#### SEELY OIL COMPANY

815 WEST TENTH STREET FORT WORTH, TEXAS 76102

January 9, 2003

Lori Wrotenbery, Director Oil Conservation Division New Mexico Department of Energy, Minerals and Natural Resources 1220 South Saint Francis Drive Santa Fe, New Mexico 87505

> Re: Application of Seely Oil Company for Enhanced Oil Recovery Project Qualification for the Recovered Oil Tax Rate at the E-K Penrose Sand Unit, Lea County, New Mexico.

Dear Ms. Wrotenbery:

Seely Oil Company hereby makes application to qualify (a portion of) the E-K Penrose Sand Unit for the recovered oil tax rate as authorized by the Enhanced Oil Recovery Act. Seely Oil Company plans to commence waterflood operations in the project area during the third quarter of 2003. Seely Oil Company is making application pursuant to the rules promulgated by Oil Conservation Commission Order No. R-9708 entered on August 27, 1992.

In accordance with this Order, Seely Oil Company provides the following information:

#### A. Operator's name and address:

Seely Oil Company 213 West Tenth Street Fort Worth, Texas 76102

#### B. Description of the project area:

- 1. Exhibit "A" is a plat outlining the project area
- 2. The following describes the acreage within the project area:

#### Township 18 South, Range 33 East, N.M.P.M.

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

> BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico Case Nos. 12964/12983 Exhibit No. 18 Submitted by: <u>Seely Oil Company</u> Hearing Date: January 9, 2003

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#### Township 18 South, Range 34 East, N.M.P.M.

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 proposed project will impact the Unit area as shown on Exhibit "A" and includes the wells listed on Exhibit "C".

3. Total acres:

The E-K Penrose Sand Unit contains a total of 1469.75 acres more or less. Seely Oil Company is targeting for this waterflood project.

4. Subject pool and formation:

The E-K Penrose Sand Unit is within the E-K Yates-Seven Rivers-Queen Pool. The unit includes the (portions of the) Lower Queen (Penrose) of the Queen formation.

Exhibit "B" is the type-log identified in the Unit Agreement.

## C. Status of operations in the project area:

- 1. The name of the Unit is the E-K Penrose Sand Unit.
- 2. The Unit has not previously been approved by the Division

#### D. Method of recovery to be used:

1. Identify fluids to be injected:

Water

2. If the Division has not approved the project, provide the date the application for approval was filed with the Division on Form C-108:

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## E. Description of the project:

1. List of producing wells:

Attach as Exhibit "C" a list of all producing wells within the project area - provide locations by footage location, section, township and range.

State whether or not there are plans to drill additional producing wells within the project area.

Drill 2 Recovery and 1 P&A well (3 wells total)

2. List of injection wells:

Attach as Exhibit "A" is a plat showing all injection wells within the project area.

There are no plans to add additional injection wells within the project area at this time.

3. Capital costs of additional facilities:

Field installations and upgrades \$1,800,000

4. Total project costs:

\$3,400,000 (Development and Operations, 12-Year Life).

5. Estimated total value of the additional production that will be recovered as a result of this project:

The value of the the additional hydrocarbons to be produced from the proposed waterflood project has been determined by using an average posted price for the oil of \$22 per stock tank barrel and additional anticipated recovery of 460,000 barrels of oil to be produced from the proposed project as set out below:

460,000 x \$22/STB = Approximately \$10,000,000

6. The anticipated date for commencement of injection: Third Quarter 2003 Application for EOR Certification January 9, 2003 Page 4

- 7. The anticipated volumes of produced water to be injected in the project area is 800 BBLS/D
- 8. Production Data:

Exhibit "D1" and "D2" are graphs that show the production history for the project and a forecast of the enhanced recovery of oil anticipated form this project.

Seely Oil Company requests that this application be set for hearing and, if no objections are received, that it be approved.

