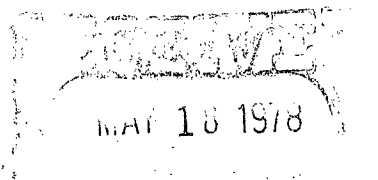


J. GREGORY MERRION
PETROLEUM ENGINEER
P. O. BOX 507
FARMINGTON, NEW MEXICO 87401



May 17, 1978

New Mexico Oil Conservation Commission
P.O. Box 2088
Santa Fe, New Mexico 87501

RE: Hi Roll #2
Pic. Cliff Test
SW/4 Sec. 35, T27N, R13W
San Juan County, NM
(30-045-23033)

Gentlemen:

Please accept this as our application for administrative approval of an unorthodox location for the above well as shown on the attached survey plat. You will note we have moved the location 150 feet north from the orthodox location to comply with the requirements of the Navajo Indian Irrigation Project.

We are sending a copy of this application to the offset acreage holders along with a request for waiver on their part if they have no objection.

Yours very truly,

MERRION & BAYLESS

By

A handwritten signature in dark ink, appearing to read "J. Gregory Merrion". The signature is written over a horizontal line that extends across the page.

J. GREGORY MERRION

JGM/eh

Enclosure: Intent to Drill
Survey Plat

cc: 2 copies - Aztec NMOCC
1 copy - each offset acreage holder

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/>			6. LEASE DENIGATION AND SERIAL NO. NM 33047 18 1978		
b. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>			7. UNIT AGREEMENT NAME		
2. NAME OF OPERATOR J. Gregory Merrion and Robert L. Bayless			8. FARM OR LEASE NAME Hi Roll		
3. ADDRESS OF OPERATOR P.O. Box 1541, Farmington, NM 87401			9. WELL NO. 2		
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface 2000 FSL and 1850 FWL At proposed prod. zone Same			10. FIELD AND POOL, OR WILDCAT NIPP Picture Cliff		
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 14 miles south of Farmington			11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Sec. 35, T27N, R13W		
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 1850'		16. NO. OF ACRES IN LEASE 640		17. NO. OF ACRES ASSIGNED TO THIS WELL 160	
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 2400'		19. PROPOSED DEPTH 1300'		20. ROTARY OR CABLE TOOLS Rotary	
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 6034' GL			22. APPROX. DATE WORK WILL START* As soon as possible		

23. PROPOSED CASING AND CEMENTING PROGRAM				
SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
7-7/8"	5-1/2"	15.5#	30 ft.	10 sacks
4-3/4"	2-7/8"	6.4#	1300 ft.	100 sacks

Will drill 7-7/8" hole to 30 ft. and set 30 ft. of 5-1/2", 15.5# casing with 10 sacks cement. Will drill 4-3/4" hole to 1300 ft. and run logs. If appears productive, will run 1300 ft. of 2-7/8", 6.4#, J-55 casing and cement with 100 sacks. Will perforate and stimulate as required. Minimum specifications for pressure control equipment which is to be used - none required. Circulating medium will be clear water and natural mud and water loss control additives. The gas from this formation is not dedicated.

ESTIMATED TOPS:

Formation	Depth	Content
Ojo Alamo	Below Surface Alluvium	Water
Kirtland	156 ft.	
Fruitland	1050 ft.	
Picture Cliff	1256 ft.	Natural Gas

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. Robert L. Bayless TITLE Co-Owner DATE May 3, 1978
 (This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY _____ TITLE _____ DATE _____
 CONDITIONS OF APPROVAL, IF ANY:

