



STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION  
AZTEC DISTRICT OFFICE

10010 RIO BRAZOS ROAD  
AZTEC, NEW MEXICO 87410  
(505) 334-6178

OIL CONSERVATION DIVISION  
BOX 2088  
SANTA FE, NEW MEXICO 87501

DATE 3-28-89

RE: Proposed MC \_\_\_\_\_  
Proposed DIIC X \_\_\_\_\_  
Proposed NSL \_\_\_\_\_  
Proposed SWD \_\_\_\_\_  
Proposed WFX \_\_\_\_\_  
Proposed PMX \_\_\_\_\_

NSP X



Gentlemen:

I have examined the application dated 3-9-89

for the Robert L. Bayless INEE #1 B-33-26N-12W  
Operator Lease and Well No. Unit, S-T-R

and my recommendations are as follows:

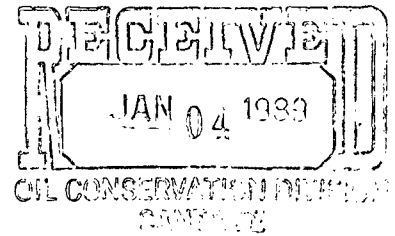
Approve

Yours truly,

Sam Busch

ROBERT L. BAYLESS

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



January 3, 1988

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

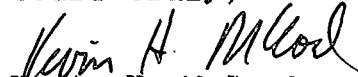
RE: Request for Administrative Approval  
of an Unorthodox Location  
Jicarilla 459 #7  
140' FSL & 1110' FWL  
Section 17, T30N, R3W  
Rio Arriba County, New Mexico

Dear Mr. LeMay:

We request administrative approval of an unorthodox location for our Jicarilla 459 #7 Pictured Cliffs formation gas well, located 140' FSL & 1110' FWL, Section 17, T30N, R3W, Rio Arriba County, New Mexico. This well staking is 650 feet too close to the section line separating Section 17 and Section 20 of T30N, R3W. You will note from the enclosed topographic map that there is no other area for an economically buildable location in this quarter section due to the rough topography. Also enclosed is a lease map indicating that Robert L. Bayless is the operator of all surrounding 160 acre tracts to this well, as well as a well location and acreage dedication plat for this well.

If you need any further information in this regard, please advise.

Yours truly,

  
Kevin H. McCord  
Petroleum Engineer

KHM/lmc

Enclosures: Topographic Map  
Lease Map  
Well Location Plat

cc: NMOCD, Aztec w/encls.



RESERVATION

INDIAN

ROBERT L. BAYLESS  
#7 JICARILLA 459  
140'FSL & 1110'FWL  
Sec.17, T30N, R3W  
Rio Arriba Co., N.M.

NEW ROAD:

EXISTING ROAD:

APACHE

Blue Lake



JICARILLA APACHE INDIAN RESERVATION BOU

T30N R3W

JICARILLA 459 LEASE  
ROBERT L. BAYLESS  
OPERATOR

JICARILLA 460 LEASE  
ROBERT L. BAYLESS  
OPERATOR

18

17

16

459-7

459-11

459-6

19

20

21

JICARILLA 464 LEASE  
ROBERT L. BAYLESS  
OPERATOR

UNLEASED

30

29

28

Kd D A '64

NEW MEXICO OIL CONSERVATION COMMISSION  
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form 24-11  
Supersedes 1-17-78  
Effective 1-1-79

