

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

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**IN THE MATTER OF THE HEARING CALLED BY THE OIL  
CONSERVATION DIVISION FOR THE PURPOSE OF  
CONSIDERING:**

**CASE NO. 12963**

**APPLICATION OF SEELY OIL COMPANY FOR STATUTORY  
UNITIZATION, LEA COUNTY, NEW MEXICO.**

**CASE NO. 12964**

**APPLICATION OF SEELY OIL COMPANY FOR APPROVAL  
OF A WATERFLOOD PROJECT AND QUALIFICATION OF  
THE PROJECT AREA FOR THE RECOVERED OIL TAX  
RATE PURSUANT TO THE ENHANCED OIL RECOVERY  
ACT, LEA COUNTY, NEW MEXICO.**

**CASE NO. 12983**

**APPLICATION OF SEELY OIL COMPANY FOR APPROVAL  
OF A UNIT AGREEMENT, LEA COUNTY, NEW MEXICO.**

**PRE-HEARING STATEMENT**

Holland & Hart LLP submits this Pre-Hearing Statement as required by the Oil Conservation Division.

**APPEARANCES OF PARTIES**

**APPLICANT**

Seely Oil Company  
Attention: Clarence W. Stumhoffer  
Post Office Box 100416  
Fort Worth, Texas 76185  
(817) 946-8795

**ATTORNEY**

William F. Carr, Esq.  
Holland & Hart LLP  
Post Office Box 2208  
Santa Fe, New Mexico 87504-2208  
(505) 988-4421

**STATEMENT OF CASE**

APPLICANT

Case 12963

Applicant seeks an order unitizing, for the purpose of establishing an enhanced recovery project, all mineral interests in the Penrose formation, EK Yates-Seven Rivers-Queen Pool, underlying 1469.25 acres, more or less, of Federal and Fee lands in the following acreage:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM

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

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM

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

Said unit is to be designated to the EK Penrose Sand Unit.

Among the matters to be considered at the hearing will be the necessity of unit operations; the designation of a unit operator; the designation of horizontal and vertical limits of the unit area; the determination of the fair, reasonable, and equitable allocation of production and costs of production, including capital investment, to each of the various tracts in the unit area; the determination of credits and charges to be made among the various owners in the unit area for their investment in wells and equipment and such other matters as may be necessary and appropriate for carrying on efficient unit operations; including but not limited to, unit voting procedures, selection, removal of substitution of unit operator, and time of commencement and termination of unit operations. Applicant also requests that any such order issued in this case include a non-consent penalty for risk to be charged against carried working interests within the unit area upon such terms and conditions to be determined by the Division as just and reasonable.

Said unit area is located approximately 14 miles southwest of Lovington, New Mexico.

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Applicant seeks approval of its EK Penrose Sand Unit Waterflood Project by injection of water into the San Andres formations through 9 injection wells located in the following described area:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM

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

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM

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

The applicant requests that the Division establish procedures for the administrative approval of additional injection wells within the unit area without the necessity of further hearings and the adoption of any provisions necessary for such other matters as may be appropriate for said waterflood operations.

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Applicant seeks approval of the EK Penrose Sand Unit for an area comprising 1469.75 acres of federal and fee lands in Sections 24 and 25 of Township 18 South, Range 33 East, and Sections 19, 20, 29 and 30 of Township 18 South, Range 34 East. Said unit area is located approximately 14 miles southwest of Lovington, New Mexico.

**PROPOSED EVIDENCE**

APPLICANT

WITNESSES (Name and Expertise)	ESTIMATED TIME	EXHIBITS
Clarence Stumhoffer (Petroleum Engineer)	Approx. 20 Minutes	8

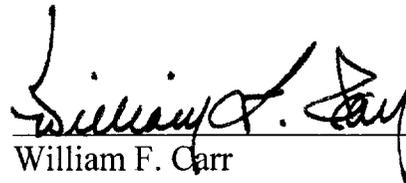
David Henderson  
(Petroleum Engineer)

Approx. 20 Minutes

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### **PROCEDURAL MATTERS**

Seely Oil Company will request the dismissal of one of the unitization applications. At this time it appears that agreements have been reached with all owners for the unitization and waterflood project as proposed by Seely. If all interests are committed when the case is called, Seely will request dismissal of its Statutory Unitization application. If not, Seely will seek dismissal of its application for a voluntary unit.

  
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William F. Carr  
Attorney for Seely Oil Company