

SEELY OIL COMPANY

815 WEST TENTH STREET
FORT WORTH, TEXAS 76102

January 17, 2003

Oil Conservation Division
New Mexico Energy, Minerals and
Natural Resources Department
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: Seely Oil Company
Case No. 12983 - Application for
Approval of a Unit Agreement
E-K Penrose Sand Unit
Case No. 12964 - Application for
Approval of Waterflood Development
E-K Penrose Sand Unit
Lea County, New Mexico
Supplemental Reservoir Information

Attention: Mr. David Catanach

Gentlemen:

The existence of a gas cap in the hydrocarbon productive Penrose (Lower Queen) sand under the E-K Penrose Sand Unit, E-K Yates-Seven Rivers-Queen Field, Lea County, New Mexico was discovered during the primary development of the E-K Yates-Seven Rivers-Queen Field during the middle 1950s.

The location of this gas cap is shown on Exhibit No. 9, Net Pay Isopach Map of the Penrose (Lower Queen) Sand. This Exhibit was submitted for record during the examiner hearing before the NMOCDD on January 9, 2003 seeking approval of the E-K Penrose Sand Unit and the waterflood development thereof.

There were two (2) wells that tested gas from the Penrose (Lower Queen) sand during the primary development of the E-K Yates-Seven Rivers-Queen Field.

These two (2) wells are (1) T. J. Sivley Federal Well No. 7-24 (now E-K Queen Unit Well No. 27) located in the SW/4 of the SE/4 of Section 24-T18S-R33E, NMPM and (2) T. J. Sivley Federal 19 Well No. 2 (now E-K Queen Unit Well No. 22) located in the NE/4 of the SW/4 of Section 19-T18S-R34E, NMPM, Lea County, New Mexico.

SEELY OIL COMPANY

815 WEST TENTH STREET

FORT WORTH, TEXAS 76102

Oil Conservation Division, New Mexico Energy, Minerals
and Natural Resources Department
Examiner Hearing Case No. 12983 and Case No. 12964
January 17, 2003

Page No. 2

Because of high nitrogen content and very low BTU value, this Penrose (Lower Queen) sand gas was not produced. Both wells were eventually utilized in the waterflood development of the oil productive Upper and Main Queen sands under the E-K Queen Unit.

Attached are BLM Form 9-331a, Sundry Notices and Report on Wells, to support the abandonment of the gas productive Penrose (Lower Queen) sand under these two (2) wells without being produced.

Seely Oil Company plans to inject water into this gas cap to prevent the loss of oil from the oil productive Penrose (Lower Queen) sand when the Penrose reservoir is re-pressured by water injection operations.

The undersigned is available at 817/946-8795 should you have further questions in regard to this proposed waterflood unit.

Very truly yours,

SEELY OIL COMPANY



C. W. Stumhoffer

CWS

Enclosures: BLM Form 9-331s

T. J. Sivley Federal Well No. 7-24

T. J. Sivley Federal 19 Well No. 2

(SUBMIT IN TRIPPLICATE)

Land Office Santa Fe, N.M.Lease No. LC-C63645Unit 0UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

SUNDRY NOTICES AND REPORTS ON WELLS

NOTICE OF INTENTION TO DRILL.....	SUBSEQUENT REPORT OF WATER SHUT-OFF.....
NOTICE OF INTENTION TO CHANGE PLANS.....	SUBSEQUENT REPORT OF SHOOTING OR ACIDIZING.....
NOTICE OF INTENTION TO TEST WATER SHUT-OFF.....	SUBSEQUENT REPORT OF ALTERING CASING.....
NOTICE OF INTENTION TO RE-DRILL OR REPAIR WELL.....	SUBSEQUENT REPORT OF RE-DRILLING OR REPAIR.....
NOTICE OF INTENTION TO SHOOT OR ACIDIZE.....	SUBSEQUENT REPORT OF ABANDONMENT.....
NOTICE OF INTENTION TO PULL OR ALTER CASING.....	SUPPLEMENTARY WELL HISTORY.....
NOTICE OF INTENTION TO ABANDON WELL.....	<u>Sand Frac</u>

(INDICATE ABOVE BY CHECK MARK NATURE OF REPORT, NOTICE, OR OTHER DATA)

Artesia, New Mexico 2/14/1958990 is located 990 ft. from S line and 1980 ft. from E line of sec. 24

(1/4 Sec. and Sec. No.)	(Twp.)	(Range)	(Meridian)
<u>E.K. Queen</u>	<u>10a</u>	<u>New Mexico</u>	
(Field)	(County or Subdivision)	(State or Territory)	

The elevation of the derrick floor above sea level is 3916 ft.

