AZTEC DISTRICT OFFICE 1000 RIO BRAZOS ROAD AZTEC, NEW MEXICO 97410 (505) 334-6178 Fax (505)334-6170

GARY E. JOHNSON GOVERNOR JENNIFER A. SALISBURY
CABINET SECRETARY

January 26, 1996

Dolores Diaz Meridian Oil Inc PO Box 4289 Farmington NM 87499

RE: Hale #4, H-34-31N-08W, #30-045-10119

Dear Dolores:

The 1995 Packer Leakage tests on the referenced well were inconclusive. Please reschedule and retest the well in such a manner as to prove zone separation. Shut both zones in for a minimum of three days. Flow the higher pressured zone to the atmosphere until the pressure decreases enough to determine if there is zone separation. Notify this office at least 24 hours before the tests so we may provide a witness. The tests must be conducted before July 15, 1996.

Sincerely,

Johnny Robinson

Deputy O&G Inspector

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JR/sh

cc: Well file