



Appalachian Region

Timely, Informed Technology Decisions

Newsletter

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FROM THE DIRECTOR’S DESK

Now that our new 5-year contract with PTTC is in place and funding has been received and allocated, we are able to move ahead with plans for 2004 and beyond. During a late January meeting of the **Appalachian Producer Advisory Group**, PAG members reviewed recommendations for workshops, added a few ideas of their own, and ended up with a prioritized list of ten workshops, probably more than we can develop between now and October 1. In

addition, most of the PAG members who were present volunteered to assist with the workshop, or workshops, of their choice. We are in the process of identifying partners who are willing to team with PAG members to develop each of these workshops. So far, Greg Mason and the Ohio Geological Society have organized a workshop on **horizontal drilling** in various Appalachian basin plays for May 27 at the Salt Fork Resort in Ohio, and Rick Goings and the

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West Virginia Geological Survey have teamed to develop a workshop to update activity in the **Trenton-Black River play**. The Kentucky Geological Survey is moving ahead with plans for a **Petra software workshop** on June 15 at the University of Kentucky in Lexington, and will host a combined **core workshop and field trip** on October 20 on the **Trenton-Black River**, also in Lexington.

During this same meeting, PAG members re-elected Joe Frantz, Brad Gill, Rick Goings, Greg Mason and Steve Nance to new 3-year terms, and elected Scott Gilbert, a new member, to a 3-year term. “Old” member Leo Schrider, our original PAG Chairman who moved up to Chairman of the national Board of Directors (BOD), returned to the PAG to fill out the remaining two years of Art Van Tyne’s term. We welcome Leo back, but we will miss Art, another of our charter members, and wish him well. Thanks, Art, for all you have done for us.

I recently returned from our annual trek to Washington, DC where we combine a meeting of Regional Directors and the national BOD with informational visits to the Hill. During the meeting, each of the ten regional directors gave a presentation on activity in his or her region during the previous year. Our focus was on the impact we made through our **Trenton-Black River workshops** and our five **Well Safety for**

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Well Tenders workshops that attracted approximately 600 registrants. In fact, the well tender workshops were so well received that Matt Vavro, who organized and coordinated the workshops for us, was invited to make a 30-minute presentation to the Board.

It may not be too late to send in your abstract for the **2004 Eastern Section AAPG meeting** in Columbus, Ohio, October 3-6. Technical Program Chair Ron Riley may be persuaded to accept late abstracts to fill out his program. I know that I am still looking for abstracts for a session that I am trying to put together on the **Full Cycle of Coal Bed Methane - from Cradle to Grave**. See below for details on both events.

Although this officially is our “winter” issue, you wouldn’t know it by the weather outside today. But, it still is early enough in the year for us to accept and act on suggestions from you, the industry members that we are trying to serve, regarding our program this year. If you have any comments or suggestion to make, please contact me or PAG Chairman Bernie Miller (bmiller@bretagnep.com) or any of the other 17 PAG members.

Doug Patchen
RLO Director

Final Recommendations from the Coal Bed Natural Gas Workshop; WV Energy Road Map Workshops to Continue

An extremely energetic group of more than 150 stakeholders interested in coal bed natural gas assembled at the Stonewall Resort near Roanoke, WV last October to identify issues with coal bed natural gas that are perceived as impediments to the development of this resource in West Virginia. Furthermore, the group was asked to identify steps that the State of West Virginia can take to remove these impediments. More than 650 comments were received and documented from the three breakout sessions. To read the complete workshop report, visit the workshop series website at www.WVEnergyRoadmapWorkshops.org click on “series reports” from the menu on the left, and then select this workshop from the list on the page that comes up.

As one would expect, the ownership of natural gas in coal beds was a hot topic for discussion during the first breakout session. Participants expressed the opinion that uncertainty, confusion and conflict regarding ownership of gas in coal beds is the main impediment to the development of the resource. There was a general consensus that the ownership issue needs to be resolved and that a clear ruling from the courts is necessary to provide certainty and allow development to proceed. During discussions of regulatory issues, inconsistencies in oil and gas regulations, the number of regulatory agencies involved and the lengthy time for a permit to be approved were mentioned. Other concerns

were the need to address horizontal drilling, consent to fracture and forced pooling. Landowner concerns and conflicts between the two main extractive commodities also were addressed.