DETAILS OF WORK

(State names of and expected depths to objective sands; show sizes, weights, and lengths of proposed casings; indicate mudding jobs, cementing points, and all other important proposed work)

On February 11, 1958 this well was treated with 500 Gallons of Breakdown acid, 25,000 Gallons of Lease Cfude and 25,000 lbs of Sand. Treaxting pressure averaged 3000 lbs with an injection rate of 19 bbls per minute.

After swabbing back 200 bbls of load oil the well kicked off and flowed. Balance of load to recover as of date is 650 bbls.

I understand that this plan of work must receive approval in writing by the Geological Survey before operations may be commenced.

Company Thomas J. SivleyAddress Box 1208Artesia, New MexicoBy Thomas J. Sivley
Title Owner-Operator

Santa Fe, N.M.

(SUBMIT IN TRIPLICATE)

Land Office _____
Lease No. 10-068645
Unit 0UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

SUNDRY NOTICES AND REPORTS ON WELLS

NOTICE OF INTENTION TO DRILL	SUBSEQUENT REPORT OF WATER SHUT-OFF
NOTICE OF INTENTION TO CHANGE PLANS	SUBSEQUENT REPORT OF SHOOTING OR ACIDIZING
NOTICE OF INTENTION TO TEST WATER SHUT-OFF	SUBSEQUENT REPORT OF ALTERING CASING
NOTICE OF INTENTION TO RE-DRILL OR REPAIR WELL	SUBSEQUENT REPORT OF RE-DRILLING OR REPAIR
NOTICE OF INTENTION TO SHOOT OR ACIDIZE	SUBSEQUENT REPORT OF ABANDONMENT
NOTICE OF INTENTION TO PULL OR ALTER CASING	SUPPLEMENTARY WELL HISTORY
NOTICE OF INTENTION TO ABANDON WELL	

(INDICATE ABOVE BY CHECK MARK NATURE OF REPORT, NOTICE, OR OTHER DATA)

March 17, 1952

_____ is located 300 ft. from YN line and 1000 ft. from E line of sec. 24
_____ 13-1 N141
_____ 100 100 100
(Sec. and Sec. No.) (Twp.) (Range) (Meridian)
N.E. 100 100 100 New Mexico
(Field) (County or Subdivision) (State or Territory)

The elevation of the derrick floor above sea level is 3916 ft.

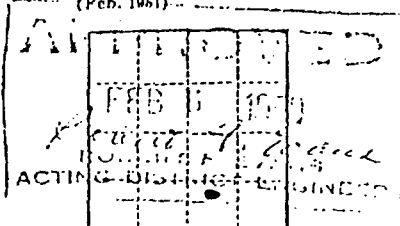
DETAILS OF WORK

(State names of and expected depths to objective sands; show sizes, weights, and lengths of proposed casings; indicate mudlogging jobs, cementing points, and all other important proposed work)

Treatment of the _____ Only
270 bbls of Lease crude was recovered. 300 bbls lost in formation._____ was obtained, which is
not commercial. Permission is requested that I be allowed to plug
and abandon.I propose to Set a Cast Iron Bridge Plug above gas zone, fill the
Casing with mud, screw down in Top of Casing, and weld on regulation
marker, clean up location, erect well sign and abandon.

I understand that this plan of work must receive approval in writing by the Geological Survey before operations may be commenced.

Company Thomas J. SivleyAddress Box 1208Artesia, N.M.By [Signature]
Title Owner-Operator



(SUBMIT IN TRIPLICATE)

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEYLand Office Santa Fe, N.M.
Lease No. LC-063645
Unit 0

SUNDRY NOTICES AND REPORTS ON WELLS

NOTICE OF INTENTION TO DRILL.....	SUBSEQUENT REPORT OF WATER SHUT-OFF.....
NOTICE OF INTENTION TO CHANGE PLANS.....	SUBSEQUENT REPORT OF SHOOTING OR ACIDIZING.....
NOTICE OF INTENTION TO TEST WATER SHUT-OFF.....	SUBSEQUENT REPORT OF ALTERING CASING.....
NOTICE OF INTENTION TO RE-DRILL OR REPAIR WELL.....	SUBSEQUENT REPORT OF RE-DRILLING OR REPAIR.....
NOTICE OF INTENTION TO SHOOT OR ACIDIZE.....	SUBSEQUENT REPORT OF ABANDONMENT, <u>Temporary</u> <u>X</u>
NOTICE OF INTENTION TO PULL OR ALTER CASING.....	SUPPLEMENTARY WELL HISTORY.....
NOTICE OF INTENTION TO ABANDON WELL.....	

