Attn. E. Busch

ROBERT L. BAYLESS

PETROLEUM PLAZA BUILDING
P. O. BOX 168
FARMINGTON, NEW MEXICO 87499
(505) 326-2659

February 7, 1989

Mr. William J. LeMay NM Oil Conservation Division 310 Old Santa Fe Trail, Room 206 Santa Fe, New Mexico 87503

> RE: Ruby #1 790' FNL & 1790' FWL Section 34, T26N, R12W San Juan County, NM

CONSERVATION DIVISION
SALUTA FE E CEIVE
MAR1 3 1989
OIL CON. DIV

PICT 3

Dear Mr. LeMay:

This shall serve as a follow-up letter to our request of December 30, 1988, for administrative approval of an unorthodox location, unorthodox proration unit, and downhole commingling of the Fruitland Coal and Pictured Cliffs formations for the above reference well. Mr. David Catanach has requested further information from us on this matter in his letter of January 19, 1989.

The Ruby #1 meets the conditions of downhole commingling rule 303 (C)(1)(b) as follows:

- (1) The downhole commingling of the Fruitland Coal and Pictured Cliffs formations in this well is necessary to produce the Pictured Cliffs zone that otherwise would not be economically producible. Before the Ruby #1 was re-perforated in the Fruitland Coal, the Pictured Cliffs zone in this well was capable of making approximately 1 MCFGPD which was uneconomical. After the Fruitland Coal interval was perforated in March of 1988, the well is now capable of producing approximately 7 MCFGPD. We would propose to allocate production to each of these zones in this same proportion, i.e. 14% to the Pictured Cliffs formation and 86% to the Fruitland Coal formation.
- (2) There should not be any crossflow between the commingled zones. A surface shut-in pressure of 50 psi was recorded on 3/21/88 with only the Pictured Cliffs zone open. After the Fruitland Coal was perforated, the shut-in pressure recorded on this well was 75 psi on 3/22/88. The downhole pressures are similar for these zones and crossflow should not occur.
- (3) The Pictured Cliffs zone in this well is not a fluid-sensitive sand. Cement was circulated from TD to the surface when casing was run on this well. All non-producing formations encountered in this well are isolated from the wellbore by cement. It should be noted that this well makes very little water (less than 1/4 BWPD) from both the Fruitland Coal and the Pictured Cliffs formation. This small amount of water should not hurt any producing formation.

- (4) The fluids from each zone in this well are compatible with each other. As stated in (3), the volume of water produced by this well is too small to cause any damage to either formation. In this area, there is little difference between Fruitland Coal gas and Pictured Cliffs gas. Therefore, gases should not cause damage to either formation. The information indicating the similarity of Fruitland Coal gas and Pictured Cliffs formation gas was presented as testimony in NMOCD Case No. 9420, the basis for Order No. R-8768.
- (5) The Ruby #1 has common working interest, royalty interest, and overriding royalty interest in both the Fruitland Coal and the Pictured Cliffs formations, for the existing 160 acre proration unit.
- (6) As stated in (2) above, the bottomhole pressures in the Fruitland Coal and Pictured Cliffs formations in this well are very similar. the bottomhole pressure of the lower pressure zone (Pictured Cliffs approximately 50 psi) is not less than 50 percent of the bottomhole pressure of the higher pressure zone (Fruitland Coal approximately 75 psi).

We have attached to this letter an offset lease ownership plat and proof of notification to all offset operators of the Ruby #1 well. It is important to note that the rework (re-perforating) performed on this well in March of 1988 was in full compliance with the rules and regulations of the WAW-Fruitland Pictured Cliffs Pool rules at that time. The rule changes brought about by Division Order No. R-8768 affect this well, but should not create an administrative burden on marginally economic wells such as this.

We trust that you now have sufficient information to process this application. Your prompt attention to this matter would be appreciated.

Sincerely,

Kevin H. McCord Petroleum Engineer

KHM/lmo

Enclosures

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PETROLEUM PLAZA BUILDING
P. O. BOX 168
FARMINGTON, NEW MEXICO B7499
(505) 326-2659

Jebruary 7, 1989

Alexander Energy 501 NW Expressway, Suite 600 Oklahoma City, Oklahoma 73118

RE: Administrative Approval of an Unorthodox Location, Unorthodox Proration Unit, and Downhole

Commingling of the Fruitland Coal and Pictured Cliffs Formations

Ruby #1

790' FNL & 1790' FWL Section 34, T26N, R12W San Juan County, NM

Gentlemen:

Robert L. Bayless has applied to the New Mexico Oil Conservation Division for administrative approval of an unorthodox location, unorthodox proration unit, and downhole commingling of the Fruitland Coal and Pictured Cliffs formations in the Ruby #1 well located in the NW/4 of Section 34, T26N, R12W, San Juan County, New Mexico. A copy of this application has been enclosed for your information.

