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MERIDIAN OIL

December 18, 1989

Mr. Frank Chavez
New Mexico Oil Conservation Division
1000 Rio Brazos Road
Aztec, New Mexico 87410

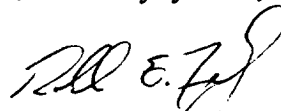
RE: San Juan 31-6 Unit SWD #301
Unit B, Section 6, T30N, R6W
Rio Arriba County, New Mexico

Dear Mr. Chavez:

The referenced disposal well for the San Juan 31-6 Unit was completed November 2, 1989 and has started water injection of produced water from the 31-6 Unit Fruitland Coal wells. Current injection is intermittent with an average rate of 1.7 BPM at 400 psi.

On November 6, 1989 a step rate test was conducted to determine the composite fracture parting pressure of the Morrison/Entrada interval. The results of the test were inconclusive. Meridian will therefore accept the maximum surface injection pressure allowable of 1600 psi as assigned by the NMOCD (Order #SWD-374). Meridian would like to reserve the right to conduct another step rate test in the future as well conditions dictate.

Sincerely yours,



Richard E. Fraley
Regional Production Engineer

REF:JSF:tt

cc: L.D. Jones
Well File

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DEC 22 1989
OIL CON. DIV.
DIST. 2