

SEELY OIL COMPANY
815 WEST TENTH STREET
FORT WORTH, TEXAS 76102

January 15, 1997

State of New Mexico
Energy, Minerals and Natural Resources Department
Oil Conservation Division
P. O. Box 1980
Hobbs, New Mexico 88241-1980

Re: Seely Oil Company-Operated
Central EK Queen Unit
E-K Yates Seven Rivers Queen Field
Lea County, New Mexico
Water Injection Matters

Attention: Mr. Jerry Sexton
District Supervisor

Gentlemen:

This letter is to follow up on our recent telephone conversation in regard to two (2) matters regarding the Seely Oil Company-operated Central EK Queen Unit (CEKQU).

- (1) Stipulation requirements of NMOCD Order R-9885-A regarding the requirements for water injection into CEKQU Tract 8 Well No. 3.

Attached is a copy of a letter dated November 7, 1996 from your office in which you verify these stipulation requirements have been met and that water injection into this well is authorized.

- (2) Conversion CEKQU Tract 5 Well No. 1 to water injection as approved by NMOCD Order R-9885-A.

On October 17, 1996, Seely Oil Company submitted a letter in regard to the conversion of this well to water injection. A copy of this letter is enclosed herewith.

Enclosed with the October 17 letter was a completed NMOCD Form C-103 reporting the conversion of this well to water injection as approved by NMOCD Order No. R-9885-A. We have not received an approved copy of this Form C-103. We are enclosing a copy of this Form C-103 for your information in order to determine its status.



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

POST OFFICE BOX 1990
HOBBS, NEW MEXICO 88241-1990
(505) 393-8161

COPY

November 7, 1986

Clarence Stumhoffer
Seely Oil Company
815 West Tenth Street
Fort Worth, Texas 76102

Re: Central EK Queen Unit Tr 8 #3-A, Sec. 18, T18S, R34E

Dear Mr. Stumhoffer:

This reply is in reference to your correspondence concerning the stipulations of Division Order R-9885-A, regarding the requirements for injection into the above referenced well.

The information you submitted regarding the re-plugging of the Santa Fe Exploration, Inc. Lee Ranch Well No. 1 located in Unit I of Section 18, Township 18 South, Range 34 East, is sufficient to confirm that this well does not pose a threat to the area or formations affected by use of the Central EK Queen Unit Tr 8 #3 for injection purposes.

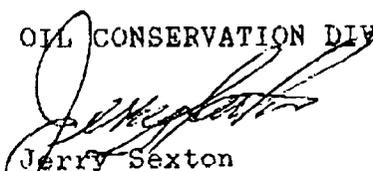
When the well is completed, all paper work has been submitted and approved, a pressure test conducted to insure the integrity of the well and injection equipment, you may use the well for injection.

We request 24 hours notice prior to the pressure test in order to witness the operation.

If you have any questions, please feel free to call.

Very truly yours

OIL CONSERVATION DIVISION


Jerry Sexton
Supervisor, District I

JS:bp

cc: David Catanach
Ben Stone
File



SEELY OIL COMPANY
815 WEST TENTH STREET
FORT WORTH, TEXAS 76102

COPY

October 17, 1996

State of New Mexico
Energy, Minerals and Natural Resources Department
Oil Conservation Division
P. O. Box 1980
Hobbs, New Mexico 88241-1980

Re: Central EK Queen Unit
E-K Yates Seven Rivers Queen Field
Lea County, New Mexico
Conversion to Water Injection
Tract 5 Well No. 1
660' FSL and 660' FWL
Section 9, T18S, R34E, NMPM

Attention: Mr. Jerry Sexton
District Supervisor

Gentlemen:

We are submitting herewith for approval NMOCD Form C-103 for the conversion of the subject well to water injection as approved by NMOCD Order No. R-9885-A. Our apologies for neglecting to submit this notice of well status change in a timely manner.

As noted in the above referenced Form C-103, a very costly casing leak repair was performed on this well during 1994, and the pressure test of the casing annulus prior to commencement of water injection did not meet NMOCD regulations.

The well is now developing tubing injection pressure, and it will be necessary to address the casing annulus pressure test requirements.

