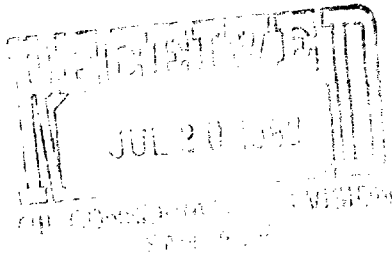


PHONE 915/684-4292

DINERO

P.O. DRAWER 10505
MIDLAND, TEXAS 79702



July 18, 1988

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

Attn: Mr. David Catanach
Room 206

Re: Guy A. Reed #2, Sec. 24, T-24-S, R-28-E, 862.7 FWL 2116.4
FSL, Eddy County, New Mexico

Dear Mr. Catanach:

Please find enclosed a copy of the Step-Test which was run by John West Engineering of Hobbs, New Mexico on our SWD well known as the Guy A. Reed #2.

We have recently changed our tubing string and packer, replaced the flowline from the pump to the well and acidized the formation in attempt to lower our injection pressure. This attempt has failed with the forementioned work.

We are now requesting that our maximum injection pressure be increased from 800# to 1200#, this is substantiated by the enclosed step-test. We believe this could be accomplished without any damage to the existing well conditions. We are currently injection 75 barrels of water a day we do not anticipate an increase of injection water in the near future. Your approval of this increased pressure will be greatly appreciated.

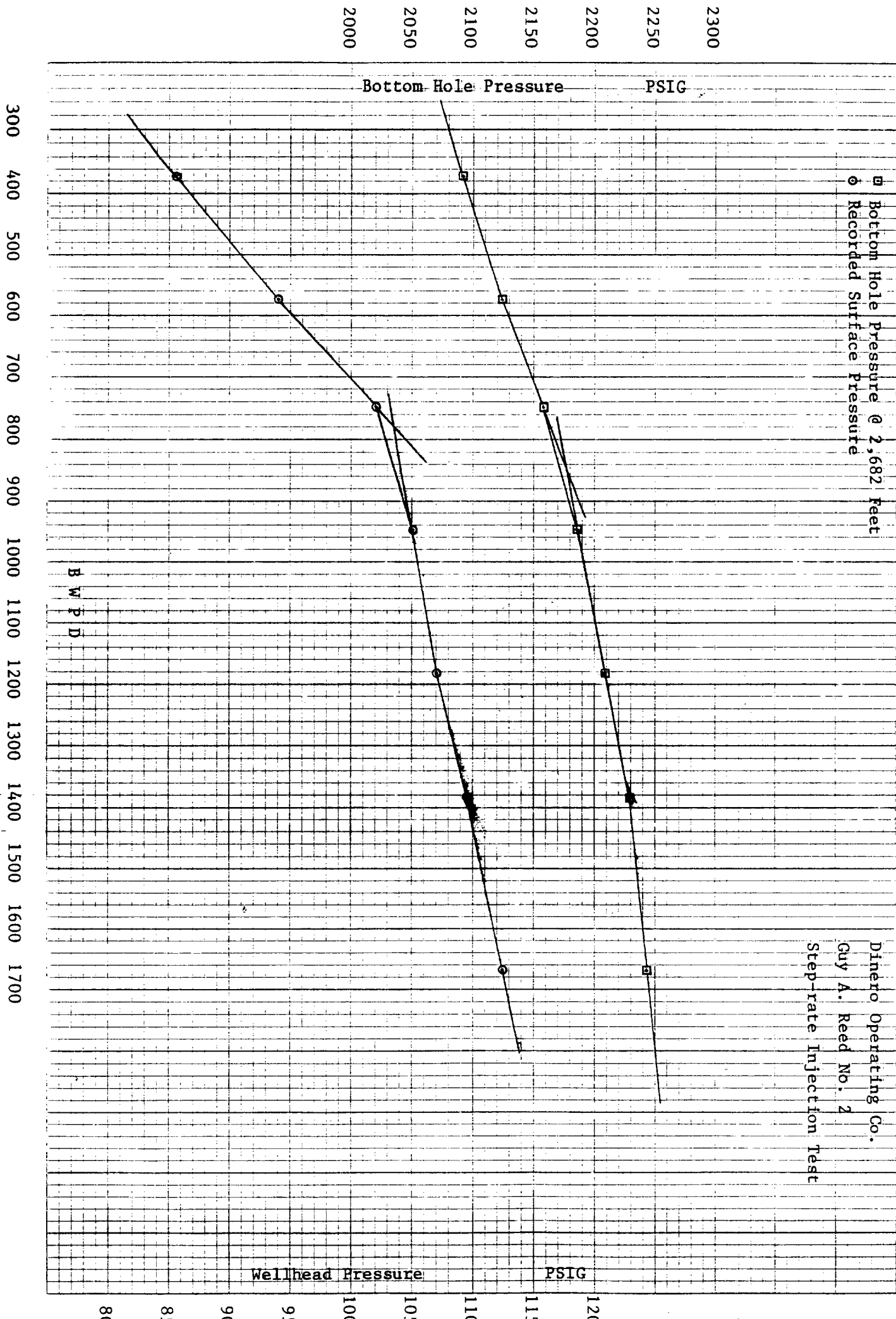
Sincerely,

DINERO OPERATING COMPANY

L. C. McClure
Production Foreman

*SWD-192
R-447
2116 FSL
862 FWL
Unit 2*

LCM/dr
enc.