The second breakout session stressed economic impediments and incentives, specifically the cost of recovery, water disposal, problems created by low permeability, pumping technology and costs, the necessity for compression, how gas prices affect the ability of a company to attract financing, tax incentives, enhancing production via carbon dioxide injection, and related greenhouse gas issues. The need for education and additional research was mentioned in discussions of many of these topics, along with the suggestion that public-private partnerships might be necessary to fund and conduct the required research and development. The need for more and better data also was a big issue, and a recommendation was made that a clearinghouse for data should be established at the State Geological Survey.

Session three focused on the infrastructure that will be necessary to fully develop the resource, especially in the southern part of the state. Pipelines, gas quality, transmission and capacity issues were addressed. Of these, pipeline capacity was identified as the key problem. Furthermore, the relatively short life of a coal bed methane well or project was mentioned as making it difficult to justify long-term investment in additional pipeline

capacity. The bottom line seemed to be that we need more pipelines, and that it may be necessary for government and various segments of the energy industry to form partnerships to build them.

The 6-person workshop Program Committee reviewed all of the comments that were received, and made these six recommendations for action:

First, the State should take steps to resolve the coal bed natural gas ownership issue by writing new legislation which would resolve issues not resolved in the recent decision handed down by the West Virginia Supreme Court.

Second, once the ownership issue is resolved, the State should write comprehensive Rules & Regulations for coal bed natural gas development, and place regulatory responsibility within one State agency. Such legislation should streamline the process of obtaining permits and reporting to the designated agency that will oversee all aspects of coal bed natural gas development, production and utilization.

Third, the State should evaluate the costs and benefits of providing incentives to develop the coal bed natural gas resources in West Virginia, including tax incentives and credits. It was recommended that the Department of Environmental Protection should issue a Request for Proposals for a report assessing the economic benefits to the State which would result from State investments in coal bed natural gas development.

Fourth, the State should establish one clearinghouse for coal bed natural gas data, and encourage coal bed natural gas producers to submit data in a timely manner. It was further suggested that the West Virginia Geological Survey should be

designated as the clearinghouse for these data, and that they should be charged with the responsibility of making these data readily available. To accomplish this, it was suggested that the existing coal and oil and gas databases at the Survey be modified to accommodate additional data related to coal bed natural gas development and production.

Fifth, the State should provide matching funds for a Government/Industry/Academic Coal Bed Natural Gas Institute, and house this Institute at West Virginia University. This Institute should be charged with developing a research plan for coal bed natural gas drilling, completion, production, carbon dioxide injection, water use and disposal, enhanced coal bed natural gas production technology, gathering, compression and transmission, and developing the necessary infrastructure. The Institute should receive and approve research proposals funded by the State and industry; cost share would be required.

Finally, the State should encourage and promote the development of the infrastructure necessary to bring coal bed natural gas to the market place. It was recommended that the State Energy Committee should be charged with writing a report with recommendations regarding the type of infrastructure needed and the associated costs and benefits which would result from such investments.

In more recent developments, the West Virginia Development Office and the National Research Center for Coal and Energy at West Virginia University announced a continuation of this popular Energy Road Map Workshop Series. Four workshops have been scheduled to assess coal's role as an energy leader in West

Virginia. The new series will begin on April 29 with a workshop in Beckley, WV on **Coal Workforce Development** issues. This will be followed on July 22 with a workshop that will focus on the **Role of Coal in Economic and Homeland Security**, in Shepherdstown, WV. The series will

continue on September 22 with a workshop on **Coal Utilization Technologies**, in Morgantown, and conclude on November 10 with a workshop to assess the impact of **National Coal Issues on West Virginia**, in Charleston, WV.

Abstracts Requested for ES-AAPG Technical Meeting; Full Cycle CBM Session Planned

Ron Riley, Technical Program Chairman for the upcoming **AAPG-Eastern Section 2004 Meeting** has issued a Call for Papers. Abstracts are due April 1, but it is possible that the deadline can be extended if worthy abstracts are received prior to the end of April. Oral papers will be 25 minutes in length, followed by a 5-minute question and answer period. Abstracts should not be submitted unless at least one author is certain to attend the meeting. Speakers are required to register for the meeting, which will be held October 3-6, 2004 at the Ramada Plaza Hotel in Columbus, Ohio.

