

**ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE  
APPLICATION OF MERIT  
ENERGY COMPANY TO EXPAND  
WATERFLOOD PROJECT, EDDY COUNTY**

Case No. 14,187

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**MERIT ENERGY COMPANY'S PREHEARING STATEMENT**

Pursuant to 19.15.14.1211(B) NMAC, applicant Merit Energy Company ("Merit Energy") submits its Prehearing Statement.

**I. Parties**

Merit Energy, which is the applicant, is represented by the undersigned counsel. To date, no other party has entered an appearance in this case.

**II. Concise Statement of the Case**

In its application, Merit Energy seeks authority to convert its J.L. Keel "B" No. 77, H.E. West No. 35, and J.L. Keel "B" No. 57 producing wells to injection for purposes of expanding its previously approved Keel-West Waterflood Project. The wells are located in Sections 8 and 9, Township 17 South, Range 31 East in Eddy County.

**III. Merit Energy's Witness**

Merit Energy's sole witness who will testify in support of its application is Justin E. Findley, who is a petroleum engineer. Mr. Findley is Merit Energy's Operations Engineer - New Mexico Properties.

**IV. Merit Energy's Case Presentation**

Merit Energy anticipates that it will take thirty (30) minutes to present its case.

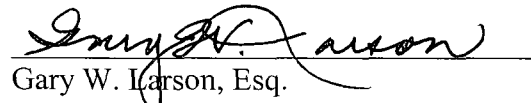
WJD 9/30/08

**V. Unresolved Procedural Matters**

Merit Energy is not aware of any procedural matters that would require resolution prior to the hearing.

Respectfully submitted,

HINKLE, HENSLEY, SHANOR & MARTIN, LLP

A handwritten signature in cursive script, appearing to read "Gary W. Larson", is written over a horizontal line.

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