

**ROVER OPERATING, INC.
EXPLORATION AND EXPLOITATION**

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June 24, 1996

State of New Mexico
Oil Conservation Commission
District I
P.O. Box 1980
Hobbs , New Mexico 88240

Attn.: Mr. Jerry Sexton, District Supervisor

RE: Exemption to Rule 704.A. (1)
 Phillips Lea Well # 4
 Lea County, NM.

Dear Mr. Sexton:

Enclosed are copies of Form C-103 covering the last two jobs done in an effort to bring the captioned well into compliance. There is apparently a very small collar leak that is the source of our trouble. Locating and sealing off a leak of this magnitude would be difficult.

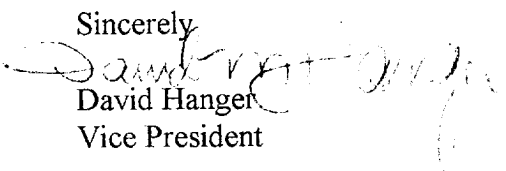
In view of the fact that we have had no problems with the plastic lined disposal tubing and have no pressure on the annulus while injecting I request the well be allowed to resume injection under the following conditions.

1) The same pressure test will be run annually with a pressure recorder. The results will be filed with the district office. The district will be notified prior to testing to allow a field inspector to witness the test.

2) In the event the pressure decline is essentially the same as the last test no further action will be taken until the next scheduled annual pressure test. If the pressure decline is more severe a radio-active tracer survey will immediately be run and injection halted until approval to operate is again granted by the Commission.

Please advise if this solution is acceptable.

Sincerely,


David Hanger
Vice President