All distances must be from the outer boundaries of the Section

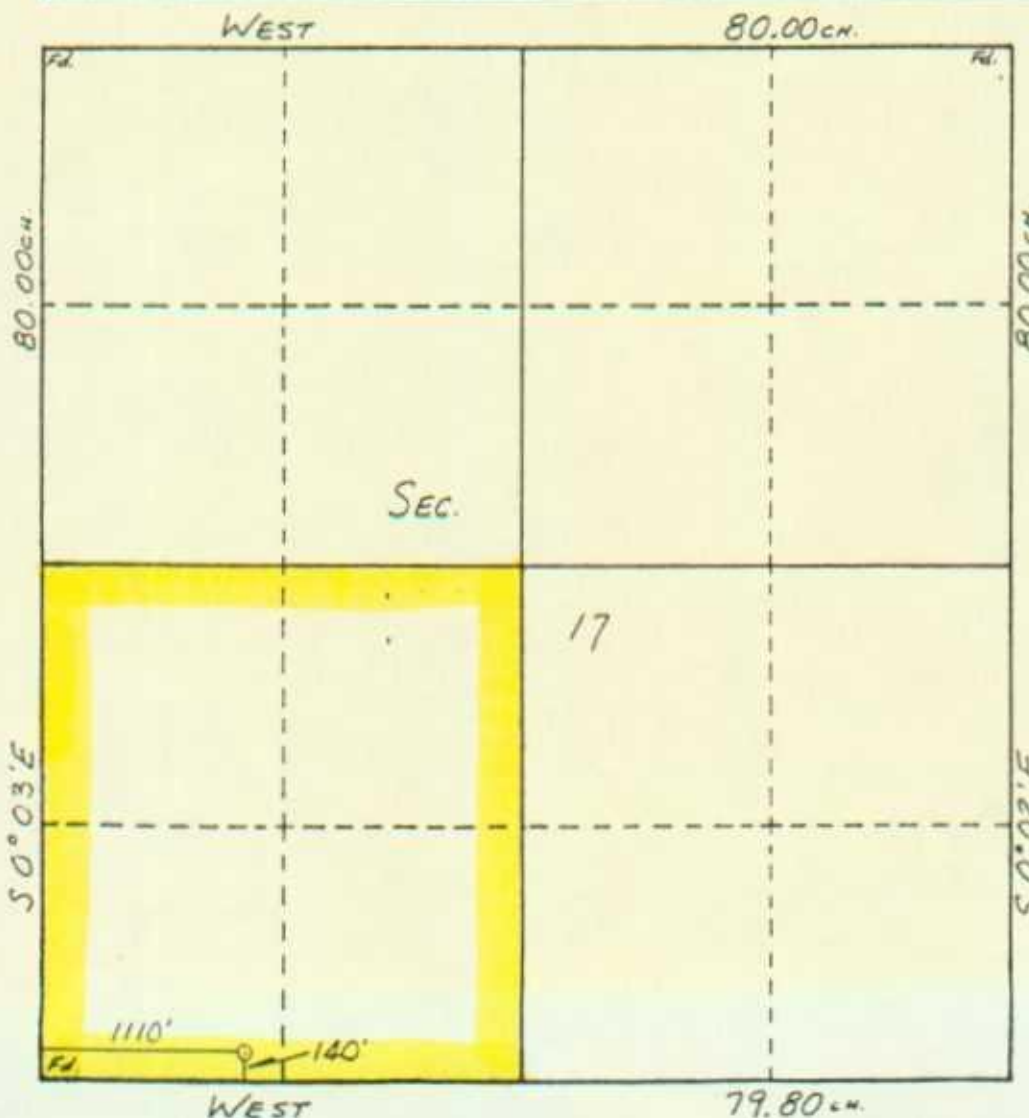
Operator <b>ROBERT L. BAYLESS</b>		Lease <b>JICARILLA 459</b>		Well No. <b>7</b>
Unit Letter <b>M</b>	Section <b>17</b>	Township <b>30 N</b>	Range <b>3 W</b>	County <b>RIO ARriba</b>
Actual Footage Location of Well: <b>140</b> feet from the <b>South</b> line and <b>1110</b> feet from the <b>West</b> line				
Ground Level Elev. <b>7179</b>	Producing Formation <b>Pictured Cliffs</b>	Pool <b>East Blanco Pictured Cliffs</b>	Dedicated Acreage <b>1.00</b> Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation \_\_\_\_\_

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) \_\_\_\_\_

No allowable will be assigned to the well until all interests have been consolidated (by communization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION	
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.	
Name	<b>Price M. Bayless</b>
Position	<b>Engineer</b>
Company	<b>Robert L. Bayless</b>
Date	<b>11/22/88</b>
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.	
Date Surveyed	<b>11/22/88</b>
Registered Professional Engineer and Land Surveyor	<b>WILLIAM W. MAHNEEN #8466</b>
Certificate No.	<b>11/22/88</b>

