AZTEC DISTRICT OFFICE 1000 RIO BRAZOS ROAD AZTEC, NEW MEXICO 87410 (505) 334-6178 Fax (505)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: Frontier E 1, O-4-27N-11W, 30-045-13045 Jicarilla J 23, A-25-26N-005W, 30-039-22416 Jicarilla J 010E, N-26-26N-005W, 30-039-22418 Navajo Indian B 006M, D-19-27N-08W, 30-045-23638

Dear Dolores:

The 1996 Packer Leakage Tests on the referenced wells indicates 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. Our files show you have plans to P&A or DHC the above mentioned wells. Could you review the wells and notify me of the status of the wells and the time frame for completion.

Sincerely,

Johnny Robinson

Johnny Rolinson

JR/sh

cc: well file