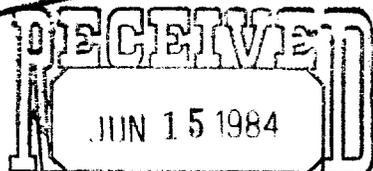


6-20 Hold

ROBERT L. BAYLESS

PETROLEUM PLAZA BUILDING
P. O. BOX 1541
FARMINGTON, NEW MEXICO 87499
(505) 326-2659



OIL CONSERVATION DIVISION
SANTA FE

Yes IF

R-7587 is

by PI

June 8, 1984

New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87501
Attn: Mr. Joe Ramey

Single lease
" pool

- No administrative Orders on this ?

RE: Request for Administrative Approval for Surface Commingling Jicarilla 390 B#1 and B #2 wells. Ballard Pictured Cliffs Section 26, T23N, R4W Sandoval County, New Mexico

Gentlemen:

We hereby request administrative approval for surface commingling of our Jicarilla 390 B #1 and Jicarilla 390 B #2 Blanco Pictured Cliffs wells located in Section 26, T23N, R4W, Sandoval County, New Mexico.

The Jicarilla 390 B #1 well (1850' FSL & 790' FWL, Section 26, T23N, R4W) was drilled and completed in the Pictured Cliffs formation by Bayless on December 21, 1983 for an AOF of 751 MCFGPD. Northwest Pipeline is in the process of evaluating this well and we expect them to lay a pipeline and set a meter installation for this well. To this date, Northwest has not said that this well will justify a hookup by them.

The Jicarilla 390 B #2 well (1850' FSL & 1850' FEL, Section 26, T23N, R4W) was drilled and completed on May 24, 1984 for an AOF of 200 MCFGPD. We feel that this low AOF and the poor log quality of this well will never justify a connection by the pipeline company. To sell gas from this well, we would have to pay for the metering installation and we would be responsible for laying the pipeline between wells.

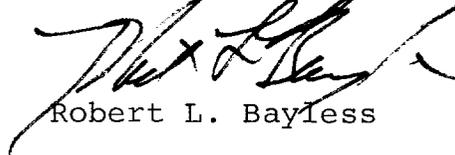
We propose to lay a surface line from the Jicarilla 390 B #2 well to the Jicarilla 390 B #1 well and sell gas from both wells through the same meter. Periodic well tests can be taken to allocate production between the two wells. Both wells are on the same lease, i.e., Jicarilla Contract 390 and have the same ownership.

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New Mexico Oil Conservation Division
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We feel that surface commingling of these two wells will maximize the economic gas production from these wells without violating correlative rights. Without this surface commingling, the cost of producing gas from the Jicarilla 390 B #2 well will be burdensome.

We have enclosed a plat showing the location of the subject wells. Should any questions arise on this matter, please contact me.

Sincerely yours

A handwritten signature in black ink, appearing to read "Robert L. Bayless", written in a cursive style.

Robert L. Bayless

RLB/lb

Enclosure

cc: Frank Chavez, Aztec Office, NMOCD,