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TELEPHONE (505) 988-4421
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William F. Carr

wcarr@hollandhart.com

July 16, 2002

HAND DELIVERED

Mr. Michael E. Stogner
Chief Hearing Examiner
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. 12891: Application of Seely Oil Company for contraction of the unitized formation in the E-K Queen Unit, Lea County, New Mexico.

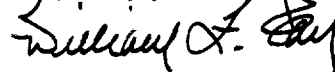
Dear Mr. Stogner;

At the July 11, 2002 hearing on the above-referenced application, Seely Oil Company advised you that all interest owners in the E-K Queen Unit area had agreed to the contraction of the unitized interval to exclude the Penrose member of the Queen formation. Waivers from all interest owners, with the exception of Merlyn W. Dahlin and Ruth G. Dahlin, are included in Seely Exhibit No. 10. Enclosed is a copy of the Waiver of Objection from Mr. and Mrs. Dahlin. With this waiver, all interest owners in the EK-Queen Unit have waived objection to Seely's application in this case.

Following our telephone conversation of this date, I have confirmed that Seely's proposal has been reviewed with Armando Lopez at the BLM and Pete Martinez at the State Land Office and that neither agency objects to the proposed unit contraction.

If you need anything further from Seely Oil Company for your consideration of this application, please advise.

Very truly yours,



William F. Carr
Attorney for Seely Oil Company

Enclosure

cc: Mr. C. W. Stumhoffer
James E. Haas, Esq.

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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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ATTORNEYS AT LAW

June 20, 2002

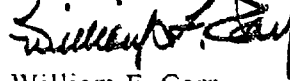
Page 2

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: MERLE W. Dahl - Ruth E. Dahl

Title: Owner

Date: 7-9-02

Enclosure

cc: Mr. Clarence Stumhoffer

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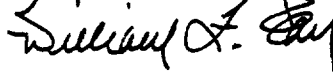
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William F. Carr
Attorney for Seely Oil Company

Enclosure

cc: Mr. C. W. Stumhoffer
James E. Haas, Esq.

CO. 000000000000000000
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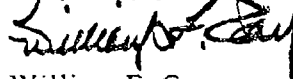
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Your attention to this matter is appreciated.

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: _____

Merlyn W. Dahl
Ruth S. Dahl
Name: *Merlyn W. Dahl - Ruth S. Dahl*
Title: *Owner*
Date: *7-9-02*

Enclosure

cc: Mr. Clarence Stumhoffer