ROBERT L. BAYLESS

PETROLEUM PLAZA BUILDING

P. O. BOX 168

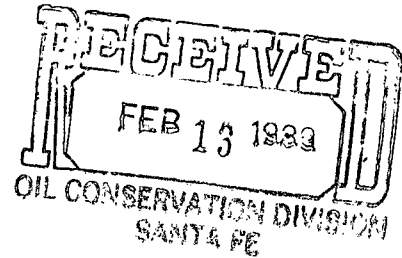
FARMINGTON, NEW MEXICO 87499

(505) 326-2659

*copy sent to E. Bosch 3/8/89*

February 10, 1989

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



RE: Inez #1  
790' FNL & 1850' FEL  
Section 33, T26N, R12W  
San Juan County, NM

Dear Mr. LeMay:

We hereby request approval of an unorthodox proration unit and downhole commingling of the Fruitland Coal and Pictured Cliffs formations in the above-referenced well. This request is necessitated by Order No. R-8768 regarding the Basin Fruitland Coal Gas Pool.

The Inez #1 is currently completed in the Pictured Cliffs formation, perforated from 1102-1109 ft. There are 160 acres dedicated to this well as per the WAW Fruitland/Pictured Cliffs pool rules. We would like to re-perforate this well from 1092-1100 ft. in the Fruitland Coal formation, and fracture stimulate the well if necessary to enhance production. With Order No. R-8768 now in effect, it is our understanding that a 320 acre proration unit is required to complete the Fruitland Coal in this well. In lieu of this, we request an unorthodox proration unit of 160 acres for the Basin Fruitland Coal pool in this well. A proposed C-102, an offset lease ownership plat, and proof of notification to all offset operators of the Inez #1 are provided with this letter for your review.

The Inez #1 is an offset well in close proximity to the Ruby #1 well (see plat), also operated by Robert L. Bayless. Similar work was performed in the Ruby #1 well as is proposed in the Inez #1.

The Inez #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. The Inez #1 is currently perforated in the Pictured Cliffs interval which is capable of making approximately 1 MCFGPD, which is uneconomical. If the Fruitland Coal interval is perforated and commingled with the Pictured Cliffs, the well should be capable of producing approximately 15-30 MCFGPD. This well could possibly produce even greater volumes of natural gas if fracture stimulated. We would propose to allocate production to each of these zones by testing the well both before and after it is perforated, and allocate proportionately based on these production tests.

Mr. William LeMay  
February 10, 1989  
Page 2

- (2) There should not be any crossflow between the commingled zones. The Ruby #1 offset well had a surface shut-in pressure of 50 psi with only the Pictured Cliffs zone open. After the Fruitland Coal was perforated, the shut-in pressure recorded was 75 psi. The downhole pressures were similar for these zones with no crossflow occurring in the Ruby #1. The Inez #1 should have very similar results.
- (3) The Pictured Cliffs zone in this area is not a fluid-sensitive sand. A cement bond log was run on this well and indicated good cement bond from TD to surface. All non-producing formations encountered in this well are isolated from the wellbore by cement. It should be noted that this well should make very little water (less than 1 BWPB) from both the Fruitland Coal and the Pictured Cliffs formations. 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 that should be 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 NMOCB Case No. 9420, the basis for Order No. R-8768.
- (5) The Inez #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 bottom-hole pressures in the Fruitland Coal and Pictured Cliffs formations in the Ruby #1 offset well are very similar. The bottom-hole pressure of the lower pressure zone (Pictured Cliffs - approximately 50 psi) is not less than 50 percent of the bottom-hole pressure of the higher pressure zone (Fruitland Coal - approximately 75 psi). This should be a common occurrence in this area and the same for the Inez #1.

As stated above we have attached to this letter an offset lease ownership plat as well as copies of letters of notification of this application to all offset operators of the Inez #1 well. A copy of this application is also being sent to the BLM to inform them of our plans to commingle production from the Fruitland Coal and Pictured Cliffs formations in this well.

The rule changes brought about by Division Order No. R-8768 changed the Fruitland Coal proration unit to 320 acres, but the existing Pictured Cliffs proration unit is only 160 acres. Please note from the enclosed plat that this well is offset in every direction by wells drilled and completed on 160 acre spacing. To change the spacing to 320 acres for the Fruitland Coal zone in this well would be inappropriate.

Mr. William LeMay  
February 10, 1989  
Page 3

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

Sincerely,

A handwritten signature in black ink, appearing to read "Kevin H. McCord". The signature is fluid and cursive, with the first name "Kevin" being more prominent.

