institute a waterflood project in its Central "EK" Queen Unit Area, Lea County, New Mexico (approved by Division Order No. R-9885, issued in Case 10647 and dated April 27, 1993), by the injection of water into the "Unitized Formation", as defined in Decretory Paragraph No. (2) of said Order No. R-9885, which essentially consists of the Queen interval of the EK-Yates-Seven Rivers-Queen Pool through the gross perforated interval from approximately 4,342 feet to 4,400 feet in eleven certain wells, five existing and six to be drilled, four of which are to be drilled at unorthodox (lease-line) injection well locations, as further described in Exhibit "A" attached hereto and made a part hereof.

(2) The waterflood project, hereby designated the Central "EK" Queen Unit Waterflood Project, shall coincide with the boundary of the Central "EK" Queen Unit Area, as further described below, and was the subject of said Division Order No. R-9885:

**CENTRAL 'EK' QUEEN UNIT WATERFLOOD PROJECT AREA
LEA COUNTY, NEW MEXICO**

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM

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 and S/2 SE/4
Section 9: W/2 SW/4
Section 17: N/2 N/2
Section 18: N/2 NE/4

(3) The applicant must take all steps necessary to ensure that the injected water only enters and remains confined to the proposed injection interval and is not permitted to escape to other formations or onto the surface from injection, production, or plugged and abandoned wells.

PROVIDED HOWEVER THAT:

(4) Injection into either the Central "EK" Queen Unit, Tract 7, Well No. 2, to be drilled in Unit "C" of Section 17 or the Central "EK" Queen Unit, Tract 8, Well No. 3, to be drilled in Unit "A" of Section 18, both in Township 18 South, Range 34 East, NMPM, Lea County, New Mexico, shall not commence until the plugged and abandoned (The) Ohio Oil Company State "EKE" Well No. 5, located 1980 feet from the North line and 660 feet from the West line (Unit E) of said Section 17, has either been re-entered and replugged or is shown to have been previously plugged and abandoned in such a manner that ensures it does not provide an avenue of escape for waters from the proposed injection interval to the supervisor of the Division's District Office in Hobbs.

(5) Likewise, injection into said Central "EK" Queen Unit, Tract 8, Well No. 3, as described above, shall not commence until the plugged and abandoned Santa Fe Exploration, Inc. Lee Ranch Well No. 1, located 1650 feet from the South line and 660 feet from the East line (Unit I) of Section 18, Township 18 South, Range 34 East, NMPM, Lea County, New Mexico, has either been re-entered and replugged or is shown to have been previously plugged and abandoned in such a manner that ensures it does not provide an avenue of escape for waters from the proposed injection interval to the supervisor of the Division's District Office in Hobbs.

(6) Injection into either the Central "EK" Queen Unit, Tract 12, Well No. 1, to be drilled in Unit "L" or the Central "EK" Queen Unit, Tract 12, Well No. 2, to be drilled in Unit "M", both in Section 7, Township 18 South, Range 34 East, NMPM, Lea County, New Mexico, shall not commence until the plugged and abandoned T. J. Sivley Fox Well No. 2, located 660 feet from the North and West lines (Unit D) of Section 18, Township 18 South, Range 34 East, NMPM, Lea County, New Mexico, has either been re-entered and replugged or is shown to have been previously plugged and abandoned

in such a manner that ensures it does not provide an avenue of escape for waters from the proposed injection interval to the supervisor of the Division's District Office in Hobbs.

(7) Likewise, injection into said Central "EK" Queen Unit, Tract 12, Well No. 2, as described above, shall not commence until the plugged and abandoned T: J. Sivley Fox Well No. 3, located 330 feet from the North line and 2310 feet from the West line (Unit C) of Section 18, Township 18 South, Range 34 East, NMPM, Lea County, New Mexico, has either been re-entered and replugged or is shown to have been previously plugged and abandoned in such a manner that ensures it does not provide an avenue of escape for waters from the proposed injection interval to the supervisor of the Division's District Office in Hobbs.

IT IS FURTHER ORDERED THAT:

(8) Injection shall be accomplished through 2-3/8 inch internally plastic-lined tubing installed in a packer set approximately within 100 feet of the uppermost injection perforation; the casing-tubing annulus in each well shall be filled with an inert fluid and equipped with an approved pressure gauge or attention-attracting leak detection device.

(9) The injection wells or pressurization system for each injection well shall be so equipped as to limit injection pressure at the wellhead to no more than 850 psi.

(10) The Division Director shall have the authority to administratively authorize an increase in the injection pressure limitation placed upon any well upon a proper showing by the operator that such higher pressure will not result in the migration of the injected water from its respective interval or fracture the confining strata.

(11) Prior to commencing injection operations, the casing in each injection well shall be pressure-tested throughout the interval from the surface down to the proposed packer setting depth, to assure the integrity of such casing.

(12) The applicant shall immediately notify the supervisor of the Hobbs District Office of the Division of the failure of the tubing, casing or packer in any of the injection wells, the leakage of water or oil from or around any producing well, or the leakage of water or oil from any plugged and abandoned well within the project area, and shall take such steps as may be timely and necessary to correct such failure or leakage.

(13) The operator of the Central "EK" Queen Unit Waterflood Project shall conduct injection operations in accordance with all applicable Division rules, regulations, and policies, including Division General Rules 701 through 708 and shall submit monthly progress reports in accordance with Division General Rules 706 and 1115.

