JERRY APODACA

NICK FRANKLIN SECRETARY

STATE OF NEW MEXICO

ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION AZTEC DISTRICT OFFICE

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

May 17, 1978

Merrion & Bayless
P. 0. Box 1541
Farmington, New Mexico 87401

Re: Hi Roll #2, K-35-27N-13W Hi Roll #3, G-35-27N-13W

Gentlemen:

As per our telephone conversation May 16, 1978, the intended locations for the above wells are not in accordance with Rule 104 of the Rules and Regulations of the Oil Conservation Division. Please refer to paragraph F of Rule 104 and file an application for an unorthodox location for each well. Send two copies of each application to this office and two copies to our Santa Fe office.

Also, as per your telephone conversation with Mr. Kendrick, the pool name for all four Hi Roll lease wells has been changed to WAW Fruitland Pictured Cliffs from Nipp Pictured Cliffs. This gives you the opportunity to down-hole commingle production from the Fruitland and Pictured Cliffs zones.

If you have any questions, please call this office.

Yours truly

Frank T. Chavez

Deputy Inspector, District #3