Kevin H. McCord  
Petroleum Engineer

KHM/lmo

Enclosures

cc: BLM - Farmington



# OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

## DISTRICT I

P.O. Box 1980, Hobbs, NM 88240

## DISTRICT II

P.O. Drawer DD, Artesia, NM 88210

## DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

## WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator Robert L. Bayless			Lease Inez		Well No. 1
Unit Letter B	Section 33	Township 26N	Range 12W	County San Juan	

Actual Footage Location of Well:

790 feet from the North line and 1850 feet from the East line			
Ground level Elev. 6126	Producing Formation Fruitland Coal	Pool Basin Fruitland Coal	Dedicated Acreage: 160 Acres

- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc?  
☐ Yes ☐ No If answer is "yes" type of consolidation \_\_\_\_\_  
If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) \_\_\_\_\_  
No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



### CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

*Kevin H. McCord*

Name  
Kevin H. McCord  
Position  
Petroleum Engineer  
Company  
Robert L. Bayless  
Date  
2/10/89

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed  
June 5, 1979  
Registered Professional Engineer and/or Land Surveyor  
*Fred B. Meyer*  
Fred B. Meyer, Jr.  
Certificate No.  
3950







**ROBERT L. BAYLESS**

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

February 10, 1989

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

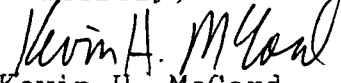
RE: Administrative Approval of an  
Unorthodox Proration Unit and  
Downhole Commingling of the  
Fruitland Coal and Pictured Cliffs  
Formations  
Inez #1  
790' FNL & 1850' FEL  
Section 33, T26N, R12W  
San Juan County, NM

Gentlemen:

Robert L. Bayless has applied to the New Mexico Oil Conservation Division for administrative approval of an unorthodox proration unit and downhole commingling of the Fruitland Coal and Pictured Cliffs formations in the Inez #1 well located in the NE/4 of Section 33, 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 be affected by the granting of this application by the NMOCD. We request your support and approval of this application. Please 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. McCord  
Petroleum Engineer

Enclosures

The undersigned has no  
objection to the above  
application.

ALEXANDER ENERGY

By: \_\_\_\_\_

Date: \_\_\_\_\_

**ROBERT L. BAYLESS**

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

February 10, 1989

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

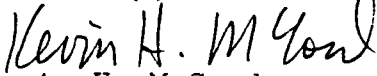
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Sincerely,

  
Kevin H. McCord  
Petroleum Engineer

Enclosures

The undersigned has no  
objection to the above  
application.

CELSIUS ENERGY COMPANY

By: \_\_\_\_\_

Date: \_\_\_\_\_



ROBERT L. BAYLESS

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

February 10, 1989

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

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

*Kevin H. McCord*  
Kevin H. McCord  
Petroleum Engineer

Enclosures

The undersigned has no  
objection to the above  
application.

CHEVRON U.S.A. INC.

By: \_\_\_\_\_

Date: \_\_\_\_\_

ROBERT L. BAYLESS

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

February 10, 1989

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

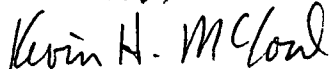
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Sincerely,

  
Kevin H. McCord  
Petroleum Engineer

Enclosures

The undersigned has no  
objection to the above  
application.

DUGAN PRODUCTION CORPORATION

By: \_\_\_\_\_

Date: \_\_\_\_\_

ROBERT L. BAYLESS

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

February 10, 1989

Hixon Development Co.  
P.O. Box 2810  
Farmington, New Mexico 87499

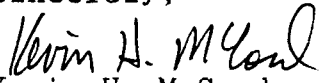
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Sincerely,

  
Kevin H. McCord  
Petroleum Engineer

Enclosures

The undersigned has no  
objection to the above  
application.

HIXON DEVELOPMENT COMPANY

By: \_\_\_\_\_

Date: \_\_\_\_\_

**ROBERT L. BAYLESS**

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

February 10, 1989

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

RE: Administrative Approval of an  
Unorthodox Proration Unit and  
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Fruitland Coal and Pictured Cliffs  
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Inez #1  
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Sincerely,

*Kevin H. McCord*  
Kevin H. McCord  
Petroleum Engineer

Enclosures

The undersigned has no  
objection to the above  
application.

Jerome McHugh

By: \_\_\_\_\_

Date: \_\_\_\_\_



ROBERT L. BAYLESS

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

February 10, 1989

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

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

*Kevin H. McCord*  
Kevin H. McCord  
Petroleum Engineer

Enclosures

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application.

