

HOLLAND & HART LLP
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William F. Carr

wcarr@hollandhart.com

June 17, 2002

HAND-DELIVERED

Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

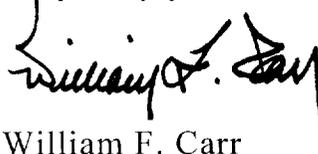
Case 12891

Re: Application of Seely Oil Company for contraction of the unitized formation in the E-K Queen Unit, Lea County, New Mexico.

Dear Ms. Wrotenbery:

Enclosed in triplicate is the Application of Seely Oil Company in the above-referenced case as well as a copy of the legal advertisement. Seely Oil Company requests that this matter be placed on the July 11, 2002 Examiner Hearing docket.

Very truly yours,



William F. Carr

Enclosures

cc: Mr. Clarence Stumhoffer
Seely Oil Company
Post Office Box 100416
Ft. Worth, Texas 76185

James E. Haas, Esquire
Losee, Carson, Haas and Carroll, P.A.
Post Office Box 1720
Artesia, New Mexico 88211-1720

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

**APPLICATION OF SEELY OIL COMPANY
FOR CONTRACTION OF THE UNITIZED
FORMATION IN THE E-K QUEEN UNIT,
LEA COUNTY, NEW MEXICO.**

CASE NO. 12891

APPLICATION

Seely Oil Company ("Seely"), through its undersigned attorneys, hereby makes application for an order approving the contraction of the unitized interval in the E-K Queen Unit Area and in support of its application states:

1. Seely Oil Company is the operator of the E-K Queen Unit which is a voluntary unit formed pursuant to a Unit Agreement dated January 1, 1965, for the purpose of conducting waterflood operations in the Queen formation.

2. The E-K Queen unit was approved by the Oil Conservation Commission by Order No. R-2913 entered in Case No. 3258, dated June 1, 1965, and is comprised of 2,895.36 acres, more or less, of federal, state and fee lands which are described as follows:

LEA COUNTY, NEW MEXICO
TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM

Sections 13 and 14:	All
Section 23:	N/2, N/2 SE/4
Section 24:	N/2, N/2 SW/4, SE/4 SW/4, SE/4

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM

Section 18:	NW/4 NW/4, S/2 NW/4, SW/4, W/2 SE/4
Section 19:	NW/4, N/2 SW/4, SW/4 SW/4

3. The unitized interval is defined in Article 2.7 of the Unit Agreement as the upper most 300 feet of the Queen formation includes the Penrose sand member. There is not currently, nor has there been for many years, production from the Penrose sand member and waterflood operations are not being conducted in this portion of the Queen formation.

3. Seely seeks approval of the amendment of the unit agreement to contract the vertical limits of the "Unitized Formation" to exclude therefrom the Penrose sand member by amending the definition of the "Queen Sand or Queen Formation" (Article 2.7) as follows:

2.7 The Queen Sand Or Queen Formation is defined as and shall mean those heretofore established underground reservoirs that exist in the interval from the top of the Queen Sand or Artesia Red Sand member as is picked at 4,352 feet on the Gamma Ray-Neutron log in the Carper Drilling Company's # 9 Carper Sivley located in the Northwest one-quarter of the Southeast one-quarter (NW/4 SE/4) of Section 24, Township 18 South, Range 33 East, N.M.P.M. 200 feet downward. All depths are included in the Queen formation of the Guadalupe Series, a part of the Permian System, insofar as the same lies within the Unit Area."

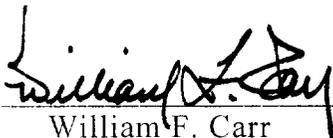
4. All working interest owners in the unit area, the Bureau of Land Management and the Commissioner of Public Lands for the State of New Mexico concur in the proposed amendment of the definition of "Queen Sand or Queen Formation."

5. Approval of this application will result in additional development of the Penrose Sand and will otherwise be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREAS, Seely Oil Company requests that this application be set for hearing before an examiner of the Oil Conservation Division On July 11, 2002, and after notice and hearing as required by law, the application be granted.

Respectfully submitted,

HOLLAND & HART LLP

By: 
William F. Carr

ATTORNEYS FOR SEELY OIL COMPANY

EXHIBIT A

APPLICATION OF SEELY OIL COMPANY FOR CONTRACTION OF THE UNITIZED FORMATION IN THE E-K QUEEN UNIT, LEA COUNTY, NEW MEXICO

NOTIFICATION LIST

Boswell Interests Ltd.
1320 Lake Street
Fort Worth, Texas 76102

CEB Oil Company
1320 Lake Street
Fort Worth, Texas 76102

Merlyn W. Dahlin and wife,
Ruth G. Dahlin
3220 North Freeway
Fort Worth, Texas 76111

James Robert Hill, Virginia Glenn Hill
Lattimore and John A. Styrsky, Trustees of
the Houston and Emma Hill Trust Estate
Suite 1802, 500 W. 7th Street, Unit 16
Fort Worth, Texas 76102-4772

