

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]
- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD
- Check One Only for [B] or [C]
- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM
- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR
- [D] Other: Specify _____

- [2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply
- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

_____ Print or Type Name	_____ Signature	_____ Title	_____ Date
_____ e-mail Address			

RECEIVED

SEELY OIL COMPANY

815 WEST TENTH STREET
FORT WORTH, TEXAS 76102

MAY 24 2004

Oil Conservation Division
1220 S. Saint Francis Drive
Santa Fe, NM 87505

May 21, 2004

RECEIVED

MAY 24 2004

Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

State of New Mexico – EMNR
Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87504

Re: Request for Administrative Authority
Seely Oil Company, Unit Operator
Central EK Queen Unit
EK Yates-Seven Rivers-Queen Field
Well No. 001
NW/4 NW/4 Section 17-T18S-R-34E
Lea County, New Mexico

Gentlemen:

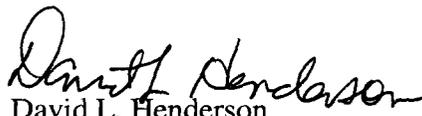
Enclosed please find a Step Rate Injection Test ran on April 10, 2004 on Central EK Queen Unit No. 001. The current pressure limitations are not sufficient to effectively conduct a successful waterflood in this unit.

Based upon the results of the Step Rate Injection Test, Seely Oil Company requests administrative approval of the New Mexico Oil Conservation Division (NMOCD) to increase the surface injection pressure to 2300 psi maximum.

The conversion of the Central EK Queen Unit No. 001 to water injection in the Queen Sand was approved by NMOCD Administrative Order No. WFX-758.

Your consideration and approval of this request at your earliest convenience is needed. Should you have any questions, please contact us at 817-332-1377.