The theme for this year's meeting is **"Still Economic after all these Years."** The Technical Program Committee has identified 18 proposed topics that should fit nicely under this theme, including Trenton-Black River, Knox and pre-Knox frontier plays; bypassed reservoirs in mature fields; fractured reservoirs; unconventional petroleum systems; coal bed methane; GIS and computer applications; environmental assessment and remediation; case studies; geophysical methods; sequence stratigraphy;

reservoir characterization; evaluation and prediction of stratigraphic traps; and carbon dioxide sequestration. For further information, contact Ron Riley at the Ohio Geological Survey, 614-265-6573, or e-mail him at ron.riley@dnr.state.oh.us.

PTTC has been asked to organize a special **Full Cycle Coal Bed Methane Session** as part of this meeting. The concept of a "Full Cycle Symposium" has been in the development stage for several years by an Energy Minerals Division (EMD) committee. It is defined as a symposium that includes a series of papers that encompass the "full cycle," i.e., from cradle to grave, of an energy resource project that is within EMD's topic area (coal bed methane, coal, gas hydrates, gas shales, tar sands, geothermal, nuclear). For the 2004 Eastern Section meeting, coal bed methane has been selected as the topic of choice. Therefore, abstracts are being requested for a wide range of coal bed methane talks, including preliminary resource assessment, selecting targets and play fairways, assessment of ownership and leasing issues,

setting up and conducting an exploration program, assessing engineering and economic issues, drilling, completion and production decisions, and enhanced gas projects, including CO2 sequestration. Case studies and actual examples are encouraged.

If you would like to participate in this special session, contact Ron Riley (see contact information above), or me at 304-293-2867, x5443; e-mail to doug.patchen@mail.wvu.edu.

Oil and Gas Sessions Planned for Canadian Meetings at the Northern End of the Basin

The Geological Association of Canada has joined forces with the Mineralogical Association of Canada to co-host a technical meeting in St. Catharines, east of Toronto, from May 12-14, 2004. The overall theme for the meeting is “**Lake to Lake**,” a reference to the geographic location of the meeting between two of the Great Lakes, Ontario and Erie. Technical sessions will be held at Brock University, hosted by the Geology Department.

For the first time, the Ontario Petroleum Institute is participating in this meeting. Steve Fletcher, former OPI Executive Director, and Ian Colquhoun, of Veterans Resources, are convening a special oil and gas session called “**Ontario Oil and Gas, the Joining of Two Basins.**” The session will feature oil and gas exploration and development in the Appalachian and Michigan basins, with a focus on current exploration targets and approaches. We

have been invited to present a paper on the current Trenton-Black River Play in New York and West Virginia, which should be of interest in the Ontario Peninsula, where wells have been drilled to hydrothermal dolomite zones in the Trenton and underlying Black River for several years.

For further information, click on the link provided on our calendar page.

The Ontario Petroleum Institute also has issued a Call for Papers for their 43rd Annual Conference and Trade Show, which will be held at the Sheraton Fallsview Hotel in Niagara Falls, Ontario, November 8-10, 2004. This is a joint meeting with the Independent Oil and Gas Association of New York. Abstracts, which should not exceed 250 words, can be sent to OPI, 555 Southdale Road East, Suite #104, London, Ontario N6E 1A2, by June 30, 2004. For further information contact OPI at opi@ontpet.com.

AAPG Explorer Series Examines Northern Extension of Trenton-Black River Play

The February and March issues of the *AAPG Explorer* contain the first two articles of a planned three-part series on “Geology Without Borders.” Written by *Explorer* Correspondent Susan Eaton, the articles describe the extension of the Trenton-Black River play into eastern Canada and the efforts of one Canadian company to export proven Canadian technology to the play in upstate New York.