(INDICATE ABOVE BY CHECK MARK NATURE OF REPORT, NOTICE, OR OTHER DATA)

Well No. 24

Feb. 4, 1959

Well No. 24 is located 990 ft. from NS line and 1930 ft. from E line of sec. 24100

(1/4 Sec. and Sec. No.)	(Twp.)	(Range)	(Meridian)
<u>E.K. Queen</u>	<u>Lea County</u>	<u>New Mexico</u>	<u>N.E. 1/4</u>
(Field)	(County or Subdivision)	(State or Territory)	

The elevation of the derrick floor above sea level is 3915 ft. DF

DETAILS OF WORK

(State names of and expected depths to objective sands; show sizes, weights, and lengths of proposed casings; indicate mudlogging jobs, cementing points, and all other important proposed work)

This well, after treating the well

Request is made that I be permitted to temporarily abandon this well pending future possibilities of either deepening or converting to a possible water input well, if, as and when the pool is water flooded

5-1/2" OD Casing is set at total depth with 2" Tubing in hole equippe with Tubing Heads, Valves, etc to safely close in. The location has been cleaned up and well sign on location.

I understand that this plan of work must receive approval in writing by the Geological Survey before operations may be commenced.

Company Thomas J. SivleyAddress Box 1208Artesia, New MexicoBy J. B. [Signature]Title Owner-Operator.

(SUBMIT IN TRIPLICATE)

Land Office Santa Fe, New MexicoLease No. LC-063645Unit "K"UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

SUNDRY NOTICES AND REPORTS ON WELLS

NOTICE OF INTENTION TO DRILL.....	SUBSEQUENT REPORT OF WATER SHUT-OFF.....
NOTICE OF INTENTION TO CHANGE PLANS.....	SUBSEQUENT REPORT OF SHOOTING OR ACIDIZING..... <input checked="" type="checkbox"/>
NOTICE OF INTENTION TO TEST WATER SHUT-OFF.....	SUBSEQUENT REPORT OF ALTERING CASING.....
NOTICE OF INTENTION TO RE-DRILL OR REPAIR WELL.....	SUBSEQUENT REPORT OF RE-DRILLING OR REPAIR.....
NOTICE OF INTENTION TO SHOOT OR ACIDIZE.....	SUBSEQUENT REPORT OF ABANDONMENT.....
NOTICE OF INTENTION TO PULL OR ALTER CASING.....	SUPPLEMENTARY WELL HISTORY.....
NOTICE OF INTENTION TO ABANDON WELL.....	

(INDICATE ABOVE BY CHECK MARK NATURE OF REPORT, NOTICE, OR OTHER DATA)

E. J. Sivley-Federal 19 November 12, 1954
W. N. 12 is located 1990 ft. from IN line and 1897 ft. from SE line of sec. 19
18S 34E NMPM
E. J. Queen (Twp.) Lea (Range) New Mexico (Meridian)
(Field) (County or Subdivision) (State or Territory)

The elevation of the derrick floor above sea level is 3982 ft.

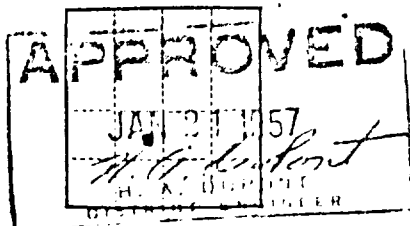
DETAILS OF WORK

(State names of and expected depths to objective sands; show sizes, weights, and lengths of proposed casings; indicate mudding jobs, cementing points, and all other important proposed work)

On November 8, 1954 the Pearse Zone from 4575-4690 was perforated with 6 Holes per Ft. 48, Holes. On 11/9/54 the well was treated with 500 gallons of mud acid and then fractured with 10,000 gallons of Lease crude and 7500# of Sand. Injection rate was 20 bbls per minute at 2800# pressure. The well kicked off after swabbing back 38 bbls of oil, and was flowing back load oil at the rate of about 5 bbls per hour. Approximately half of this zone is gas with a high nitrogen content. Will continue testing the well for a week or ten days before perforating and treating the upper Queen Zone.

I understand that this plan of work must receive approval in writing by the Geological Survey before operations may be commenced.