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

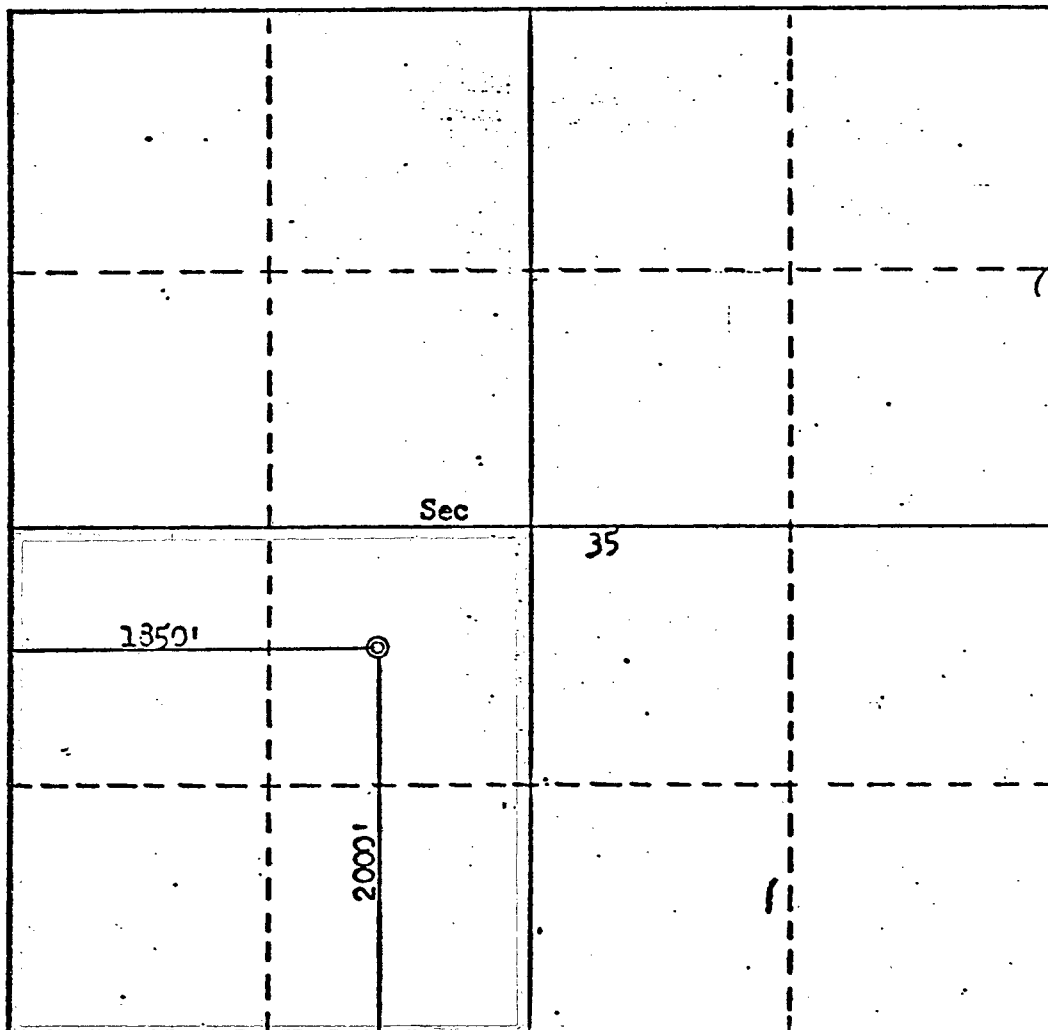
Operator Merrion & Bayless		Lease H1 Roll		Well No. 2
Unit Letter K	Section 35	Township 27N	Range 13W	County San Juan
Actual Footage Location of Well: 2000 feet from the South line and 1850 feet from the West line				
Ground Level Elev. 6034	Producing Formation Pictured Cliffs	Pool NIPP Pictured Cliffs	Dedicated Acreage: 160 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure 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 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 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

Robert L. Bayless

Position

Co-Owner

Company

Merrion & Bayless

Date

April 5, 1978

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

April 3, 1978

Registered Professional Engineer and/or Land Surveyor

Fred B. Merrion Jr.