P-R-O Management

By: \_\_\_\_\_

Date: \_\_\_\_\_

ROBERT L. BAYLESS

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

February 10, 1989

Texaco  
P.O. Box EE  
Cortez, Colorado 81321

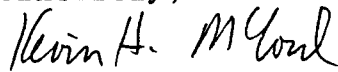
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Sincerely,

  
Kevin H. McCord  
Petroleum Engineer

Enclosures

The undersigned has no  
objection to the above  
application.

TEXACO

By: \_\_\_\_\_

Date: \_\_\_\_\_

P 294 981 921

## RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED

NOT FOR INTERNATIONAL MAIL

(See Reverse)

Sent to	
Alexander Energy	
Street and No.	
501 NW Expressway, Ste. 600	
P.O. State and ZIP Code	
Oklahoma City, OK 73118	
Postage	\$ .65
Certified Fee	.85
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	.90
Return Receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$ 2.40
Postmark or Date	
2/10/89 LMO	

P 294 981 922

## RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED

NOT FOR INTERNATIONAL MAIL

(See Reverse)

Sent to	
Celsius Energy Co.	
Street and No.	
P.O. Box 11070	
P.O. State and ZIP Code	
Salt Lake City, UT 84147	
Postage	\$ .65
Certified Fee	.85
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	.90
Return Receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$ 2.40
Postmark or Date	
2/10/89 LMO	

P 294 981 923

## RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED

NOT FOR INTERNATIONAL MAIL

(See Reverse)

Sent to	
Chevron U.S.A. Inc.	
Street and No.	
60001 Bollinger Canyon Rd.	
P.O. State and ZIP Code	
San Ramon, CA 94583	
Postage	\$ .65
Certified Fee	.85
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	.90
Return Receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$ 2.40
Postmark or Date	
2/10/89 LMO	

P 294 981 924

## RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED

NOT FOR INTERNATIONAL MAIL

(See Reverse)

Sent to	
Dugan Production Corp.	
Street and No.	
P.O. Box 5820	
P.O. State and ZIP Code	
Farmington, NM 87499	
Postage	\$ .65
Certified Fee	.86
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	.90
Return Receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$ 2.40
Postmark or Date	
2/10/89 LMO	

P 294 981 925

## RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED  
NOT FOR INTERNATIONAL MAIL  
(See Reverse)

Sent to <b>Hixon Development Co.</b>	
Street and No. <b>P.O. Box 2810</b>	
P.O. State and ZIP Code <b>Farmington, NM 87499</b>	
Postage	\$ .65
Certified Fee	.85
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	.90
Return Receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$ 2.40
Postmark or Date <b>2/10/89 LMO</b>	

P 294 981 926

## RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED  
NOT FOR INTERNATIONAL MAIL  
(See Reverse)

Sent to <b>Jerome McHugh</b>	
Street and No. <b>650 S. Cherry St., Ste. 1225</b>	
P.O. State and ZIP Code <b>Denver, CO 80222</b>	
Postage	\$ .65
Certified Fee	.85
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	.90
Return Receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$ 2.40
Postmark or Date <b>2/10/89 LMO</b>	

P 294 981 927

## RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED  
NOT FOR INTERNATIONAL MAIL  
(See Reverse)

Sent to <b>P-R-O Management</b>	
Street and No. <b>Box 158</b>	
P.O. State and ZIP Code <b>Dallas, TX 75231</b>	
Postage	\$ .65
Certified Fee	.85
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	.90
Return Receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$ 2.40
Postmark or Date <b>2/10/89 LMO</b>	

P 294 981 928

## RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED  
NOT FOR INTERNATIONAL MAIL  
(See Reverse)

Sent to <b>Texaco</b>	
Street and No. <b>P.O. Box EE</b>	
P.O. State and ZIP Code <b>Cortez, CO 81321</b>	
Postage	\$ .65
Certified Fee	.85
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	.90
Return Receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$ 2.40
Postmark or Date <b>2/10/89 LMO</b>	



ROBERT L. BAYLESS

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



February 10, 1989

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

RE: Administrative Approval of an  
Unorthodox Proration Unit and  
Downhole Commingling of the  
Fruitland Coal and Pictured Cliffs  
Formations  
Inez #1  
790' FNL & 1850' FEL  
Section 33, 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 proration unit and downhole commingling of the Fruitland Coal and Pictured Cliffs formations in the Inez #1 well located in the NE/4 of Section 33, 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 be affected by the granting of this application by the NMOCD. We request your support and approval of this application. Please 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. McCord*  
Kevin H. McCord  
Petroleum Engineer

Enclosures

The undersigned has no  
objection to the above  
application.

