STATE OF NEW MEXICO

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ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

BRUCE KING GOVERNOR

POST OFFICE BOX 2088 STATE LAND OFFICE BUILDING SANTA FE, NEW MEXICO 87504 (505) 827-5800

August 13, 1991

Merrion Oil & Gas Corporation P.O. Box 840 Farmington, New Mexico 87499

Attention: George F. Sharpe

Re: Amendment of Order No. R-7308

Dear Mr. Sharpe:

Reference is made to your request dated May 21, 1991 to utilize the Santa Fe "20" Well No. 2 located in Unit F of Section 20, Township 21 North, Range 8 West, NMPM, San Juan County, New Mexico, to dispose of produced water from the Gallup and Dakota formations. It is our understanding that the subject well was originally permitted as a disposal well by Division Order No. R-7308, dated June 17, 1983, with injection to occur into the Morrison and Entrada formations. It is further our understanding that at the time of authorization to inject, only produced Entrada water was proposed to be disposed of in the subject well.

You are hereby authorized to utilize the Santa Fe "20" Well No. 2 as described above to dispose of produced water from the Gallup and Dakota formations. All other provisions contained within Division Order No. R-7308 shall remain in full force and effect.

Sincerely,

William J. LeMay

Director

xc: OCD-Aztec

Case File-7877