Company Thomas J. SivleyAddress Box 1208,
Artesia, New MexicoBy [Signature]
Title Owner



(SUBMIT IN TRIPLICATE)

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

Land Office Santa Fe, N.M.
Lease No. IC-063643
Unit K

RECEIVED
JAN 21 1957

SUNDRY NOTICES AND REPORTS ON WELLS

NOTICE OF INTENTION TO DRILL		SUBSEQUENT REPORT OF WATER SHUT-OFF	
NOTICE OF INTENTION TO CHANGE PLANS		SUBSEQUENT REPORT OF SHOOTING OR ACIDIZING	
NOTICE OF INTENTION TO TEST WATER SHUT-OFF		SUBSEQUENT REPORT OF ALTERING CASING	
NOTICE OF INTENTION TO RE-DRILL OR REPAIR WELL		SUBSEQUENT REPORT OF RE-DRILLING OR REPAIR	
NOTICE OF INTENTION TO SHOOT OR ACIDIZE	<input checked="" type="checkbox"/>	SUBSEQUENT REPORT OF ABANDONMENT	
NOTICE OF INTENTION TO PULL OR ALTER CASING		SUPPLEMENTARY WELL HISTORY	
NOTICE OF INTENTION TO ABANDON WELL			

(INDICATE ABOVE BY CHECK MARK NATURE OF REPORT, NOTICE, OR OTHER DATA)

Thomas J. Sivley - Federal 19/ January 18, 1957, 1957
is located 1930 ft. from [EX] line and 1897 ft. from [EX] line of sec. 19
[S] line and [W] line of sec. 19
193 54R NMTM
 (1/4 Sec. and Sec. No.) (Twp.) (Range) (Meridian)
E.K. Queen Lea New Mexico
 (Field) (County or Subdivision) (State or Territory)

The elevation of the derrick floor above sea level is 3982 ft.

DETAILS OF WORK

(State names of and expected depths to objective sands; show sizes, weights, and lengths of proposed casings; indicate mudding jobs, cementing points, and all other important proposed work)

After treating the Lease pay opposite perforations from 447 feet with 10,000 Gallons of lease crude and 7500# of sand, the well made 8.5 Million Cu. Feet of Gas daily through open 2" tubing. Lease pay 1930 feet and treat with 10,000 gallons of Lease Crude and 15,000 lbs of sand.

I understand that this plan of work must receive approval in writing by the Geological Survey before operations may be commenced.

Company Thomas J. Sivley

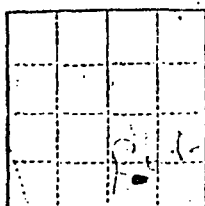
Address Box 1208

Artesia, New Mexico

By [Signature]

Title Owner

(SUBMIT IN TRIPLICATE)

Land Office Santa Fe, N.M.Lease No. LC-065645Unit 0UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

SUNDRY NOTICES AND REPORTS ON WELLS

NOTICE OF INTENTION TO DRILL.....	SUBSEQUENT REPORT OF WATER SHUT-OFF.....	<input checked="" type="checkbox"/>
NOTICE OF INTENTION TO CHANGE PLANS.....	SUBSEQUENT REPORT OF SHOOTING OR ACIDIZING.....	
NOTICE OF INTENTION TO TEST WATER SHUT-OFF.....	SUBSEQUENT REPORT OF ALTERING CASING.....	
NOTICE OF INTENTION TO RE-DRILL OR REPAIR WELL.....	SUBSEQUENT REPORT OF RE-DRILLING OR REPAIR.....	
NOTICE OF INTENTION TO SHOOT OR ACIDIZE.....	SUBSEQUENT REPORT OF ABANDONMENT.....	
NOTICE OF INTENTION TO PULL OR ALTER CASING.....	SUPPLEMENTARY WELL HISTORY.....	
NOTICE OF INTENTION TO ABANDON WELL.....		

(INDICATE ABOVE BY CHECK MARK NATURE OF REPORT, NOTICE, OR OTHER DATA)

Artesia, New Mexico 1/18, 19 57W. J. Sivley - Federal,W. J. Sivley is located 990 ft. from N line and 1960 ft. from E line of sec. 24W. J. Sivley NE NMPA
(1/4 Sec. and Sec. No.) (Twp.) (Range) (Meridian)E. K. Queen Lea New Mexico
(Field) (County or Subdivision) (State or Territory)The elevation of the derrick floor above sea level is 5916 ft.

DETAILS OF WORK

(State names of and expected depths to objective sands; show sizes, weights, and lengths of proposed casings; indicate mudding jobs, cementing points, and all other important proposed work)

This well drilled to a total depth of 4657' on 1/14/58. On that date 4657' of 5-1/2" OD 14# J-55 Gals Casing was run to total depth of 4657' and cemented with 200 sacks of neat cement. Plug down 9:15 P

On 1/16/58 Electric Logs were run to top of float Collar at 4636. Cement not drilled out to total depth.

Proportions are being made to treat the pay zone with 500 Ga. Mud acid, 25,000 Gallo of lease crude and 25,000 Lbs of sand.

I understand that this plan of work must receive approval in writing by the Geological Survey before operations may be commenced.

Company Thomas J. SivleyAddress Box 1208Artesia, N.M.By [Signature]
Title Owner-Operator