Bayless has determined that you are an operator of offset acreage that could possibly by affected by the granting of this application by the NMOCD. We request your support and approval of this application. Flease indicate this by signing and dating this letter and mailing one copy to NMOCD and one copy to our office in the envelopes provided. The original may be retained for your files.

Sincerely,	
Kevin H. M. Gowl	
Kevin H. McCord	
Petroleum Engineer	•

Enclosures

The undersigned has no objection to the above application.

ALEXANDER ENERGY

By:		 	 	 	 _
Date	e :		 	 	

PETROLEUM PLAZA BUILDING
P. O. BOX 1613
FARMINGTON, NEW MEXICO 87499
(505) 326-26-59

February 7, 1989

Celsius Energy Company P.O. Box 11070 Salt Lake City, Utah 84147

RE: Administrative Approval of an Unorthodox Location, Unorthodox Proration Unit, and Downhole Commingling of the Fruitland Coal and Pictured Cliffs Formations

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Kevin H. McCo Petroleum Eng	

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CELSIUS ENERGY COMPANY

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Date:	 ·	

PETROLEUM PLAZA BUILDING
P. O. BOX 168
FARMINGTON, NEW MEXICO 87499
1505) 326-2659

February 7, 1989

Chevron U.S.A. Inc. 60001 Bollinger Canyon Rd. San Ramon, California 94583

RE: Administrative Approval of an Unorthodox Location, Unorthodox Proration Unit, and Downhole Commingling of the Fruitland Cocl and Pictured Cliffs Formations

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Won H. McCord

Kevin H. McCord

Petroleum Engineer

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CHEVRON U.S.A. INC.

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PETROLEUM PLAZA BIJILOING
P. O. BOX 168
FARMINGTON, NEW MEXICO 87499
(505) 326-2659

February 7, 1989

Dugan Production Corporation P.O. Box 5820 Farmington, New Mexico 87499

RE: Administrative Approval of an Unorthodox Location, Unorthodox Froration Unit, and Downhole Commingling of the Fruitland Coal and Pictured Cliffs Formations

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Sincerely, Win H. McCord Retroleum Engineer

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DUGAN PRODUCTION CORPORATION

By:		 	·	
Date	ə:			

PETROLEUM PLAZA BU LOING
P. O. BOX 168
FARMINGTON, NEW MEXICO 87499
(505) 326-2659

February 7, 1989

Hixon Development Co. P.O. Box 2810 Farmington, New Mexico 87401

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HIXON DEVELOPMENT COMPANY

By:	 	
Date:		

PETROLEUM PLAZA BUILDING
P.O. BOX 168
FARMINGTON, NEW MEXICO 87499
(505) 326-2659

Yebruary 7, 1989

Jerome McHugh 650 S. Cherry St., Suite 1225 Denver, Colorado 80222

RE: Administrative Approval of an Unorthodox Location, Unorthodox Proration Unit, and Downhole Commingling of the Fruitland Couland Pictured Cliffs Formations

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Kevin H.	nccora Engineer
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Jerome McHuch

By:	-	 	 		
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PETROLEUM PLAZA BUILDING
P. O. BOX 168
FARMINGTON, NEW MEXICO 87499
1505) 326-2659

February 7, 1989

P-R-O Management Glen Lakes Tower 1313 Box 158 Dallas, Texas 75231

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Petroleum Enginee	er

Enclosures

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P-R-O Management

Ву:	· · · · · ·	 	<u> </u>
Date:		 	

PETROLEUM PLAZA BJILDING
P. O. BOX 168
FARMINGTON, NEW MEXICO 87499
(505) 326-2659

February 7, 1989

Texaco P.O. Box EE Cortez, Colorado 81321

RE: Administrative Approval of an Unorthodox Location, Unorthodox Proration Unit, and Downhole Commingling of the Fruitland Coal and Pictured Cliffs Formations Ruby #1 790' FNL & 1790' FWL

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TEXACO

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Win H.	· M	toul
Kevin H.	McCo	rd
Petroleum	n Engi	ineer

Enclosures

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By: ______

Alexander Energy
501 NW Expressway, Ste.600
Oklahoma City, OK 73118
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Celsius Energy Co.

P.O. Box 11070

Salt Lake City, UT 84147

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