Certification No. **3950**

3950

J. GREGORY MERRION
PETROLEUM ENGINEER
P. O. BOX 507
FARMINGTON, NEW MEXICO 87401

May 23, 1978

State of New Mexico
Energy & Minerals Dept.
Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87501

ATTENTION: R. L. Stamets

RE: Request for Information on
Applications: Hi Roll #2 and #3
Sec. 35, T27N, R13W
San Juan County, New Mexico

SW/4

N.p.p - Pictured Cliffs

Gentlemen:

The non-standard locations we are applying for are at the request of and approved by the Bureau of Indian Affairs, Department of Interior (refer to attached letter) who represent the Navajo Tribe in the development of the surface area for a large farming project called the Navajo Indian Irrigation Project. Therefore, no topographic considerations necessitated the moving of these locations and requirement three does not apply in our case. However, we have included topographic maps of the area showing the offset acreage holders and trust this will suffice. In addition, we have notified all known offset acreage holders by Certified mail of our application and they are as follows:

Jerome P. McHugh & Assoc.
Suite 1225
600 South Cherry St.
Denver, CO 80222

Dome Petroleum Corp.
1500 Colorado State Bank Building
Denver, CO 80202

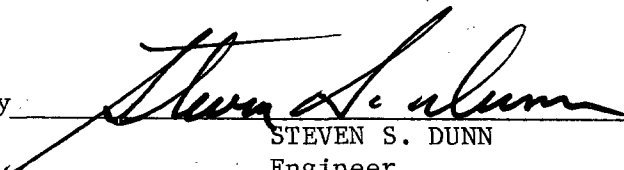
Dietrich Exploration Co., Inc.
602 Midland Savings Bldg.
444 17th Street
Denver, CO 80202

Phillips Petroleum
Security Life Bldg.
Denver, CO 80202

Yours very truly,

MERRION & BAYLESS

By


STEVEN S. DUNN
Engineer

SSD/eh

xc: NMOCC, Aztec

RESOURCES
Irrigation (NIIP)

NAVAJO INDIAN IRRIGATION PROJECT
P. O. Box 2157
Farmington, New Mexico 87401 MAY 24 1978

May 5, 1978

Memorandum

To: Area Manager, Bureau of Land Management
From: Project Engineer
Subject: Well locations and facilities - Merrion and Bayless
Company - Oil and Gas Lease No. NM33047

We have reviewed the well locations listed in your letter of April 28, 1978:

1. H1 Roll #1; SW $\frac{1}{4}$ SE $\frac{1}{4}$, Sec. 35, T. 27 N., R. 13 W. 790S-1450E
2. H1 Roll #2; NE $\frac{1}{4}$ SW $\frac{1}{4}$, Sec. 35, T. 27 N., R. 13 W. 2000S-1850W
3. H1 Roll #3, SW $\frac{1}{4}$ NE $\frac{1}{4}$, Sec. 35, T. 27 N., R. 13 W. 1350N-1850E
4. H1 Roll #4; NW $\frac{1}{4}$ NW $\frac{1}{4}$, Sec. 35, T. 27 N., R. 13 W. 790N-1100W

These locations had previously been discussed with Robert L. Bayless of Merrion and Bayless Company on March 28, 1978 and we recommended approval of the sites as proposed with the following stipulations:

- (1) All above ground well facilities within fields proposed for cultivation be held to a maximum height of 24 inches, (This includes wells H1 Roll #1 and H1 Roll #2),
- (2) All pipelines to serve the wells be installed (buried) in such a manner that they will not interfere with agricultural operations in the area,
- (3) Any modifications or relocations of facilities, other than the well itself, which in the future are found to interfere with the construction and/or development of the area for agricultural purposes in connection with the Navajo Indian Irrigation Project be performed by the lessee at the lessee's expense, and

(4) The lessee shall furnish the Navajo Indian Irrigation Project Project Manager a map showing well and pipeline facilities as installed, to include depth of pipeline cover.

We also suggest that the lessee contact the Navajo Indian Irrigation Project Project Manager prior to actual installation of wells and related facilities to review installation plans in an effort to avoid the possible need for modification or relocation of some facilities in the future.

