

June 12, 1979

of tubing due to strong corrosion or to retrieve stuck pumps. The lower zone (Langlie Mattix) produced water is quite corrosive, has caused calcium carbonate scaling and is very difficult to inhibit with the present mechanical configuration. Repeated down-hole mechanical failures and subsequent fishing jobs increase the risk of junking the wellbore.

Additional operating costs (3 major fishing jobs) attributable to the present down-hole equipment have averaged \$9322/year over the last three years (1977 = \$15,010, 1978 = \$4050 and first five months 1979 = \$8906). Down-hole commingling will permit simplification of the pumping system and will result in reduced lifting costs and more effective treating for corrosion and scale.

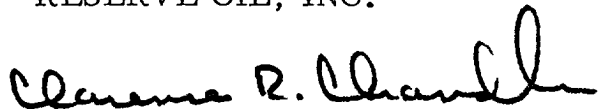
Reserve Oil, Inc. proposes that the Baker packer be removed and a single string of 2 3/8" tubing be used to pump the down-hole commingled fluids. As previously stated, the Jalmat gas zone (upper) is presently logged off with water. By being able to keep this slow buildup of water pumped off, the recovery of Jalmat gas will be greatly improved. An example of the potential for improving Jalmat gas zone recovery is shown in Attachment "D" (Production Decline Curve for Jalmat gas zone). On January 16, 1978, due to the poor performance of the gas zone (upper) during the last half-1977, the 1" vent string for the lower zone was raised above the packer so as to allow Jalmat gas zone water to be pumped from the tubing-casing annulus. The results are self-explanatory. On April 13, 1978, the 1" vent string was lowered back into the packer, resulting in the total loss of Jalmat gas production by December, 1978 (due to logging off with water).

The Jalmat (Gas) Pool and Langlie Mattix (Oil) Pool are both unitized in the Cooper Jal Unit and have common working interest and royalty interest ownership. Previous down-hole commingling for the Jalmat (Oil) and Langlie Mattix (Oil) Pools in the Cooper Jal Unit for selective wells was approved by Order No. R-5590 on November 22, 1977.

Additional data required by Rule 303-C, Section 2 is attached for your review.

Very truly yours,

RESERVE OIL, INC.



Clarence R. Chandler

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Attachments

cc: ☒ Energy and Minerals Dept. - Hobbs