Very truly yours,

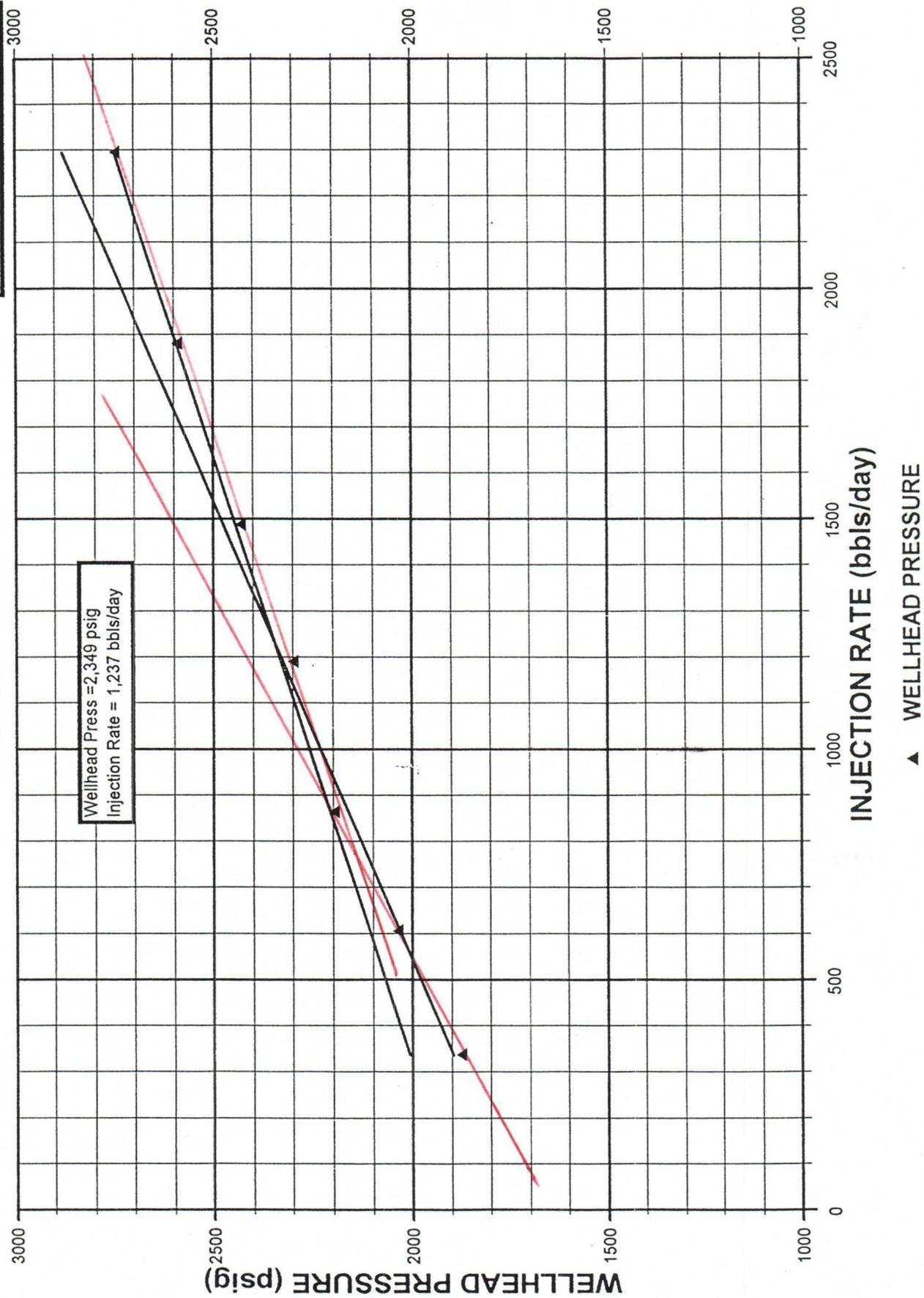

David L. Henderson
Executive Vice President

DLH/td
Encls.

STEP RATE INJECTION TEST

SEELY OIL COMPANY

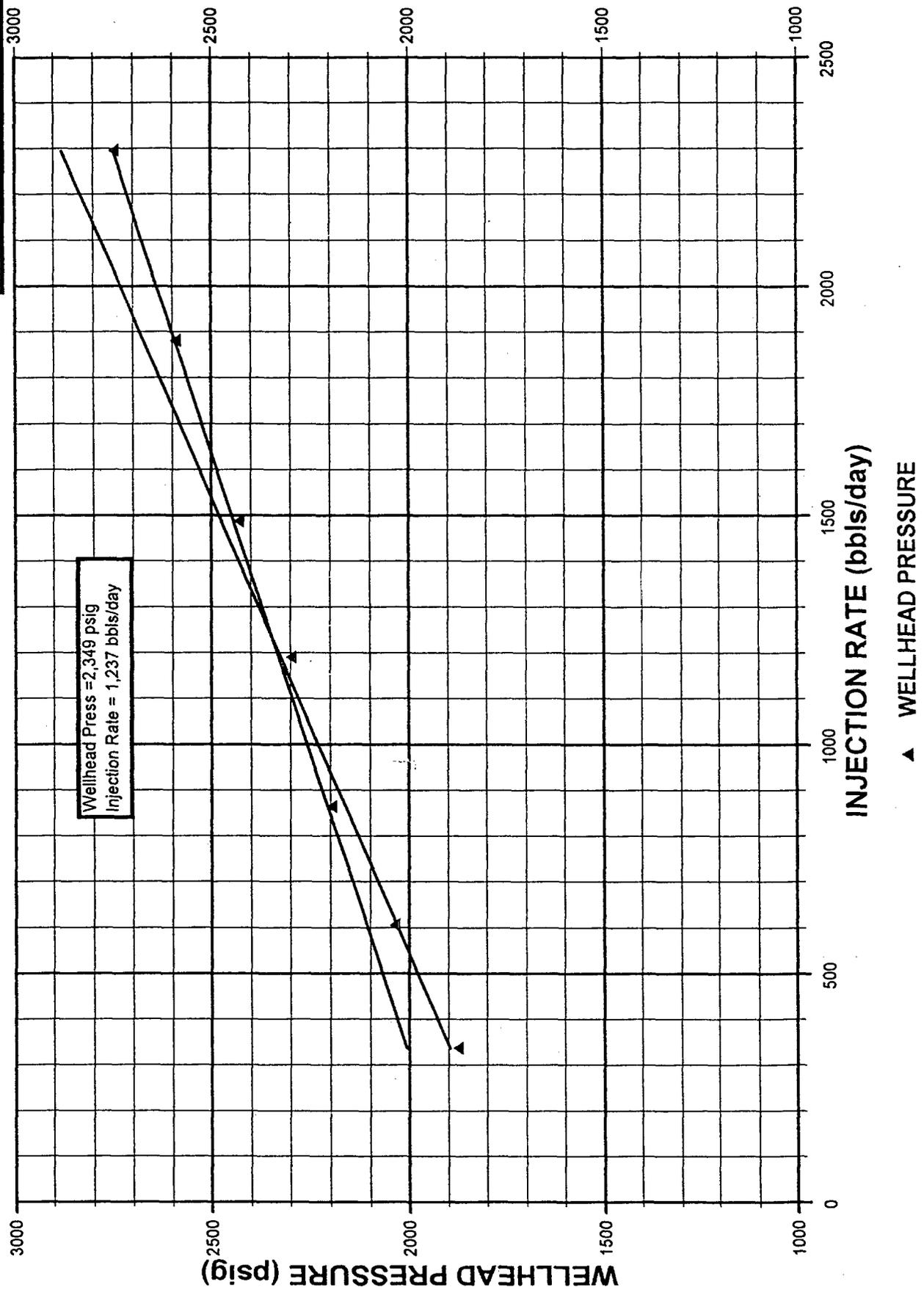
Well Name:
Central EK Queen Unit No. 001
Lea County, New Mexico