JOHN WEST ENGINEERING CO.
Step Rate Injection TestWell Name Guy A. Reed No. 2Date 7-6-88CO. Name Dinero Operating

Remarks	Time	Tbg. Press.	Rate BWPD.	Total	B.H.P.	Tbg. Press.	Rate GPM	Total
	10:40	380	0	0				
	10:45	805	374.40	1.3				
	10:50	830	403.20	2.7				
Rate 1	10:55	855	374.40	4.0	2092	851.24	10.92	3.76
	11:00	900	576.00	6.0				
	11:05	920	604.80	8.1				
Rate II	11:10	940	576.00	10.1	2124	931.66	16.80	8.34
	11:15	980	748.80	12.7				
	11:20	1010	777.60	15.4				
Rate III	11:25	1020	748.80	18.0	2159	1006.45	21.84	13.55
	11:30	1035	976.20	21.4				
	11:35	1040	950.40	24.7				
Rate IV	11:40	1050	950.40	28.0	2187	1028.94	27.72	21.06
	11:45	1065	1180.80	32.1				
	11:50	1070	1152.00	36.1				
Rate V	11:55	1070	1180.80	40.2	2209	1038.53	34.44	31.47
	12:00	1090	1411.20	45.1				
	12:05	1095	1382.40	49.9				
Rate VI	12:10	1095	1382.40	54.7	2229	1053.88	40.32	42.12
	12:15	1115	1699.2	60.6				
	12:20	1125	1670.40	66.4				
Rate VII	12:25	1125	1670.40	72.2	2243	1065.23	48.72	59.77
Fall Off	12:26	1075						
	12:27	1070						
	12:28	1060						
	12:29	1060						
	12:30	1050						
	12:35	1030						

DINERO OPERATING
 GUY A. REED NO. 2
 STEP RATE INJECTION TEST
 TABULATION OF PRESSURE AND TIME

TEST CONDUCTED BY:
 JOHN WEST ENGINEERING COMPANY

DATE: July 6, 1988
 DEPTH: 2682 feet
 ELEMENT NO.: 23953 (0 - 4000psi)
 OPERATOR: B. Thomason

<u>DATE</u>	<u>TIME</u>	<u>CUM. HRS./MIN.</u>	<u>PSIG @ 2682 Feet</u>
7/6/88	9:25 A.M.		1610 Gauge reached 2682'
	10:40 A.M.	00 Hrs. 00 Min.	1654
	10:45 A.M.	00 Hrs. 05 Min.	2036
	10:50 A.M.	00 Hrs. 10 Min.	2076
	10:55 A.M.	00 Hrs. 15 Min.	2092 End Rate I
	11:00 A.M.	00 Hrs. 20 Min.	2116
	11:05 A.M.	00 Hrs. 25 Min.	2120
	11:10 A.M.	00 Hrs. 30 Min.	2124 End Rate II
	11:15 A.M.	00 Hrs. 35 Min.	2140
	11:20 A.M.	00 Hrs. 40 Min.	2149
	11:25 A.M.	00 Hrs. 45 Min.	2159 End Rate III
	11:30 A.M.	00 Hrs. 50 Min.	2171
	11:35 A.M.	00 Hrs. 55 Min.	2181
	11:40 A.M.	01 Hrs. 00 Min.	2187 End Rate IV
	11:45 A.M.	01 Hrs. 05 Min.	2201
	11:50 A.M.	01 Hrs. 10 Min.	2207
	11:55 A.M.	01 Hrs. 15 Min.	2209 End Rate V
	12:00 NOON	01 Hrs. 20 Min.	2221
	12:05 P.M.	01 Hrs. 25 Min.	2227
	12:10 P.M.	01 Hrs. 30 Min.	2229 End Rate VI
	12:15 P.M.	01 Hrs. 35 Min.	2241
	12:20 P.M.	01 Hrs. 40 Min.	2243
	12:25 P.M.	01 Hrs. 45 Min.	2243 End Rate VII



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

July 21, 1988

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

Dinero
P.O. Drawer 10505
Midland, TX 79702

Attention: L.C. McClure

RE: Injection Pressure Increase
Guy A. Reid Well No. 2
Eddy County, New Mexico

Dear Mr. McClure:

Reference is made to your request dated July 18, 1988, to increase the surface injection pressure on the Guy A. Reid SWD Well No. 2. This request is based on a step rate test conducted on the well on July 6, 1988. The results of the test have been reviewed by my staff and we feel an increase in injection pressure on the well is justified at this time.

You are therefore authorized to increase the surface injection pressure on the following well.

WELL AND LOCATION

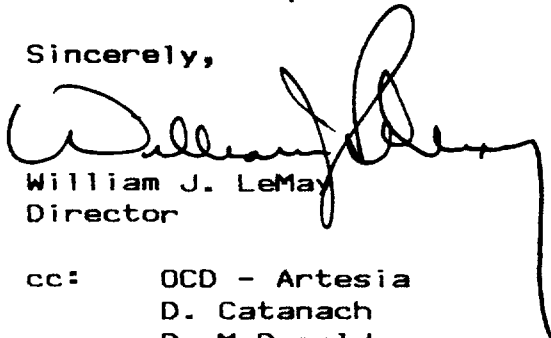
MAXIMUM INJECTION
SURFACE PRESSURE

Guy A. Reid SWD Well No. 2
2116 FSL & 862 FWL (Unit L)
Section 24, T-24 South,
R-28 East, Eddy County, New
Mexico

970 PSIG

The Division Director may rescind this injection pressure increase if it becomes apparent that the injected water is not being confined to the injection zone or is endangering any fresh water aquifers.

Sincerely,



William J. LeMay
Director

cc: OCD - Artesia
D. Catanach
D. McDonald
File: SWD-192