



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

May 4, 2005

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Seely Oil Company
c/o Mr. William F. Carr
Holland & Hart L.L.P.
P.O. Box 2208
Santa Fe, New Mexico 87504-2208

Attention: Mr. William F. Carr

Re: Extension of Injection Provisions
Division Order No. R-11929

Dear Mr. Carr:

As per your request dated April 13, 2005, and for the reasons outlined in your letter, a one-year extension of time in which to convert the wells shown on Exhibit "A" to injection within the EK Penrose Sand Unit Waterflood Project, approved by Division Order No. R-11929 dated April 16, 2003, is hereby granted.

The injection authority for these wells shall expire on April 16, 2006 if the operator has not commenced injection operations.

All other provisions contained within Division Order No. R-11929 shall remain in full force and effect.

Sincerely,

David Catanach
Engineer/Examiner

Xc: OCD-Hobbs
Case File 12964

Exhibit "A"
Division Order No. R-11929
EK Penrose Sand Unit Waterflood Project
Approved Injection Wells

Well Name & Number	API Number	Well Location	Injection Interval	Packer Depth
EK Queen Unit No. 27	30-025-01636	990' FSL & 1980' FEL, Unit O, Section 24, T-18S, R-33E	4,628'-4,634'	4,575'
McElvain Federal No. 1	30-025-01646	660' FNL & 1980' FEL, Unit B, Section 25, T-18S, R-33E	4,637'-4,657'	4,575'
EK Queen Unit No. 22	30-025-02345	1980' FSL & 1897' FWL, Unit K, Section 19, T-18S, R-34E	4,678'-4,686'	4,600'
EK Queen Unit No. 21	30-025-02344	1980' FSL & 660' FWL, Lot 3, Section 19, T-18S, R-34E	4,698'-4,710'	4,625'
Citation No. 1	30-025-34880	1650' FSL & 330' FWL, Unit L, Section 20, T-18S, R-34E	4,814'-4,822'	4,675'
Scharbauer No. 2	30-025-24939	330' FSL & 1650' FWL, Unit N, Section 20, T-18S, R-34E	4,746'-4,764'	4,675'
Howe "TG" Federal No. 1	30-025-27759	1980' FSL & 1830' FWL, Unit K, Section 30, T-18S, R-34E	To Be Determined	4,675'
McElvain Federal No. 13	N/A	2275' FSL & 330' FEL, Unit I, Section 30, T-18S, R-34E	To Be Determined	TBD
McElvain Federal No. 10	30-025-35753	1650' FNL & 1980' FWL, Unit F, Section 29, T-18S, R-34E	4,778'-4,885'	4,700'



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April 13, 2005

VIA HAND DELIVERY

Mr. Mark 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

Re: New Mexico Oil Conservation Division Case No. 12964: Application of Seely Oil Company for Approval of a Waterflood Project and Qualification of the Project for the Recovered Oil Tax Rate Pursuant to the "Enhanced Oil Recovery Act," Lea County, New Mexico.

Dear Mr. Fesmire:

By Order No. R-11929 entered in the above-referenced case on April 16, 2003, the Oil Conservation Division authorized Seely Oil Company to institute a waterflood project within its EK Penrose Sand Unit Area by the injection of water into the Penrose Sand member of the Queen formation, EK Yates-Seven Rivers-Queen Pool, through nine injection wells. Order paragraph (17) provides that the injection authority for each of the wells shown on Exhibit A to the order "shall terminate one year after the date of this order if the operator has not commenced injection operations into the well; provided, however, the Division, upon written request by the operator, may grant an extension for good cause shown." In April 2004, the Division granted an extension of this order through April 16, 2005. The purpose of this letter is to request a one year extension of the injection authority approved by Order No. R-11929.

Since the Division approved the EK Penrose Sand Unit Waterflood Project in April 2003, Seely Oil Company has been attempting to deal with certain environmental problems at the EK-Queen Unit production facility located in Section 13, Township 18 south, Range 33 East, NMPM, Lea County, New Mexico. The remediation at the site delayed Seely's efforts to implement the waterflood project at the EK Penrose Sand Unit Waterflood Project pursuant to Order No. R-11929. These remediation activities were completed in mid 2004 and only recently was this remediation and the EK Penrose Sand Unit been approved by the Bureau of Land Management.

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While these matters have delayed the implementation of injection in the EK Penrose Sand Unit Waterflood Project, they have not changed Seely's plans for full implementation of the approved waterflood operations.

The Scharbauer Well No. 2 goes on injection today. Division Form C-103 has been filed to convert the Citation Well No. 1 to injection. A Federal Sundry Notice has filed to convert the EK-Queen Unit Well No. 22 to a Penrose water injection well. Furthermore, on February 28, 2005, the Division entered Order No. R-12297 amending order No. R-11292 which permits the conversion of the Yates Howe TG Federal Well No. 1 to injection.

Seely Oil Company therefore requests that Division Order No. R-11292 that authorized water injection in the EK Penrose Sand Unit Waterflood Project be extended until April 16, 2006.

If you need additional information from Seely Oil Company concerning this request, please advise.

Very truly yours,

William F. Carr

cc: Mr. David Henderson
Seely Oil Company