



MERIT ENERGY COMPANY

13727 Noel Road · Suite 500 · Dallas, Texas 75240
Ph 972.701.8377 · Fx 972.960.1252 · www.meritenergy.com

November 3, 2003

NMOCD
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Attn : Mr. David Catanach

RE : Application for Authorization to Inject Water
Grayburg-Jackson Waterflood Project
Seven Rivers Formation
Sections 19 & 20, T-17-S, R-31-E
Eddy County, New Mexico

RECEIVED

NOV 4 2003

Oil Conservation Division

Dear Mr. Catanach,

Merit Energy Company respectfully submits the revision you requested, of its recent C-108 application for the Grayburg-Jackson waterflood. I am sure you will find this version easier to work with!

Merit respectfully requests that this application approved administratively at the earliest possible convenience so that operations can be advanced in a prudent manner. If you have any additional questions concerning the application, please contact me at (972) 628-1579.

Sincerely,

Jason Wacker
Petroleum Engineer

WELL LISTING
 HALF MILE AREA OF REVIEW
 GRAYBURG JACKSON WATERFLOOD
 SEVEN RIVERS PILOT PROJECT

WELL NAME	WELL #	LOCATION	TD	SPUD DATE	COMPLETION DATE	CURRENT STATUS	TYPE OF COMPLETION	DEPTHS	IP (BOPD)	BRIDGE PLUG DEPTH	TEMPORARILY ABANDONED DATE	P&A DATE	13 3/8"		12 3/4"		11 3/4"		10 3/4"		9 5/8"		8 5/8"		8 1/4"		7"		5 1/2"		4 1/2"		2 7/8"		TOC					
													FEET	# OF SXS	FEET	# OF SXS	FEET	# OF SXS	FEET	# OF SXS	FEET	# OF SXS	FEET	# OF SXS	FEET	# OF SXS														
FREN OIL CO	4	19 17S 31E	2,054	12/8/43	1/21/44	P&A	OPEN HOLE	1845-2052	160														480	60			1,845	100												
					12/18/58		PERFORATE	3020-3152																																
					5/14/64		PERFORATE	2722-3152		3170																														
					7/8/77		P&A					7/8/1977																												
FREN OIL CO	6	19 17S 31E	2,020	8/10/46	9/9/46	P&A	OPEN HOLE	1818-2020	106														500	75			1,818	150												
					2/20/64		DEEPEN & PERFORATE	2911-3546																																
					10/13/75		P&A					10/13/1975																												
FREN OIL CO	9	19 17S 31E	3,445	2/5/47	4/28/47	P&A	OPEN HOLE	2595-3121	41														506	50			2,595	150												
					11/25/55																																			
					11/17/76		P&A					11/17/1976																												
FRIESS, MAX	3	30 17S 31E	3,451	7/1/57	8/13/57	P&A	PERFORATE	2908-3274	264																		3,451	100										2,400		
					2/22/60		PERFORATE	3379-3392																																
					5/20/62		PERFORATE	3382-3396				5/20/1962																												
					8/3/78		P&A					8/3/1978																												
TURNER A	16	19 17S 31E	1,927	3/2/44	4/29/44	P&A	OPEN HOLE	1876-1927	60																		491	50	1,876	100										
					9/28/85		SET CIBP			1844		9/28/1985																												
					6/21/86		P&A					6/21/1986																												
TURNER A	17	19 17S 31E	1,965	8/29/44	10/22/44	P&A	OPEN HOLE	1847-1965	95																		493	50	1,847	100										
					10/12/85		P&A					10/12/1985																												
TURNER A	20	19 17S 31E	1,935	4/16/48	6/8/48	P&A	OPEN HOLE	1866-1935	15																		510	50	1,866	100										
					3/2/76		P&A					3/2/1976																												
TURNER A	21	19 17S 31E	1,932	10/10/48	11/29/48	P&A	OPEN HOLE	1855-1932	10														500	30																
					2/24/76		P&A					2/24/1976																												
TURNER B	14	20 17S 31E	2,115	6/15/44	8/16/44	P&A	OPEN HOLE	1940-2115	85																		556	50	1,940	100										
					3/16/76		P&A					3/16/1976																												
TURNER B	26	20 17S 31E	2,010	10/15/47	1/2/48	P&A	OPEN HOLE	1932-2010	20																		536	50	1,932	100										
					3/13/76		P&A					3/13/1976																												
TURNER B	27	20 17S 31E	2,034	10/22/47	12/31/47	P&A	OPEN HOLE	1939-2034	12																	527	50													
					3/11/76		P&A					3/11/1976																												
TURNER B	28	20 17S 31E	1,949	4/22/48	6/8/48	P&A	OPEN HOLE	1873-1949	15																		511	50	1,873	100										
					3/8/76		P&A					3/8/1976																												
TURNER B	70	20 17S 31E	7,200	8/12/60	9/9/60	P&A	PERFORATE	7042-7058	356														1,600	900																0
					1/28/71		SET CIBP			7000		1/28/1971																												
TURNER B	58	29 17S 31E	1,3714	7/27/59	1/7/60	DRY	PERFORATE	9763-9765				1/7/1960																											9,430	
					10/12/71		P&A					10/12/1971																												
FREN OIL CO	10	19 17S 31E	2,034	1/6/47	1/31/47	P&A	OPEN HOLE	1780-2034	85																		494	75	1,780	130										
					1/7/64		DEEPEN & PERFORATE	2925-3248																																
					6/9/82		PERFORATE	3116-3171																																
					11/21/01		P&A					11/21/2001																												
FRIESS FEDERAL	2	19 17S 31E	1,970	7/1/44	9/1/44	P&A	OPEN HOLE	1804-1970	85																	470	50	1,804	100											
					6/23/55		DEEPEN OPEN HOLE	2981-3110																																
					1/27/67		DEEPEN OPEN HOLE	3255																																
					7/5/72		PLUG BACK & CONV. TO INJ.	3122																																
					4/22/82		PERFORATE	2850-2900																																
					7/19/82		CLEAN OUT																																	
					12/3/01		P&A					12/3/2001																												
FRIESS	1	30 17S 31E	2,058	9/15/42	4/15/44	OIL	OPEN HOLE	1887-2058	150																	513	50	1,887	100											
					6/27/56		DEEPEN OPEN HOLE	3232																																