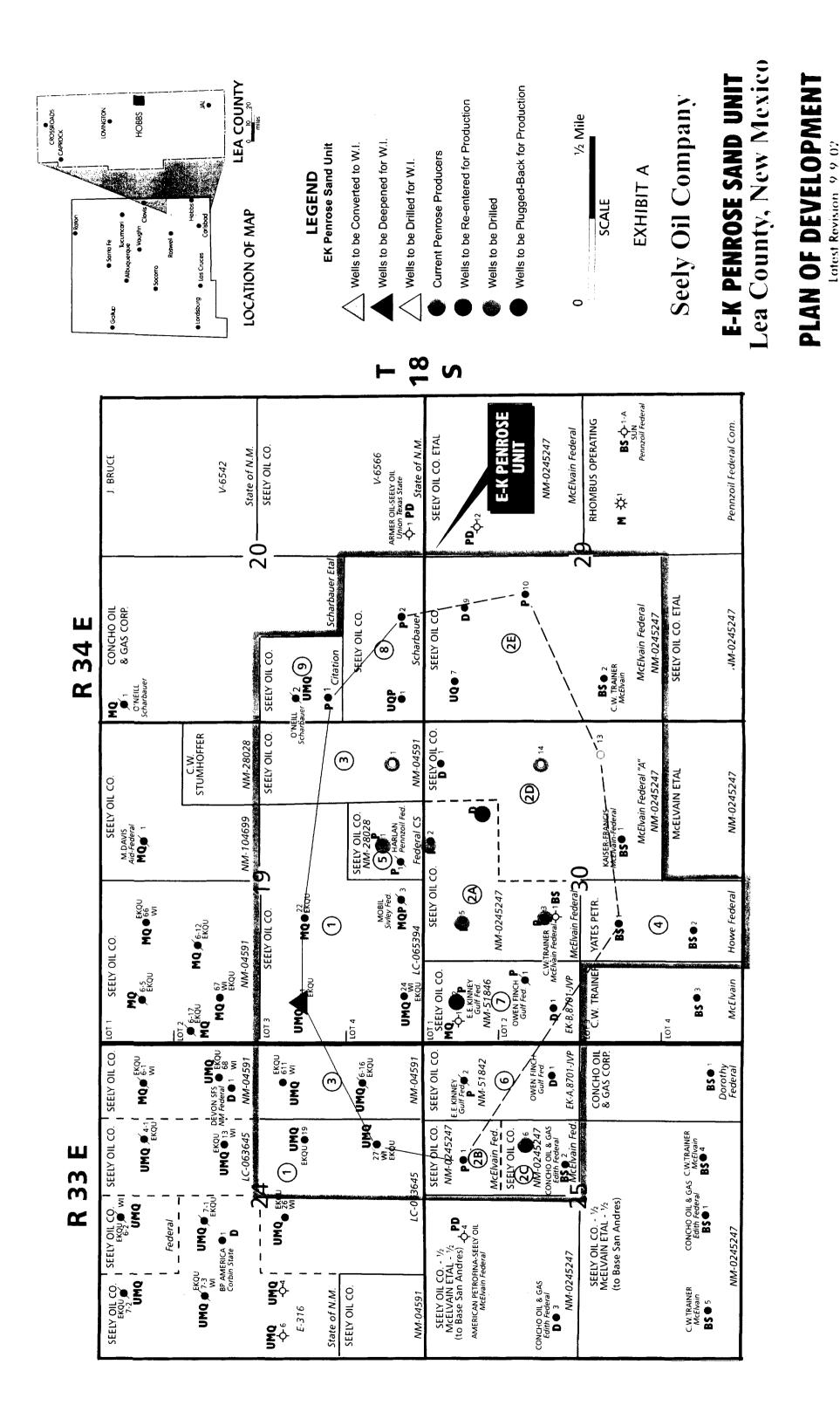
Very truly yours,

Seely Oil Company

Dan H Henden

David L. Henderson Vice President

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SEELY OIL COMPANY

## **E-K PENROSE SAND UNIT**

E-K YATES-SEVEN RIVERS-QUEEN FIELD LEA COUNTY, NEW MEXICO

# TYPE LOG SHOWING UNITIZED FORMATION COMPENSATED DENSITY LOG

C. W. STUMHOFFER FEDERAL CS No. 1 660' FSL & 1980' FEL SECTION 19-T18S-R34E, NMPM

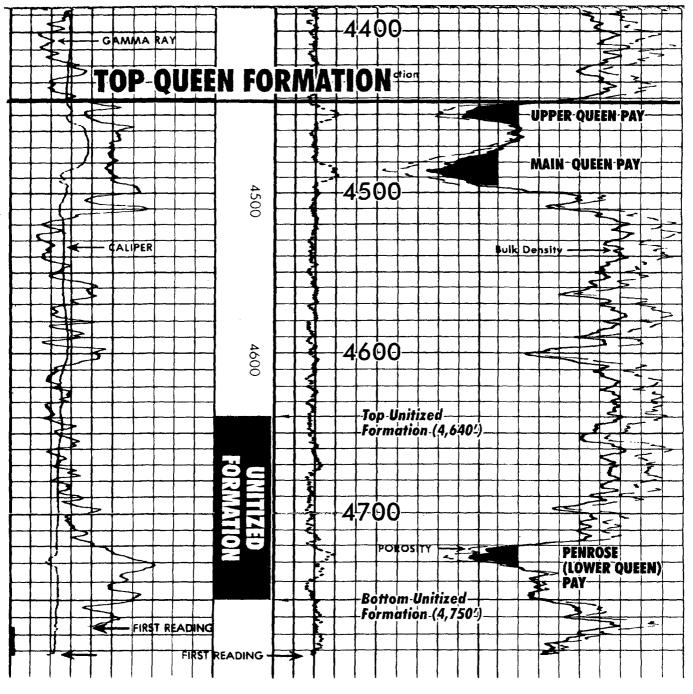


EXHIBIT B

Producina		Acid- 3k cal Frac- 60k cal KCI water		-	7 05/1	0105	701		N 120	040 ECI 0 4000 EVAN	120 100 2/L A	ა	Howe "TG" Federal	Coto Dotroloum	00
		Frac- 1k gal rog. Acid, 30k lbs sand													
Producing		Acid- 2k gal 15% Ne Acid			9 9541	9519	-786		10512	1980 FSL & 1830 FWL	30-18S-34E k	-	Howe "TG" Federal	Yate Petroleum	Apr-82
Producing	22/?/0	Frac- 10k gal & 15k lbs sand	-800	0 -760	0 4710	4670	-765	3910	4900	2310 FNL & 2290 FWL	30-18S-34E f	ω	McElvain Federal	Seely Oll Company	Apr-56
ר ג	0 1 1 0	& 17.5 k lbs sand	-/ 00	a -110	40 H	404/	-110	1760	70.14	1000 FINE & BUT FVVE	JU-100-04E E	-		Owen C. Finch	0C-09-1
	3	W/ 14k lbs sand	700			100	770	2001	1700			•			
P&A	0 / ? / 08	Acid- 500 gal Frac- 19.3k gal lease crude	-772	8 -754	0 4708	4690	-752	3936	4728	560 FNL & 1618 FWL	30-18S-34E d	2	Gulf Federal	Chiles Drilling Co.	Aug-57
				$\left  \right $											
Producing	55 / ? / 0	Acid- 1k gal Frac- 16.8k frac oil	-781	0 -767	5 4730	4716	-762	3949	4751	660 FNL & 3300 FEL	30-18S-34E c	сл	McElvain Federal	Seely Oil Company	Jun-57
