



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Roswell Field Office
2909 West Second St.
Roswell, New Mexico 88201
www.nm.blm.gov

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NOV 14 2002

IN REPLY REFER TO:

NOV 12 2002

CERTIFIED MAIL RETURN RECEIPT REQUESTED
7099 3220 0004 0011 1920

C.W. Stumhoffer
POB 100416
Fort Worth, Texas 76185-0416

RE: Preliminary Approval for the proposed waterflood E-K Penrose Sand Unit.

Mr. Stumhoffer:

This office concurs with the E-K Penrose Sand Unit Agreement proposal and is granted a preliminary approval. The purpose of the agreement is to implement a waterflood operation to gainfully produce from the Penrose (lower Penrose) formation as identified in the type log from the CW Stumhoffer Federal CS No. 01 in Section 19, T.18S. R.34E, Lea County, New Mexico.

Section 24 of the Unit Agreement, Effective Date and Term allows the agreement to remain valid as long as a cessation period of no more than 90 consecutive days exist from the effective date unless terminated.

Section 11 of the Unit Agreement, Plan of Operations "should the unit Operator fail to commence Unit Operations for the secondary recovery of Unitized substances from the unit area within eighteen (18) months after the effective date of this Agreement, or any extension thereof approved by the AO, this Agreement shall terminate automatically as the date of default.

The Plan of Development schedules six (6) wells to be converted to injection and two (2) wells to be drilled or deepened for injection purposes by the 18 month of operations. Therefore, this proposed waterflood unit agreement is granted as a preliminary agreement. Should you have any questions regarding this matter, contact Gary Gourley at the Division of Minerals at (505)-627-0249.

Sincerely

Larry D. Bray
Assistant Field Manager
Lands and Minerals

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico

Case Nos. 12964/12983 Exhibit No. 4

Submitted by:

Seely Oil Company

Hearing Date: January 9, 2003

UNITED STATES DEPARTMENT
OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
2909 W. SECOND
ROSWELL, NM 88201

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