WELL LISTING
 HALF MILE AREA OF REVIEW
 GRAYBURG JACKSON WATERFLOOD
 SEVEN RIVERS PILOT PROJECT

WELL NAME	WELL #	LOCATION	TD	SPUD DATE	COMPLETION DATE	CURRENT STATUS	TYPE OF COMPLETION	DEPTHS	IP (BOPD)	BRIDGE PLUG DEPTH	TEMPORARILY ABANDONED DATE	P&A DATE	13 3/8"		12 3/4"		11 3/4"		10 3/4"		9 5/8"		8 5/8"		8 1/4"		7"		5 1/2"		4 1/2"		2 7/8"		TOC		
													FEET	# OF SXS	FEET	# OF SXS	FEET	# OF SXS	FEET	# OF SXS	FEET	# OF SXS	FEET	# OF SXS	FEET	# OF SXS	FEET	# OF SXS									
FRIESS FEDERAL	1	19 17S 31E	3,521	9/18/41	4/15/42 2/16/67	P&A	OPEN HOLE CLEAN OUT	2719-2870 3470	35																												
					8/13/69		PERFORATE (7" CSG COLLAPSE)	1901-1974		2431																											
					11/27/72 6/7/97		TA P&A				11/27/1972	6/7/1997																									
FRIESS FEDERAL	3	19 17S 31E	7,085	5/23/62	7/13/62 5/17/63	OIL	PERFORATE PERFORATE	7060-7070 6955-7046	984												1,405	200													1,454		
					4/5/65		SQZ ALL PERFS W/ 150 SXS & PERFORATE	6955-7005																													
					7/8/69		DRILL OUT (7095') & PERFORATE	6959-7095																													
					6/23/70		PERFORATE	2814-3176		3269																											
					8/9/85		SHUT-IN, UNECONOMIC																														
FRIESS FEDERAL	4	19 17S 31E	3,720	5/29/96	7/6/96	OIL	PERFORATE	2734-3322	147												390	375													0		
FRIESS FEDERAL	WI-5	19 17S 31E	3,440	12/6/97	1/27/98	INJ	PERFORATE	2720-3251													419	350															
					2/10/98		ACIDIZE & CONV. TO INJ. WELL																														
FRIESS, MAX	1	30 17S 31E	2,057	12/14/43	3/6/43 2/25/55	INJ	OPEN HOLE PLUGGED BACK	1852-2057 2050	10															524	50	1,852	100										
					10/1/57		DEEPEN & OPEN HOLE COMPL.	2830-3437																												1,980	
					7/11/72		PERFORATE & CONV. TO INJ. WELL	3108-3237																													
FRIESS, MAX	2	30 17S 31E	3,300	4/26/57	6/13/57 9/24/58 9/9/73	INJ	PERFORATE PERFORATE PERFORATE	3264-3276 3098-3128 3191-3212	206						582	100																				2,375	
					1/30/86		PERFORATE & SQUEEZE (2150 W/125 SXS & 1800 W/125 SXS)	1985-2035																													
					11/11/90		CLEAN OUT	3286																													
					11/5/96		PERFORATE & CONV. TO INJ. WELL	2750-3282																												2,700	
FRIESS, MAX	4	30 17S 31E	3,397	8/26/57	10/6/57 11/11/58	INJ	PERFORATE PERFORATE	3358-3368 3220-3240	232						314	100																					2,210
					6/22/72		CONV. TO INJ. WELL				3300																										
					9/28/91		CLEAN OUT & PERFORATE	2903-3390																													
					4/14/97		PERFORATE & RETURN TO INJ.	2910-3562																													
FRIESS, MAX	5	30 17S 31E	3,810	3/12/91	3/30/91	OIL	PERFORATE	3036-3540	292																												
FRIESS, MAX	6	30 17S 31E	3,937	5/5/92	5/21/92	OIL	PERFORATE	3089-3519	298				404	375																							0
							PERFORATE & CONV. TO INJ. WELL																														
TURNER A	35	19 17S 31E	3,635	12/2/67	1/17/68 8/24/91 5/24/97	INJ	PERFORATE & CONV. TO INJ. WELL FILL W/ CMT 4 1/2" - 8 5/8" CLEAN OUT	2930-3380																													1,480
TURNER A	36	19 17S 31E	3,442	11/18/67	12/10/67	OIL	PERFORATE	2934-3418	61																												1,800
TURNER A	47	19 17S 31E	3,743	5/7/96	6/1/96	OIL	PERFORATE	2690-3429	382																												
