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January 11, 2005

HAND-DELIVERED

Mr. Mark E. Fesmire, P. E.
Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

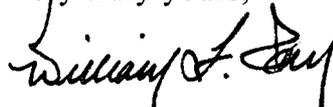
Case 13406

Re: Application of Seely Oil Company for amendment of the remedial cementing requirements of Division Order No. R-11929 which approved waterflood operations on the EK Penrose Sand Unit, Lea County, New Mexico.

Dear Mr. Fesmire:

Enclosed is the application of Seely Oil Company in the above-referenced case. Seely Oil Company requests that this case be included on the February 3, 2005 examiner hearing docket.

Very truly yours,



William F. Carr

Enclosures

cc: Mr. C. W. Stumhoffer

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

2007 JAN 11 PM 3 59

APPLICATION OF SEELY OIL COMPANY FOR AMENDMENT OF THE REMEDIAL CEMENTING REQUIREMENTS OF DIVISION ORDER NO. R-11929 WHICH APPROVED WATERFLOOD OPERATIONS IN THE EK PENROSE SAND UNIT, LEA COUNTY, NEW MEXICO.

CASE NO. 13406

APPLICATION

SEELY OIL COMPANY ("Seely"), through its undersigned attorneys, hereby makes application for an order amending Order No. R-11929 to eliminate the cementing requirements for the McElvain Federal Well No. 3 located in the SW/4 SW/4 of Section 30, Township 18 South, Range 34 East, NMPM, Lea County, New Mexico and in support of its application states:

1. Seely is the operator of the EK Penrose Sand Unit that is located in the following described acreage located in Lea County, New Mexico:

Township 18 South, Range 33 East, NMPM

Section 24: SE/4
Section 25: NE/4

Township 18 South, Range 34 East, NMPM

Section 19: 19
Section 20: W/2 SW/4, SE/4, SW/4
Section 29: NW/4, N/2 SW/4
Section 30: N/2, N/2 SE/4, E/2 SW/4

The proposed Unit Area consists of 1469.75 acres, more or less, of Federal and Fee lands, situated in Lea County, New Mexico.

2. By Order No. R-11929, entered on April 16, 2003, the Division authorized Seely to conduct waterflood operations in the EK Penrose Unit Area but made remedial action on certain wells a condition precedent to the commencement of these operations.

3. Finding 16, and Order Paragraph No. 9 of Order No. R-11929, requires that prior to injection into the Yates Petroleum Corporation Howe "TG" Federal Well No. 1 ("Howe Well"), Seely must perform remedial cementing operations on the C. W. McElvain Federal Well No. 3 (API No. 30-025-28557) ("the McElvain Well No. 3") as well as another well, to isolate the Penrose Sand member of the Queen formation within that wellbore.

4. Information now available on the McElvain Well No. 3 shows that there is no porosity development in this Penrose Sand in the McElvain Well No. 3, and this sand therefore does not exist at this location.

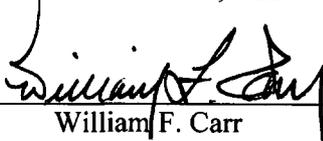
5. Seely Oil Company therefore requests that Order No. R-11929 be amended to authorize the injection into the Howe Well without first performing remedial cementing work on the McElvain Well No. 3.

6. Approval of this application will eliminate remedial actions that are unnecessary and will otherwise be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, Seely Oil Company requests that this application be set for hearing before an Examiner of the Oil Conservation Division on March 3, 2005, that notice be given as required by law and the rules of the Division, and that Order No. R-11929 be amended to eliminate the remedial cementing requirements for the McElvain Federal Well No. 3.

Respectfully submitted,

HOLLAND & HART, LLP

By: 

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

ATTORNEYS FOR SEELY OIL COMPANY

CASE NO. 13406: Application of Seely Oil Company for amendment of the remedial cementing requirements of Division Order No. R-11929 which approved waterflood operations in the EK Penrose Sand Unit, Lea County, New Mexico. Applicant seeks an order amending Order No. R-11929 to eliminate the cementing requirements for the McElvain Federal Well No. 3 (API No. 30-025-28557) located in the SW/4 SW/4 of Section 30, Township 18 South, Range 34 East, NMPM, Lea County, New Mexico. Said well is located approximately 14 miles southwest of Lovington, New Mexico.