In the first article, Eaton describes efforts by Calgary-based Talisman Energy to unlock the key to producing the hydrothermal dolomite reservoirs in the Trenton-Black River in Ontario and New York. Eaton writes that, since acquiring a majority interest in the Goldsmith/Lakeshore field in Ontario in 1998, Talisman has drilled 100 horizontal wells in it, extending the field to the northwest and southwest. Using horizontal drilling technology, including multi-laterals off existing horizontal wells, Talisman has pushed the field 5,000 meters under Lake Erie in an effort to cut across collapse grabens characteristic of the play in southern Ontario. Since its discovery in 1985, the field has produced 5 MM barrels of oil and 3 Bcf of gas. Current production is approximately 700 bbl/day and 1 MMcf/day. Remaining reserves are estimated as being in the 2 MM bbl and 1 Bcf range.

Eaton quotes Bob Bonnar, Talisman’s exploration manager for

Ontario and New York, on the role that horizontal drilling has played in the success of the play. According to Bonnar, drilling horizontal wells has increased the chance of success of drilling a commercial well from approximately 30 percent to 90 percent. He noted that these wells cost approximately \$C 2.5 million each. The typical well is drilled to a vertical depth of approximately 850 meters, and then horizontal legs are drilled an additional 3,000 to 4,000 meters.

Talisman has combined new drilling technologies with technologies previously proven in Alberta to develop this play. In 2003, Talisman exported these methods south of the border into upstate New York, where their wholly-owned subsidiary, Fortuna Energy, has purchased 55 MMcf/day, along with production facilities, and 115 Bcf in reserves. According to Bonnar, two of Fortuna’s first four wells in New York tested 2.4 MMcf and 10.4 MMcf/day from the Trenton-Black River section. Talisman later announced that another discovery well, in the Corning area, tested 18 MMcf/day from a horizontal well in the upper Black River.

Eaton’s first article continues with a description of exploration efforts in Quebec, mainly in the St. Lawrence lowlands between Montreal and Quebec City. In her second article, she moves farther to the east, describing efforts to location suitable structures and dolomite

zones in the Ordovician carbonate section in Newfoundland.

A note attached to the end of the article mentions that Graham Davies and Langhorn “Taury” Smith will co-chair a poster session at the upcoming AAPG meeting in Dallas on “**Hydrothermally**

Altered Carbonate Reservoirs: Models and Case Studies.” This session is scheduled for Tuesday afternoon, and will contain posters from the Appalachian basin as well as western Canada, offshore Nova Scotia, the North Sea and onshore Ireland.

AAPG Distinguished Lecturer Discusses New Theory for Quartz Cementation in Fractures

Linda M. Bonnell, President and Scientific Advisor of Geocosm LLC, Austin, TX and a current AAPG Distinguished Lecturer, was the featured speaker at the joint meeting of the Pittsburgh Association of Petroleum Geologists and the Appalachian Geological Society, March 11, 2004 at the Ramada Inn and Conference Center, Morgantown, WV. Dr. Bonnell, whose research interests include using empirical, experimental and modeling approaches to better understand sandstone diagenesis, and the understanding between diagenesis and fractures, discussed “**Sealed, Bridged or Open - A New Theory of Quartz Cementation in Fractures.**” Her abstract follows. Because fracture networks play a key role in determining the economic viability of tight gas sandstones, assessment of fracture

properties should be an integral part of reservoir quality evaluation of these sandstones. Fracture fluid flow properties are a function of aperture and length distributions, connectivity, clustering, and orientations, as well as the extent to which fractures have been filled with cements. By studying the link between diagenesis and fractures, a more accurate prediction of fracture attributes can be achieved. In this presentation, I review our on-going efforts to develop predictive models of the interaction between quartz cementation and fractures.

Quartz cementation influences fracture systems by affecting the rock mechanical properties at the time of fracture formation, which, in turn, influences fracture aperture distributions and clustering. Modeling the quartz cementation history provides a means to understand the evolution of fracture

characteristics when used in concert with basin and geomechanical models. In this presentation, we reconstruct the interaction between quartz cementation and fracture development in the Travis Peak Formation of East Texas. The quartz cement model reproduces the amount of quartz cement in the unfractured portions of the sandstones and allows us to predict the volume of intergranular cements and porosity at the time of fracture formation as constrained by fluid inclusion analyses of quartz cement in fractures combined with thermal reconstructions. Both intergranular cements and porosity are key controls on subcritical crack index, a mechanical rock property that influences fracture characteristics (Olson et al., 2001.)

