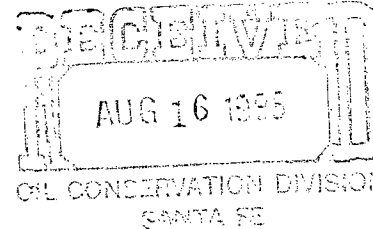


Baruch-Foster Corporation

1160 ONE ENERGY SQUARE
4925 GREENVILLE AVENUE
DALLAS, TEXAS 75206
214/368-5886



August 13, 1985

State of New Mexico
Energy and Minerals Department
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87501

RE: APPLICATION TO DOWNHOLE COMMINGLE
SAIK NO. 1 UNIT B
Morrow (Gas) and Strawn (Gas)
N/2 Section 17, T22S, R27E
South Carlsbad Field
Eddy County, New Mexico

Gentlemen:

Baruch-Foster Corporation respectfully requests Administrative approval to downhole commingle the gas production from its Saik Well No. 1, which is a dual Morrow and Strawn. The purpose for commingling the gas production from these reservoirs is to utilize the Morrow gas to unload the Strawn condensate and maintain production from it. The Strawn produces 100 MCFPD with less than a barrel of condensate per day. The Morrow produces 400 MCFPD dry gas. By opening the sliding sleeve in the Morrow tubing string, both zones can be produced commingled out the Morrow tubing with the Morrow gas helping to keep the fluid unloaded from the wellbore. The downhole commingling will assure maximum recovery of the reserves from both reservoirs; and thereby conserve natural resources.

In support of our application, the following additional data is submitted:

1. The Working Interest and Royalty Interest is common for both zones.
2. All leases are fee; no state or federal lands are involved.
3. The gas gravities are similar: (a) Morrow = 0.58 (b) Strawn = 0.65.
4. The gas purchaser and gas price is the same for both zones. Therefore, commingling the production will not reduce the value of the gas.

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5. It is proposed to allocate future gas production between the two zones based on current production of 80% Morrow and 20% Strawn. The condensate will be allocated to the Strawn.
6. Attached is a well data sheet illustrating the downhole equipment installation.

Your favorable consideration of our request will be appreciated. If you have any questions, please contact the undersigned at 214/368-5886.

Yours very truly,



J. F. Ellebracht
VP - Production

JFE/ran
Attachment

WELL DATA SHEET

Lease SAIK #1-BLocation 990' FNL & 1980' FEL S17, T22S, R27E County Eddy State New MexicoK. B. Elev. 3135
D. F. Elev. 3134
G. L. Elev. 3122Date ~~Completed~~ Reworked 1/30/79
Formation(s) Strawn (Shut in)
Morrow13-3/8" 48#
Gr. H-40 Thd.
Set @ 357.68
w/ sx. C1
&
Hole Size
TOC 'by 9-5/8" 36 & 40
Gr. J55 Thd.
Set @ 5360
w/ sx. C1
&
Hole Size
TOC 'by

Perf. 2SPF w/2-7/8" Hyperdome II 10116, 125, 128, 139, 141, 164, 341, 440, and 443

EOT
Strawn
@ 10274Sliding
Sleeve
@ 10997N Nipple
@ 11004Otis
Perma-
trieve
Packer
@ 110167" 23, 26, 29
Gr. N-80 Thd.
Set @ 10500
w/ sx. C1
&
Hole Size
TOC 'by

Perf. w/3-1/2 Hyperdome II 11031, 33, 110, 112, 136, 138, 368, 371, 415, 585, 588, 604, and 607.

4-1/2" 13.5#
Gr. N-80 Thd.
Set @ 11690
w/ sx. C1
&
Hole Size
Liner top @
TOC 'by Total Depth 11690

2/1/79 RFL