PVB Oil Company
1320 Lake Street
Fort Worth, Texas 76102

J. Cleo Thompson and
James Cleo Thompson, Jr., L.P.
325 North St. Paul, Suite 4300
Dallas, Texas 76201

Michael J. Havel and Wife, Kathleen A. Havel
7607 Chalkstone
Dallas, Texas 75248

SSV&H Associates
815 West 10th Street
Fort Worth, Texas 76102

Bureau of Land Management
Attention: Armando Lopez
2909 W. 2nd Street
Roswell, New Mexico 88201

Burnett Oil Company
801 Cherry Street, Suite 1500
Fort Worth, Texas 76102

EAB Oil Company
1320 Lake Street
Fort Worth, Texas 76102

Express Air Drilling, Inc.
3838 Oak Lawn Avenue
Two Turtle Creek Village
Dallas, Texas 75219-4516

Commissioner of Public Lands
New Mexico State Land Office
Attention: Pete Martinez
Post Office Box 1148
Santa Fe, NM 87504-1148

C. W. Seely and wife, Ian B. Seely
815 West 10th Street
Fort Worth, Texas 76102

David L. Henderson and wife,
Dawn Henderson
815 West 10th Street
Fort Worth Texas 76102

WES-TEX Drilling Company, L.P.
P. O. Box 3739
Abilene, Texas 79604

John P. Oil Company
1320 Lake Street
Fort Worth, Texas 76102

Case 12891:

Application of Seely Oil Company for contraction of the unitized formation in the E-K Queen Unit, Lea County, New Mexico.

Applicant seeks an order approving the contraction of the unitized formation in the E-K Queen Unit located in portions of Sections 13, 14, 23, and 24 of Township 18 South, Range 33 East, and Sections 18 and 19 of Township 18 South, Range 34 East, NMPM, to exclude the lower most 100 feet of the unitized formation thereby excluding from the unit the Penrose Sand Member of the Queen formation, E-K Queen-Yates-Seven Rivers-Queen Pool. The unit is located approximately 14 miles SW of Louington, New Mexico.

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William F. Carr

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June 20, 2002

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO ALL AFFECTED PARTIES

Re: Application of Seely Oil Company for contraction of the unitized formation in the E-K Queen Unit, Lea County, New Mexico.

Ladies and Gentlemen:

This letter is to advise you that Seely Oil Company has filed the enclosed application with the New Mexico Oil Conservation Division seeking authorization to contract the unitized interval in the E-K Queen Unit Area which is located in portions of Township 18 South, Ranges 33 and 34 East, NMPM, Lea County, New Mexico. The unit boundaries are fully identified in the application.

The proposed contraction of the unitized vertical interval will eliminate from the Unit Area the Penrose member of the Queen formation. There currently is no production from this portion of the Queen formation and no waterflood operations have been conducted in this reservoir. Contraction of the unitized interval in the E-K Queen Unit will enable Seely to form a voluntary unit in the Penrose interval for the purpose of initiating secondary recovery operations. The new unit will be comprised of lands within and outside of the current E-K Queen Unit boundaries will enable the owners of productive acreage in the Penrose member of the Queen formation to share the production from this new unit.

This application has been set for hearing before a Division Examiner on July 11, 2002 at 8:15 a.m. The hearing will be held in the Aztec City Council Chambers located at 201 West Chaco, Aztec, New Mexico. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 1208.B to file a Pre-hearing Statement three days in advance of a scheduled hearing at the Division's Santa Fe office located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. This statement must include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

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June 20, 2002

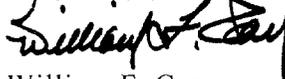
Page 2

You have previously been contacted concerning the contraction of the unitized formation in this unit. Seely Oil Company requests that you waive objection to the contraction of the unitized interval in the E-K Queen Unit Area by signing a copy of this letter on the line provided and returning it to Seely Oil Company in the enclosed envelope.

If you have questions concerning this well or application, please call Clarence Stumhoffer at Seely Oil Company, Post Office Box 100416, Fort Worth, Texas 76185, telephone number (817) 946-8795.

Your attention to this matter is appreciated.

Very truly yours,



William F. Carr

Attorney for Seely Oil Company

WAIVER OF OBJECTION:

_____,
through its undersigned authorized representative, waives objection to the application of Seely Oil Company for the contraction of the unitized interval in the E-K Queen Unit.

By: _____

Name: _____

Title: _____

Date: _____

Enclosure

cc: Mr. Clarence Stumhoffer

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

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FORMATION IN THE E-K QUEEN UNIT,
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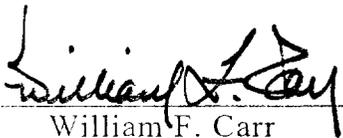
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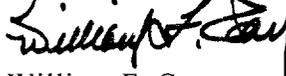
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Attorney for Seely Oil Company

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cc: Mr. Clarence Stumhoffer