Unraveling the pattern of quartz cement within fractures has benefited greatly from recent advances in false color SEM/cathodoluminescence imaging (Milliken and Laubach, 2000.) Quartz cement in fractures can have a wide range of morphologies including, 1) overgrowths that completely fill the fracture, 2) quartz “bridges” that span an otherwise open fracture, and, 3) euhedral quartz crystals lining the edge of the fracture. Not surprisingly, these different quartz cement morphologies exert a large influence on the fracture fluid flow and mechanical properties. Until now, there have been no conceptual models to explain the different quartz cement morphologies observed in fractures. Recent work by Geocosm and the Bureau of Economic Geology has led to the development of a 2D model that links

cement morphology to the timing and rate of fracture opening as well as to the sandstone texture, composition, and thermal history. The model explicitly considers the influence of fractures on geometry of nucleation surface area in intergranular and fracture pores. The modeled surface area evolves in response to both the cementation process (which tends to reduce the surface area) and the fracture process (which tends to increase the surface area). The model also accounts for the dependency of precipitation rate on crystallographic orientation. Preliminary model results suggest that quartz cement morphology in trans-granular fractures is a function of the sandstone composition, texture, crystallographic orientation of quartz grains, temperature history and the opening rate and frequency of fracturing. If these preliminary results hold up under further testing, they may provide valuable insights into both the timing and the rate of fracture opening.

Dr. Bonnell’s talk was very well received by those in attendance, some of whom expressed the opinion that this type of research could be applied to tight sandstone reservoirs in which fractures are partially filled with quartz.

For further information, you are referred to Bloch, S., R.H. Lander and L.M. Bonnell, 2002, Anomalously high porosity and permeability in deeply buried sandstone reservoirs: origin, and predictability. AAPG Bulletin, v. 86, no. 2, p.301-328.

Are There More Council Run Gas Fields Waiting to be Found?

Chris Laughery, Dan Billman and Mike Canich are to be congratulated for their fine research and perseverance in getting their manuscript on the petroleum geology and geochemistry of the Council Run gas field, north central Pennsylvania, published in the February issue of the AAPG Bulletin. Many of you may remember that this field was the subject of a PTTC workshop on reservoir characterization of the Upper Devonian Elk sandstones, held on September 7, 2000 in Cranberry, PA.

The Council Run gas field, the easternmost significant gas field in Pennsylvania, is located near the eastern edge of the Appalachian Plateau adjacent to the Allegheny structural front. Prior to the discovery of Council Run field in 1982, exploration was confined to areas to the west, largely because operators believed that structural complexity in rocks close to the front would result in poor reservoir seals, porosity and permeability were assumed to be low due to advanced diagenesis, and potential source rocks in the area are post mature. All of this thinking changed when Eastern States Exploration Company completed

the No. 1 Commonwealth of Pennsylvania Tract 231 well in a 36-foot thick section of the Fifth Elk sandstone at depths of 4636-4672 feet. According to the authors, the after-fracture open flow was 1.96 MMcf per day, and the reported reservoir pressure was 1740 psi after seven days.

In this paper, the authors describe the stratigraphy of the major producing sandstones in the field, interpret the reservoir geology of the Fifth Elk sandstone, and document the petroleum geochemistry of the source rocks and natural gas produced in the field. They successfully demonstrate the utility of sequence stratigraphy to help understand the distribution of reservoir rocks in the field and propose a burial history and petroleum migration model that is applicable in the search for other accumulations along the Allegheny Front in this area.

