

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

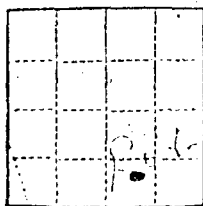
C. W. Stumhoffer

CWS

Enclosures: BLM Form 9-331s

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

T. J. Sivley Federal 19 Well No. 2



(SUBMIT IN TRIPLICATE)

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

SUNDRY NOTICES AND REPORTS ON WELLS

NOTICE OF INTENTION TO DRILL.....	SUBSEQUENT REPORT OF WATER SHUT-OFF.....	X
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 57T.J. Sivley- FederalWell No. 7-24 is located 990 ft. from N line and 1980 ft. from E line of sec. 24SW/4 SE/4 24

(1/4 Sec. and Sec. No.)

18S

(Twp.)

33E

(Range)

NMPM

(Meridian)

E.K. Queen

(Field)

Lea

(County or Subdivision)

New Mexico

(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 Sals 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. The Penrose pay zone was preforated from 4628-4634' with 4 holes per ft. Preparations are being made to treat the pay zone with 500 Ga. Mud acid, 25,000 Gallon 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

(SUBMIT IN TRIPLICATE)

Land Office Santa Fe, N.M.Lease No. LC-663645Unit 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.....	
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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>	<u>X</u>

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

T.J. Sivley Federal Artesia, New Mexico 2/14/1958

Well No. #7-24 is located 990 ft. from SW line and 1980 ft. from E line of sec. 24

SW/4 SE/4 #24 18S 33E NMPM

(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 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 Crude and 25,000 Lbs of Sand. Treating 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 [Signature]
Title Owner-Operator

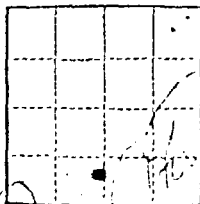
Santa Fe, N.M.

(SUBMIT IN TRIPLICATE)

Land Office

Lease No. 10-008645

Unit 0

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.....
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, 1953

E. J. Sivley - Federal

WELL 7-24 is located 330 ft. from {N} line and 6000 ft. from {E} line of sec. 24
SW/4 SE/4 24 10S 33-E R1P1
(1/4 Sec. and Sec. No.) (Twp.) (Range) (Meridian)
E. J. Sivley Los Alamos New Mexico
(Field) (County or Subdivision) (State or Territory)

The elevation of the derrick floor above sea level is 3316 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)

Treatment of the Penrose Zone from 4628-4634 was a failure. Only 270 bbls of loose crude was recovered. 330 bbls lost in formation.

A small gas well with a very low BTU rating 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. Sivley

Address Box 1208

Artesia, N.M.

By [Signature]
Title Senior Operator

(SUBMIT IN TRIPLICATE)

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

ACTING DISTRICT ENGINEER

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, Temporary X
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)

T.J. Sivley - Federal

Feb. 4, 1959

Well No. 7-24 is located 990 ft. from [N] line and 1930 ft. from [E] line of sec. 24SW4SE4 2418S35ENMFM

(1/4 Sec. and Sec. No.)

(Twp.)

(Range)

(Meridian)

E.M. QueenLea CountyNew Mexico

(Field)

(County or Subdivision)

(State or Territory)

The elevation of the derrick floor above sea level is 5915 ft. DF

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, after treating the Penrose Zone from 4628-34, made a small quantity of gas.

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 equipped with Tubing Heads, Valves, etc to surely 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 [Signature]Title Owner-Operator.

(SUBMIT IN TRIPLICATE)

Land Office Santa Fe, New MexicoLease No. LC-083845Unit "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.....	X
NOTICE OF INTENTION TO TEST WATER SHUT-OFF.....	SUBSEQUENT REPORT OF ALTERING CASING.....	
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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)

T.J. Sivley-Federal 19

November 12, 1956

Well No. #8 is located 1990 ft. from 2N line and 1897 ft. from 1E line of sec. 19

NE SW 19

183

34E

NMPM

(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

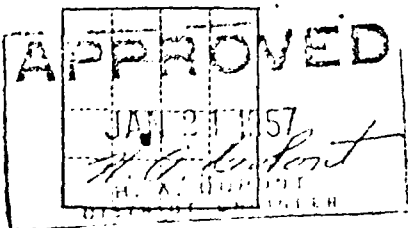
(State names of and expected depths to objective sands; show sizes, weights, and lengths of proposed casings; indicate mudding jobs, cementing points, and all other important proposed work)

On November 8, 1956 the Penrose Zone from 4678-4698 was perforated with 8 Holes per Ft. 48, Holes. On 11/9/56 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. Apparently most 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

ATTACHMENT



(SUBMIT IN TRIPLICATE)

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

Land Office **Santa Fe, N.M.**
Lease No. **LC-063645**
Unit **K**

RECEIVED
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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.....	
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NOTICE OF INTENTION TO RE-DRILL OR REPAIR WELL.....		SUBSEQUENT REPORT OF RE-DRILLING OR REPAIR.....	
NOTICE OF INTENTION TO SHOOT OR ACIDIZE.....	X	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)

January 18, 1957, 19

R.J. Sivley - Federal 19

Well No. **#2** is located **1930** ft. from **NE** line and **1897** ft. from **EX** line of sec. **19**

NE SW 19 (1/4 Sec. and Sec. No.)	183 (Twp.)	54E (Range)	N 1/2 M (Meridian)
B.K. Queen (Field)	Lea (County or Subdivision)	New Mexico (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 Benrose pay opposite perforations from 4678-4686 with 10,000 Gallons of lease crude and 7500# of sand, the well made 5.5 Million Cu. Feet of Gas daily through open 2" Tubing. Preparations are being made to set a bridge plug to shut off the gas and perforate the regular upper Queen pay from 4432-4444, 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

Title

Owner