(14) The portion of Division Order No. R-4009, dated August 12, 1970, which authorized water injection into the Murphy H. Baxter North "EK" Queen Unit, Tract 7, Well No. 2 (*Central "EK" Queen Unit, Tract 4, Well No. 1*) and the Murphy H. Baxter North "EK" Queen Unit, Tract 4, Well No. 7 (*Central "EK" Queen Unit, Tract 13, Well No. 1*), located in Units "F" and "G", respectively, of Section 7, Township 18 South, Range 34 East, NMPM, Lea County, New Mexico, and Division Administrative Order SWD-320, dated July 6, 1987, which order approved for salt water disposal the Seely Oil Company State "HS" SWD Well No. 2 (*Central "EK" Queen Unit, Tract 6, Well No. 1*), located in Unit "L" of Section 9, Township 18 South, Range 34 East, NMPM, Lea County, New Mexico, shall be placed in abeyance until further notice.

FURTHERMORE:

(15) The subject waterflood project is hereby approved as an "Enhanced Oil Recovery Project" pursuant to the "Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5).

(16) The approved "project area" shall initially comprise that area described in Decretory Paragraph No. (2) above.

(17) To be eligible for the EOR credit, prior to commencing injection operations, the operator must request from the Division a Certificate of Qualification, which certificate will specify the proposed project area as described above.

(18) At such time as a positive production response occurs and within five years from the date of the Certificate of Qualification, the applicant must apply to the Division for certification of positive production response, which application shall identify the area actually benefitting from enhanced recovery operations, and identifying the specific wells which the operator believes are eligible for the credit. The Division may review the application administratively or set it for hearing. Based upon evidence presented, the Division will certify to The Department of Taxation and Revenue those lands and wells which are eligible for the credit.

(19) The injection authority granted herein for each of the proposed injection wells shall terminate on December 31st of the year designated below if the operator has not commenced injection operations into the subject well by that date, provided however, the Division, upon written request by the operator, may grant an extension thereof for good cause shown:

1993: Tract 4, Well No. 1
Tract 13, Well No. 1
Tract 3, Well No. 1
Tract 12, Well No. 1

1994: Tract 12, Well No. 2

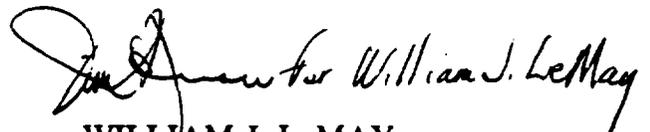
1995: Tract 11, Well No. 2
Tract 5, Well No. 1
Tract 6, Well No. 1

1996: Tract 7, Well No. 2
Tract 1, Well No. 2

(20) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LeMAY
Director

SEAL

Exhibit "A"
Case No. 10648
Order No. R-9885-A

Seely Oil Company
Proposed Water Injection Well Locations
Central "EK" Queen Unit Waterflood Project Area
Township 18 South, Range 34 East, NMPM, Lea County, New Mexico.

Well Name	Footage Location	Injection Interval	Type of Well
Central "EK" Queen Unit, Tract 3, Well No. 1 (Seely Oil Company State "OG" 2414 Well No. 1)	2310' FNL - 660' FWL (Unit E) of Section 7	4361-4366	Conversion
Central "EK" Queen Unit, Tract 4, Well No. 1 (Murphy H. Baxter N. "EK" Queen Unit, Tract 7, Well No. 2)	1650' FNL - 2176' FWL (Unit F) of Section 7	4348-4355	Re-entry/Recompletion
Central "EK" Queen Unit, Tract 13, Well No. 1 (Murphy H. Baxter N. "EK" Queen Unit, Tract 4, Well No. 7)	1650' FNL - 1980' FEL (Unit G) of Section 7	4342-4360	Re-entry/Recompletion
Central "EK" Queen Unit, Tract 12, Well No. 1	1370' FSL - 50' FWL (Unit L) of Section 7 *	4350-4400	New Drill
Central "EK" Queen Unit, Tract 12, Well No. 2	50' FS & WL (Unit M) of Section 7*	4350-4400	New Drill
Central "EK" Queen Unit, Tract 1, Well No. 2	NW/4 SW/4 (Unit L) of Section 8	4350-4400	New Drill
Central "EK" Queen Unit, Tract 6, Well No. 1 (Seely Oil Company State "HS" SWD Well No. 2)	1980' FSL - 660' FWL (Unit L) of Section 9	4380-4385	Existing Salt Water Disposal Well
Central "EK" Queen Unit, Tract 5, Well No. 1 (Seely Oil Company Rhodes State Well No. 1)	660' FS & WL (Unit M) of Section 9	4387-4415	Conversion

Well Name	Footage Location	Injection Interval	Type of Well
Central "EK" Queen Unit, Tract 11, Well No. 2	NE/4 NE/4 (Unit A) of Section 17	4350-4400	New Drill
Central "EK" Queen Unit, Tract 7, Well No. 2	1270' FNL - 2590' FWL (Unit C) of Section 17 *	4350-4400	New Drill
Central "EK" Queen Unit, Tract 8, Well No. 3	1270' FNL - 50' FEL (Unit A) of Section 18 *	4350-4400	New Drill

* Denotes an *unorthodox injection well location*.