In their summation, the authors state that the principle reservoir sandstones in Council Run field were deposited during a Late Devonian third-order transgressive-regressive cycle, about 380 million years ago. The most important reservoirs occur in a fourth-

order type 1 stratigraphic sequence that begins at the base of the Fifth Elk sandstone and extends upward to the base of the Third Bradford sandstone. The authors interpret the vertical sequence of coarse (lowstand), fine (transgressive) and coarse (highstand) lithologies as evidence of incised valley-fill sediments. The Fifth Elk sandstone accumulated in marine-dominated, delta-front environments of the lowstand systems tract during a forced regression. Reservoir quality was altered by diagenesis during burial that lowered the rocks through the oil window into the deep gas window, and altered again during later uplift. Black shales in the Burket Member of the Harrell Formation (Upper Devonian) and in the Marcellus Formation (Middle Devonian) are the probable source rocks for the gas produced in the field. These gases are actually a mixture of gas generated in the oil window before maximum burial and gas generated by the conversion of oil to gas during deeper burial. These source rocks are now post mature; their generation potential is very low.

The authors note that Lock Haven sandstones along the Allegheny Front

northeast and southwest of Council Run are thicker than those at Council Run field, but hydrocarbon entrapment in these other areas was not as efficient as it was at Council Run field. They attribute this to a combination of less structural complexity in the Council Run area, thicker source rocks and shorter migration routes, relatively lower maturation temperature exposures, and faster uplift rates during the Alleghanian orogeny. Instead of continuing to explore along the Allegheny Front, the authors suggest that exploration programs should be focused in areas west of Council Run field, where additional lowstand deposits might occur.

The critical moment at Council Run field, according to the authors, was about 260 to 240 million years ago, when most of the oil in the petroleum system was cracked to gas. They conclude by stating that a petroleum systems approach provides the best analytical tools for finding and developing other such accumulations in areas of central Pennsylvania that are removed from the principal producing fields farther to the west.

Oil and Gas Production Decline Curves for West Virginia

The West Virginia Geological Survey has provided the PTTC Resource Center with an open file report on oil and gas production decline curves and ratios for West Virginia. The report includes gas decline curves and ratios for 22 gas plays and 10 oil plays. Maps showing the locations of wells used in the analysis of 10 gas plays are included. A summary table of decline ratios for flush and settled production is included at the end.

The stratigraphic range of gas plays included in the analysis extends from coal bed methane plays in the north (Pittsburgh gob) and south (vertical and non-vertical) down to the deeper Silurian (Newburg, Lockport, Tuscarora) and Ordovician (Trenton) plays. Oil plays range from Pennsylvania Salt sandstones down to Upper Devonian Venango sandstones and the Gordon sandstone.

Twenty five years of production data were used in the analysis.

News & Notes: Recommendations from Your PAG; West Virginia Geological Survey Changes Mailing Address

We have a few informational items to pass along to you. First, beginning with this edition, we are adding a new feature that will contain quotes from your PAG members concerning interesting and useful articles that they have read or meetings/talks/workshops that they have attended.

We will begin with PAG member Royal Watts, who was impressed by a recent **well logging workshop** he attended, and offered these comments. "Attendance at this well logging workshop was very good, over 55 geologists and engineers attended. Open hole and cased hole applications were

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presented in good detail. Fracture detection and analysis in addition to through casing logging for hydrocarbons were covered. This information could be very valuable for reservoir evaluation in the Appalachian basin. A log workbook was available for all participants.” The workshop, sponsored by the Appalachian Geological Society, was held February 19 in Bridgeport, WV. Three presentations were made by experts from Allegheny Wireline Services, Schlumberger Well Services, and Baker-Atlas.

Second, another PAG member, Roger Willis, recommends reading an article in a recent edition of the American Oil and Gas Reporter (February 2004, p. 97-103). “**Hydraulic frac diagnostics making wide tracks in path to well profitability**” was the title of an article written by Kevin Fisher of Pinnacle

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Technologies that caught Roger’s interest. Roger commented that “This is a great article explaining some of the technologies that are available to diagnose exactly what a created fracture looks like in a real well. The article covers tiltmeter and microseismic fracture imaging case studies on actual wells and evaluates their effectiveness in designing more effective treatments.”

And finally, the West Virginia Geological Survey has given up their Post Office box in Morgantown after many decades, probably back to at least WWII. **Beginning immediately**, their new address will be 1 Mont Chateau Road, Morgantown, WV 26508-8079. Do not be confused by the new zip code! It appears to be wrong, but the Post Office actually changed it from 26507-0879 to 26508-8079. (It confused me, too.)