Producing	211 / ? / 0	Frac- 6k gal refined oil w/ 9k lbs sand	-776	2 -766	2 4742	4732	-764	3966	5401	.5 FNL & 1980 FEL	30-18S-34E b	2	McElvain Federal	Seely Oil Company	Nov-55
		w/ 41,000 lbs. 16/30 sand		┢							-				
Producing		1000 gal MCA, Frac- 18,000 gal KCL		5	8 4785	4778			6050	1650' FNL & 1980' FWI	29-18S-34E e	10	McElvain Federal	Seely Oil Company	Dec-01
Producing	1/0/0	Acid- 1k gal NeFe, Frac- 20k gal gel & 40k lbs 20/40 sand	-785	3 -775		4673	-770	3898	4975	1650 FNL & 1650	25-18S-33E g	6	McElvain Federal	Seely Oil Company	Jan-91
-			{		+		;								
P&A			0				-729		5998	660 FNL & 1980 FWL	25-18S-33E c	4	McElvain Federal	Seely Oil Company	
Producing	284 / ? / 0	Frac- 10k gal. & 10k ibs. sand	-753	DH) -733	7 4657(OH)	4637	-733	3904	4657	660 FNL & 1980 FEL	25-18S-33E b		McElvain Federal	Seely Oil Company	Aug-55
P&A	47 / ? / 0		3 -773	2 -758	7 4702	4687	-756	3929	4720	660 FNL & 660FEL	25-18S-33E a	<b>_</b>	Guff Federal	Chiles Drilling Co.	Jun-57
				$\left\{ -\right\}$	$\left  \right $							!			
Active WIW	Flowed Gas @ 2mmcfnd	Acid- 500 nat 15% NE			A 4634	4678	-702		4657	990 FSI & 1980 FEI	24-185-33F n	77	FK Dueen 1 Init	Seely Oil Company	lin_AA
Producing	Didn't Recover Load	Acid- 500 gal, Frac- 10k gal & 10k lbs. sand		) H	5 4650(OH)	4625	-677		4650	1980 FSL & 1650 FEL	24-18S-33E j	19	EK Queen Unit	Seely Oil Company	Feb-57
Producing	15 / 40 / 1	Acid- 1k gal KCI & 18k lbs sand	-781	4 -763	6 4764	4746	-759	3983	4820	330 FSL & 1650 FWL	20-18S-34E n	2	Scharbauer	Seely Oil Company	Feb-00
