



BRUCE KING
GOVERNOR
LARRY KEHOE
SECRETARY

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

June 28, 1979

Mr. Scotty Smith
Grace Petroleum Corporation
Three Park Central, Suite 200
1515 Arapahoe Street
Denver, Colorado 80202

Re: Grace Petroleum Corporation
Grace Federal 19 #1
K-19-24N-6W
Devils Fork Gallup Associated Pool

Dear Mr. Smith:

The captioned well is located on the same drill tract, W/2 Section 19, as the Petroleum Consultants, Inc., #1 Lybrook well located C-19-24N-6W.

Also, the well is located closer than 790 feet to a quarter section line which does not comply with the Pool Rules.

It is our understanding that a merger is planned insofar as this drill tract is concerned.

The well may be drilled and completed provided that: 1. the location is moved or approval is obtained for this location, 2. the captioned well shall not produce commercially until both wells are operated by the same operator with common well names or until non-standard drill tracts have been approved.

If there are questions, please contact us.

Yours very truly,

A. R. Kendrick
District Supervisor

xc: Petroleum Consultants, Inc.
U.S.G.S., Durango
Oil Conservation Division, Santa Fe

Location ARK:no
sk B.P.