DUGAN PRODUCTION CORPORATION

By: *Thomas A. Regan*

Date: 2-13-89

ROBERT L. BAYLESS

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

February 10, 1989

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



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

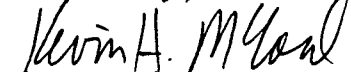
Inez #1  
790' FNL & 1850' FEL  
Section 33, T26N, R12W  
San Juan County, NM

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Sincerely,

  
Kevin H. McCord  
Petroleum Engineer

Enclosures

The undersigned has no  
objection to the above  
application.

ALEXANDER ENERGY

By: 

Date: 2/24/89

ROBERT L. BAYLESS

PETROLEUM PLAZA BUILDING

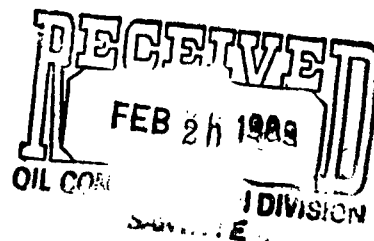
P. O. BOX 168

FARMINGTON, NEW MEXICO 87499

(505) 326-2659

February 10, 1989

Hixon Development Co.  
P.O. Box 2810  
Farmington, New Mexico 87499



RE: Administrative Approval of an  
Unorthodox Proration Unit and  
Downhole Commingling of the  
Fruitland Coal and Pictured Cliffs  
Formations  
Inez #1  
790' FNL & 1850' FEL  
Section 33, T26N, R12W  
San Juan County, NM

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Sincerely,

*Kevin H. McCord*  
Kevin H. McCord  
Petroleum Engineer

Enclosures

The undersigned has no  
objection to the above  
application.

HIXON DEVELOPMENT COMPANY

By: *Aldrich L. Kuchera*  
Aldrich L. Kuchera  
President

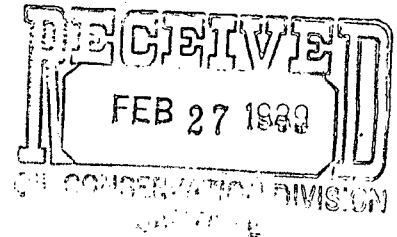
Date: February 14, 1989

ROBERT L. BAYLESS

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

February 10, 1989

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



RE: Administrative Approval of an  
Unorthodox Proration Unit and  
Downhole Commingling of the  
Fruitland Coal and Pictured Cliffs  
Formations  
Inez #1  
790' FNL & 1850' FEL  
Section 33, T26N, R12W  
San Juan County, NM

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Sincerely,

*Kevin H. McCord*  
Kevin H. McCord  
Petroleum Engineer

Enclosures

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objection to the above  
application.

P-R-O Management

By: *Thomas R. Zavala*

Date: 2-17-89

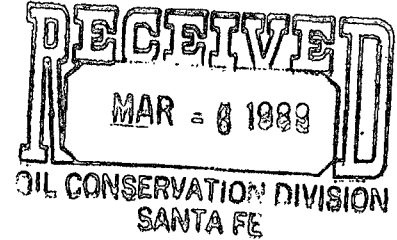


ROBERT L. BAYLESS

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

February 10, 1989

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



RE: Administrative Approval of an  
Unorthodox Proration Unit and  
Downhole Commingling of the  
Fruitland Coal and Pictured Cliffs  
Formations  
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790' FNL & 1850' FEL  
Section 33, T26N, R12W  
San Juan County, NM

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Sincerely,

*Kevin H. McCord*  
Kevin H. McCord  
Petroleum Engineer

Enclosures

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objection to the above  
application.

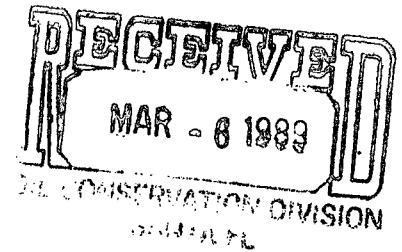
CHEVRON U.S.A. INC.

