

Shell Western E&P Inc.

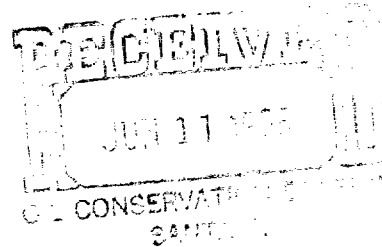
A Subsidiary of Shell Oil Company



June 5, 1985

P.O. Box 991
Houston, TX 77001

State of New Mexico
Energy and Minerals Department
Oil Conservation Division
ATTN Mr. G. Quintana
P. O. Box 2088
Santa Fe, NM 87501



Gentlemen:

AUTHORIZATION TO INJECT
SHELL WESTERN - GRIZZELL NO. 11
PENROSE SKELLY GRAYBURG POOL
UNIT LETTER P, 1300' FSL & 1139' FEL
SECTION 8, T22S-R37E, NMPM
LEA COUNTY, NEW MEXICO

Further to our application of April 26, 1985, and confirming our discussion on May 24, 1985, the following information is submitted in support of our request for administrative approval to convert the subject well to water injection service.

NMOCD Order #R-2794 dated October 30, 1964, granted Gulf Oil Exploration and Production Company permission to conduct waterflood operations in the subject pool. Subsequent to the formation of the Gulf operated South Penrose Skelly Unit on July 1, 1965, a water injection pilot project was initiated in June of 1967. Active injection was discontinued in April of 1972.

The subject well was one of two 20-acre infill wells drilled and tested by Gulf in June, 1975, for the purpose of evaluating the pilot performance and determining the future of the unit. In May, 1976, Gulf advised unit participants that neither well was capable of being completed as a producer.

The South Penrose Skelly Unit was officially terminated on April 1, 1984, after receiving approvals from the New Mexico State Land Office, State Energy and Minerals Department, United States Bureau of Land Management, and the required 80 percent of the unit's working interest ownership.

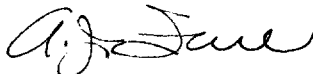
On abandonment of the unit and under the terms of the South Penrose Skelly Unit Agreement, Shell Western assumed operations of all wells on its Grizzell lease, including No. 11, formerly SPSU No. 262. We propose to waterflood the Penrose Skelly Grayburg Pool under our Grizzell lease by converting well No. 11 to injection service. We estimate that successful waterflooding will result in the recovery of an additional 85,000 barrels of oil.

BNA8515402

In accordance with the provisions set forth in Rule 701-F, we request an exception to the hearing requirements of Rule 701-A for conversion to injection of additional wells for an authorized project.

If additional information is required, please advise.

Yours very truly,



JMW:CMM

A. J. Fore
Supervisor Regulatory & Permitting
Mid-Continent Division

cc: State of New Mexico
Energy and Minerals Department
Oil Conservation Division
P. O. Box 1980
Hobbs, NM 88240