In lieu of further costly attempts to completely shut of leakage through the casing leaks at 390' to 422', Seely Oil Company requests NMOCD approval to monitor casing annulus conditions as follows:

- (1) Present: Run water injection profile survey to assure that all water being injected is entering the Queen interval through perforations from 4387' to 4422' meaning no fluid movement up hole.
- (2) Two years from present: Run a repeat water injection profile survey.
- (3) Future: Run repeat water injection profile surveys every three (3) years or earlier if determined to be necessary.

COPY

State of New Mexico
Oil Conservation Division
Central EK Queen Unit Tract 5 Well No. 1
October 17, 1996

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Your consideration and approval of this procedure to comply with regulations covering casing annulus pressure for the subject water injection well is respectfully requested.

Should you wish to discuss, please contact the undersigned through Seely Oil Company at 817/332-1377 or at my office telephone 817/923-2016.

Thank you.

Very truly yours,

SEELY OIL COMPANY



C. W. Stumhoffer
Agent

CWS

Enclosure: Form C-103 dated October 17, 1996

cc: Oil Conservation Division
Santa Fe, New Mexico 87505
Attention: Mr. David Catanach

Submit 3 Copies to Appropriate District Office

State of New Mexico Energy, Minerals and Natural Resources Department.

Form C-103 Revised 1-1-89

DISTRICT I P.O. Box 1980, Hobbs, NM 88240

DISTRICT II P.O. Drawer DD, Artesia, NM 88210

DISTRICT III 1000 Rio Brazos Rd., Artesia, NM 87410

OIL CONSERVATION DIVISION 2040 Pacheco St. Santa Fe, NM 87505

WELL API NO. 30-025-27432

5. Indicate Type of Lease STATE [X] FEE []

6. State Oil & Gas Lease No. L-6309-3

7. Lease Name or Unit Agreement Name

Central EK Queen Unit

8. Well No. Tract 5 Well No. 1

9. Pool Name or Wildcat E-K Yates Seven Rivers Quee

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: OIL WELL [] GAS WELL [] OTHER Water Injection Well

2. Name of Operator Seely Oil Company

3. Address of Operator 815 West Tenth Street, Fort Worth, Texas 76102

4. Well Location Unit Letter M : 660 Feet From The South Line and 660 Feet From The West

Section 9 Township 18 South Range 34 EAST NMPM Lea County

10. Elevation (Show whether DF, RKB, RT, GR, etc.) 4068' RKB

11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data. NOTICE OF INTENTION TO: PERFORM REMEDIAL WORK [] PLUG AND ABANDON [] TEMPORARILY ABANDON [] CHANGE PLANS [] PULL OR ALTER CASING [] OTHER: Convert to Water Injection [X]. SUBSEQUENT REPORT OF: REMEDIAL WORK [] ALTERING CASING [] COMMENCE DRILLING OPNS. [] PLUG AND ABANDONMENT [] CASING TEST AND CEMENT JOB [] OTHER: Conversion to Water Injection []

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

The conversion of Central EK Queen Unit Tract 5 Well No. 1 to water injection into Queen interval of the E-K Yates Seven Rivers Queen Field through casing perforations from 4387' to 4415' was approved by NMOCD Order No. R-9885-A.

During 1994, a leak in the 4-1/2" OD casing in this well from 390' to 422' was discovered. After extensive and costly repair of this casing leak, the casing was pressure tested to 500 psi. The well was then returned to production.

To proceed with the waterflood development of the Central EK Queen Unit, this well was prepared for water injection as approved by NMOCD Order No. R-9885-A during April '96. Pumping equipment was removed from the well, and the well was equipped for water injection via 2-3/8" OD plastic lined tubing set on a Watson tension packer with safety joint at a depth of 4341'.

CONTINUED ON BACK

I hereby certify that the information above is true and complete to the best of my knowledge and belief. SIGNATURE C. W. Stumhoffer TITLE Agent DATE October 17 '96 TELEPHONE NO. 817/332-1377

(This space for State Use) 817/923-2016

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL IF ANY:

COPY

.12. CONTINUED:

Prior to commencing water injection, the casing annulus was pressured to 300 psi that bled to a stable 100 psi during a 30-minute test period. Per telephone conversation with Mr. Jerry Sexton, verbal approval was granted to commence water injection with the understanding that when the well pressured up from water injection, the casing annulus would be again tested for evaluation.

Water injection was commenced on May 2, 1996 at a rate of approximately 200 barrels per day on vacuum.