By: *Fl Godbold*

Date: 3/2/89

ROBERT L. BAYLESS

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



February 10, 1989

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

RE: Administrative Approval of an  
Unorthodox Proration Unit and  
Downhole Commingling of the  
Fruitland Coal and Pictured Cliffs  
Formations  
Inez #1  
790' FNL & 1850' FEL  
Section 33, T26N, R12W  
San Juan County, NM

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Sincerely,

*Kevin H. McCord*  
Kevin H. McCord  
Petroleum Engineer

Enclosures

The undersigned has no  
objection to the above  
application.

Jerome McHugh

By: *Jerome McHugh*

Date: 3/2/89

JLH

ROBERT L. BAYLESS

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

February 10, 1989

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

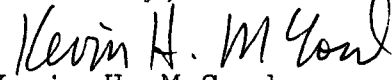
RE: Administrative Approval of an  
Unorthodox Proration Unit and  
Downhole Commingling of the  
Fruitland Coal and Pictured Cliffs  
Formations  
Inez #1  
790' FNL & 1850' FEL  
Section 33, T26N, R12W  
San Juan County, NM

Gentlemen:

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Bayless has determined that you are an operator of offset acreage that could possibly be affected by the granting of this application by the NMOCD. We request your support and approval of this application. Please 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. McCord  
Petroleum Engineer

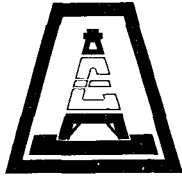
Enclosures

The undersigned has no  
objection to the above  
application.

CELSIUS ENERGY COMPANY

By:   
President

Date: February 24, 1989



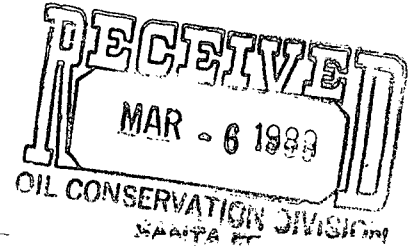
## CELSIUS ENERGY COMPANY

79 SOUTH STATE STREET • P. O. BOX 11070 • SALT LAKE CITY, UTAH 84147 • PHONE (801) 530-2600

March 2, 1989

New Mexico Oil Conservation Division  
310 Old Santa Fe Trail, Room 206  
Santa Fe, New Mexico 87503

ATTN: William LeMay

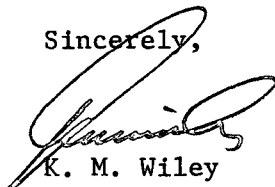


RE: Application for Administrative  
Approval of an  
Unorthodox Proration Unit and  
Downhole Commingling of the  
Fruitland Coal and Pictured Cliffs  
Formations  
Inez #1  
790' FNL & 1,850' FEL  
Section 33: T-26-N, R-12-W  
San Juan County, New Mexico

Gentlemen:

Transmitted herewith is an executed copy of the application letter as described. Celsius Energy Company has executed the enclosed letter granting its approval to Bayless' application.

Sincerely,

  
K. M. Wiley  
Landman

KMW/mto

Enclosure

cc: Robert L. Bayless  
ATTN: Kevin McCord  
P. O. Box 168  
Farmington, NM 87499



STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION  
AZTEC DISTRICT OFFICE

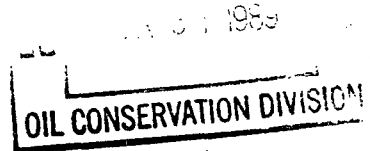
1000 RIO BRAZOS ROAD  
AZTEC, NEW MEXICO 87410  
(505) 334-6178

OIL CONSERVATION DIVISION  
BOX 2088  
SANTA FE, NEW MEXICO 87501

DATE 3-28-89

RE: Proposed MC \_\_\_\_\_  
Proposed DIIC X \_\_\_\_\_  
Proposed NSL \_\_\_\_\_  
Proposed SWD \_\_\_\_\_  
Proposed WFX \_\_\_\_\_  
Proposed PMX \_\_\_\_\_

NIP X



Gentlemen:

I have examined the application dated 3-9-89

for the Robert L. Bayless INEE #1 18-33-26N-12W  
Operator Lease and Well No. Unit, S-T-R

and my recommendations are as follows:

Approve  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Yours truly,

Ernest R. Bush