		gelled KCI w/ 21k lbs sand												-	-
Producing	10 / 6 / 0	Acid- 1k gal 15%, Frac- 18k gal	-770	4 -763	7 4784	4777	-760	4014	4840	330 FSL & FWL	20-18S-34E m		Scharbauer	Seely Oil Company	Sep-99
Producing	30 / 18 / 0	Acid- 500 gal, Frac 40k gal & 42.5k lbs sand	-747	0 -737	0 4730	4720	-733	3983	4784	660 FSL & 1980 FEL	19-18S-34E o		C. S. Federal	Seely Oil Company	Jul-81
P&A	75/?/0	Acid- 1k gal, Frac- 20k gal KCI & 23k lbs sar	-776	6 -763	3 4736	4723	-760	3960	4800	330 FSL & 2310 FEL	19-18S-34E o		Penzoil Federal	Hanson Oil	Jan-56
P&A	115/?/0		-762	8 -752	8 4718	4708	752	3956	4735	2310 FWL & 343 FSL	19-18S-34E n	ω	T.J. Silvey Federal	Mobil Oil Corp.	Jan-56
Active Queen Sand W/W	47/?/0 A		12	8 281	9 4698	4429	-735	4710	4718	330 FSL & 762 FWL	19-18S-34E m	24	EK Queen Unit	Seely Oil Company	Dec-57
Producing		Frac- 10k gal lease crude & 15k lbs sand			0 4445	4390	NDE		4473	1980 FSL & 660 FWL	19-18S-34E	21	EK Queen Unit	Seely Oll Company	Feb-55
Active Queen Sand	Flowed Gas @ 6mmcfpd Active Queen Sand WIW	Frac- 30k gal lease crude & 37.3k lbs sand F	-704	696	8 4686	4678	-696	3982	4703	1980 FSL & 1897 FWL	19-18S-34E k	22	EK Queen Unit	Seely Oil Company	Sep-57
Current Status	Oil / Gas / H2O	Stimulation	to ft	Pe	Perfs ft to ft		Subsea	Datum	1	Unit Loc Footage	Section Un	Well #	Lease	Operator	Completion
			5000			-						-			

**Geologic and Completion Data** 

# EXHIBIT C

LARGE FORMAT EXHIBIT HAS BEEN REMOVED AND IS LOCATED IN THE NEXT FILE