TURNER A	49	19 17S 31E	3,670	4/15/96	5/23/96	OIL	PERFORATE	2741-3243	95																												
TURNER A	50	19 17S 31E	3,775	2/15/96	4/5/96	OIL	PERFORATE	2706-3488	243																												
TURNER A	51	19 17S 31E	3,665	4/8/96	5/13/96	OIL	PERFORATE	2689-3402	200																												
TURNER B	12	20 17S 31E	2,022	3/12/44	6/6/44 9/6/85	TA	OPEN HOLE SET CIBP	1875-2022	50																												
TURNER B	23	29 17S 31E	2,102	7/13/46	9/11/46 12/11/68	TA	OPEN HOLE TA	1995-2102	25																												
TURNER B	41	20 17S 31E	3,455	5/14/53	7/16/53 12/19/59 12/30/67 1/18/70	INJ	PERFORATE PERFORATE CONV. TO INJ. WELL SQUEEZE & PERFORATE	3290-3408 2955-2980	80																												
					2/13/97		PERFORATED & RETURN TO INJ.	2706-3108																													2 3/8" & 2639
					3/7/01		CLEAN OUT & PRESSURE TEST																														
TURNER B	43	20 17S 31E	3,238	9/1/55	10/16/55 4/6/62 2/3/70	INJ	PERFORATE PERFORATE PERFORATE	3062-3078 3200-3210 3148-3163	168																												
					6/15/80		SQUEEZE & PERFORATE	2331-2332																													
					4/5/91		PERFORATE	2873-2994																													
					4/13/97		PERFORATE & CONV. TO INJ. WELL	2822-3129																													
TURNER B	44	20 17S 31E	3,342	10/30/55	11/21/55 3/11/69 1/28/70 9/18/91 2/24/97	INJ	PERFORATE CONV. TO INJ. WELL PERFORATE PERFORATE CLEAN OUT	3161-3176	750																												

MERIT ENERGY COMPANY
APPLICATION FOR AUTHORITY TO INJECT
GRAYBURG-JACKSON WATERFLOOD

VII. Proposed Operation Data

- a. Average daily injection rate is expected to be 400 BWIPD.
Maximum daily injection rate is expected to be 600 BWIPD.
- b. Injection system type is closed.
- c. Average injection pressure is expected to be 600 psig.
Maximum injection pressure is expected to be 800 psig.
- d. Injection water will be re-injected produced water, plus make up water from the Keel West fresh water system.
- e. N/A

VIII. Geological Data

The proposed injection zone is the Seven Rivers formation from 1750' – 2200'. The Seven Rivers formation consists primarily of quartz sand with cementation.

Surface formation is Cretaceous and has no known source of drinking water. Additionally, there are no known underground sources of drinking water overlying or underlying the proposed injection interval.

IX. Stimulation Program

The proposed injection interval will be acidized with HCl prior to initial injection. If the daily volume of water injected into the formation is less than is required to effectively waterflood the interval, the wells may be fracture stimulated at a later date.

X. Well Logs

Well logs for existing wellbores are on file with the NMOCD. No new wellbores are planned for this project at this time.

XI. Chemical Analysis of Fresh Water

There are no known producing fresh water wells within one mile of a proposed injection well.

XII. Affirmative Statement of Open Faults

Upon examination of the available geologic and engineering data, no evidence of open faults or any other hydraulic connection between the injection zone and any underground source of drinking water was found.

XIII. Proof of Notice and Proof of Publication

The Bureau of Land Management is the surface owner. They have been notified by letter with a copy of our application.