Well Name:
Central EK Queen Unit No. 001
Lea County, New Mexico

STEP RATE INJECTION TEST

SEELY OIL COMPANY





**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87504
(505) 827-7131

ADMINISTRATIVE ORDER NO. WFX-758

**APPLICATION OF SEELY OIL COMPANY TO EXPAND ITS WATERFLOOD PROJECT IN
THE EK YATES-SEVEN RIVERS-QUEEN POOL IN LEA COUNTY, NEW MEXICO**

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

Under the provisions of Division Order No. R-9885-A, Seely Oil Company has made application to the Division on April 14, 2000 for permission to expand its Waterflood Project in the EK Yates-Seven Rivers-Queen Pool in Lea County, New Mexico.

THE DIVISION DIRECTOR FINDS THAT:

- (1) The application has been filed in due form.
- (2) Satisfactory information has been provided that all offset operators have been duly notified of the application.
- (3) No objection has been received within the waiting period as prescribed by Rule 701(B).
- (4) The proposed injection well is eligible for conversion to injection under the terms of Rule 701.
- (5) The proposed expansion of the above referenced Waterflood Project will not cause waste nor impair correlative rights.
- (7) The application should be approved.

IT IS THEREFORE ORDERED THAT:

The applicant, Seely Oil Company be and the same is hereby authorized to inject water into the Queen formation at approximately 4,434 feet to approximately 4,446 feet through 2 3/8-inch plastic lined tubing set in a packer located within 100 feet of the uppermost injection perforations in the following described well for purposes of secondary recovery to wit:

Central EK Queen Unit Tract 11 Well No. 1
API No. 30-025-02328
660 FNL & 661.5 FWL, Unit 'D'
Injection Interval: 4,434 feet to 4,446 feet
Maximum Injection Pressure: (.2 psi/ft) 887 psig

Located in Section 17, Township 18 South, Range 34 East, Lea County, New Mexico.

IT IS FURTHER ORDERED THAT:

The operator shall take all steps necessary to ensure that the injected water enters only the proposed injection interval and is not permitted to escape to other formations or onto the surface.

Prior to commencing injection operations into the well, the casing shall be pressure tested from the surface to the packer setting depth to assure the integrity of said casing.

The casing-tubing annulus shall be loaded with an inert fluid and equipped with a pressure gauge at the surface or left open to the atmosphere to facilitate detection of leakage in the casing, tubing or packer.

The injection well or system shall be equipped with a pressure limiting device which will limit the wellhead pressure on the injection well to .2 psi per foot of depth to the uppermost injection perforation.

The Director of the Division may authorize an increase in injection pressure upon a proper showing by the operator of said well that such higher pressure will not result in migration of the injected fluid from the Queen formation. Such proper showing shall consist of a valid step-rate test run in accordance with and acceptable to this office.

The operator shall notify the supervisor of the Hobbs district office of the Division of the date and time of the installation of injection equipment and of the mechanical integrity tests so that the same may be inspected and witnessed.

The operator shall immediately notify the supervisor of the Hobbs district office of the Division of the failure of the tubing, casing or packer in said well and shall take such steps as may be timely and necessary to correct such failure or leakage.

The subject well shall be governed by all provisions of Division Order No. R-9885-A and Rules 702-706 of the Division Rules and Regulations not inconsistent herewith.

Administrative Order WFX-758

Seely Oil Company

May 1, 2000

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PROVIDED FURTHER THAT, jurisdiction is retained by the Division for the entry of such further orders as may be necessary for the prevention of waste and/or protection of correlative rights or upon failure of the operator to conduct operations (1) to protect fresh water or (2) consistent with the requirements in this order, whereupon the Division may, after notice and hearing, terminate the injection authority granted herein.

The injection authority granted herein shall terminate one year after the effective date of this order if the operator has not commenced injection operations into the subject well, provided however, the Division, upon written request by the operator, may grant an extension thereof for good cause shown.

DONE at Santa Fe, New Mexico, on this 1st day of May, 2000.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



LORI WROTENBERY
Director

SEAL

LW/MWA/kv

cc: Oil Conservation Division - Hobbs
Case File No. 10648