AZTEC DISTRICT OFFICE 1000 RIO BRAZOS ROAD AZTEC, NEW MEXICO 97410 (808) 334-6178 Fax (805)334-6170

GARY E. JOHNSON GOVERNOR

JENNIFER A. SALISBURY CABINET SECRETARY

July 11, 1996

Dolores Diaz Meridian Oil Inc PO Box 7289 Farmington NM 87499

RE: Payne 002A, D-21-32N-010W, API #30-045-23910

Dear Dolores:

The 1996 Packer Leakage Test on the referenced well indicates there may be communication between the producible zones. In order to comply with Rule #112A, you are hereby directed to initiate remedial activity or retest the well to show separation of zones.

Sincerely,

Johnny Robinson

JohnnyRoleinson

JR/sh

cc: well file