J. L. Christensen

cc: Project Construction Engineer
Bureau of Reclamation
1006 Municipal Drive
Farmington, New Mexico 87401

Area Real Property Management Officer
Bureau of Indian Affairs
Navajo Area Office
Window Rock, Arizona 86515

General Manager
Navajo Agricultural Products Industry
Attention: Emery Chee
P. O. Box 86
Farmington, New Mexico 87401

Merrion and Bayless ✓
P. O. Box 1541
Farmington, New Mexico 87401

MERRION & BAYLESS
P.O. Box 507
Farmington, New Mexico

405-1714
MAY 21 1978

Proposed - Hi Roll #2
SW/4 Sec. 35, T27N, R13W
San Juan County, N.M.

James P. McHugh hereby consents
(Company Name)
to Merrion and Bayless drilling a proposed Pictured Cliffs test gas well
at a location 2000 feet from the south line and 1850 feet from the west
line of Section 35, Township 27 North, Range 13 West, San Juan County,
New Mexico.

By James P. McHugh
Title: Owner
Date 5-22-78

By William C. Langate
Title: District Engineer
Date May 26, 1978

JUL - 1 1978

MERRION & BAYLESS
P.O. Box 507
Farmington, New Mexico

Proposed - Hi Roll #2
SW/4 Sec. 35, T27N, R13W
San Juan County, N.M.

Dome Petroleum Corp hereby consents
(Company Name)
to Merrion and Bayless drilling a proposed Pictured Cliffs test gas well
at a location 2000 feet from the south line and 1850 feet from the west
line of Section 35, Township 27 North, Range 13 West, San Juan County,
New Mexico.

By William E. Babzale
Title: District Engineer

Date May 26, 1978

J. GREGORY MERRION
PETROLEUM ENGINEER
P. O. BOX 507
FARMINGTON, NEW MEXICO 87401

OFF. 326-8093
RES. 327-9094

CERTIFIED MAIL

May 23, 1978

Phillips Petroleum
Security Life Bldg.
Denver, CO 80202

RE: Hi Roll #2
SW/4 Sec. 35, T27N, R13W
San Juan County, NM

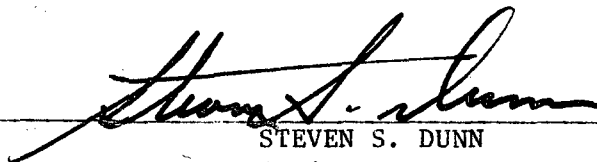
Gentlemen:

You will note from the enclosed copy of application we are requesting an unorthodox location for the above referred to well, and if you have no objection we would appreciate your signing the enclosed waiver and sending it direct to the New Mexico Oil Conservation Commission, P.O. Box 2088, Santa Fe, New Mexico 87501.

Yours very truly,

MERRION & BAYLESS

By



STEVEN S. DUNN
Engineer

SSD/eh

Enclosure: Waiver Form

xc: NMOCC:
Santa Fe
Aztec

REC'D. WEST. REGION	
MAY 25 1978	
REFER TO	ACTION
REG. MGR.	PLEASE HANDLE
EX. MGR.	FOR YOUR INFO
PL. MGR.	SEE ME
ED. MGR.	FOLLOW UP
ADM. MGR.	NO DA TR
	FILE
	PLACE IN
	1010 FILE

OIL CONSERVATION COMMISSION
Antec DISTRICT

OIL CONSERVATION COMMISSION
BOX 2088
SANTA FE, NEW MEXICO

DATE 5-18-78

RE: Proposed MC _____
Proposed DHC _____
Proposed NSL ✓ _____
Proposed SWD _____
Proposed WFX _____
Proposed PMX _____

R. L. Stamets

Gentlemen:

I have examined the application dated 5-17-78
for the Merrin & Bayless Hi Roll #2 K-35-27N-13W
Operator Lease and Well No. Unit, S-T-R

and my recommendations are as follows:

Approve
They filed for 4 PC wells in this section

Yours very truly,

AR Kendrick