Merit Energy Company operates the Grayburg-Jackson Unit in sections 19 & 20, T17S, R31E, Eddy County, New Mexico. Offset operators in the area of review are as follows:

Glen Plemons
PO Box 113
Lovington, NM 88260

Hanson Energy
R 342 S Haldeman Rd
Artesia, NM 88210

Marbob Energy Corp
PO Box 227
Artesia, NM 88211

OXY USA WTP Limited Partnership
PO Box 4294
Houston, TX 77210

Premier Oil & Gas, Inc.
PO Box 1246
Artesia, NM 88210

Each of the previous operators was provided a letter by certified mail. Proof of notice is attached.

An Affidavit of Publication from the Carlsbad Current-Argus is attached



MERIT ENERGY COMPANY

13727 Noel Road · Suite 500 · Dallas, Texas 75240
Ph 972.701.8377 · Fx 972.960.1252 · www.meritenergy.com

August 25, 2003

GLEN PLEMONS
PO BOX 113
LOVINGTON, NM 88260

RE : Waterflood Expansion Project
Grayburg-Jackson Unit
Seven Rivers Formation
Sections 19 & 20, T-17-S, R-31-E
Eddy County, New Mexico

GLEN PLEMONS,

Please consider this letter as official notification that Merit Energy Company is in the process of filing applications to convert four (4) wells to injection in the Seven Rivers formation in the above referenced sections. The proposed Seven Rivers injection interval is located from 1700' – 2200' of measured depth. Initial injection rates are expected to be 200 – 400 BWIPD at a 0.35 psi/ft gradient. This application is an expansion of the existing Grayburg-Jackson waterflood project.

Our records indicate that you are a leasehold operator within one-half mile of a proposed injection well location. As an offset operator you must be notified by Merit and you must file any objections or requests for hearings of administrative applications with the New Mexico Oil Conservation Division within fifteen (15) days of receiving this notification.

Please direct any questions regarding this matter to me at 972-628-1579.

Sincerely,

Jason Wacker
Petroleum Engineer

7002 0510 0004 2069 7698

U. SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<input type="checkbox"/> Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. <input type="checkbox"/> Print your name and address on the reverse so that we can return the card to you. <input type="checkbox"/> Attach this card to the back of the mailpiece, or on the front if space permits.		A. Signature <input checked="" type="checkbox"/> <i>Glen L. Houston</i> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee	
1. Article Addressed to: Glen Plemons Po Box 113 Lovington, NM 88260		B. Received by (Printed Name) <i>Glen L. Houston, NM</i>	
2. Article Number <i>(transfer from service label)</i>		C. Date of Delivery <i>9-9-03</i>	
3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.		D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No	
4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes		5. Tracking Number 7002 0510 0004 2069 7698	



MERIT ENERGY COMPANY

13727 Noel Road • Suite 500 • Dallas, Texas 75240
Ph 972.701.8377 • Fx 972.960.1252 • www.meritenergy.com

August 25, 2003

HANSON ENERGY
R 342 S HALDEMAN RD
ARTESIA, NM 88210

RE : Waterflood Expansion Project
Grayburg-Jackson Unit
Seven Rivers Formation
Sections 19 & 20, T-17-S, R-31-E
Eddy County, New Mexico

HANSON ENERGY,

Please consider this letter as official notification that Merit Energy Company is in the process of filing applications to convert four (4) wells to injection in the Seven Rivers formation in the above referenced sections. The proposed Seven Rivers injection interval is located from 1700' – 2200' of measured depth. Initial injection rates are expected to be 200 – 400 BWIPD at a 0.35 psi/ft gradient. This application is an expansion of the existing Grayburg-Jackson waterflood project.

Our records indicate that you are a leasehold operator within one-half mile of a proposed injection well location. As an offset operator you must be notified by Merit and you must file any objections or requests for hearings of administrative applications with the New Mexico Oil Conservation Division within fifteen (15) days of receiving this notification.

Please direct any questions regarding this matter to me at 972-628-1579.

Sincerely,

Jason Wacker

Jason Wacker
Petroleum Engineer

7002 0510 0004 2069 7667

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none"> Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 	<p>A. Signature</p> <p><i>x Warren Hanson</i> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p>	
<p>1. Article Addressed to:</p> <p>Hanson Energy R 342 S Haldeaman Rd Artesia, NM 88210</p>	<p>B. Received by (Printed Name)</p> <p><i>WARREN HANSON</i></p>	<p>C. Date of Delivery</p> <p><i>8/29/03</i></p>
<p>2. Article Number (Transfer from service label)</p>	<p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p>	
<p>3. Service Type</p> <p><input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p>		
<p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>		
<p>7002 0510 0004 2069 7667</p>		



MERIT ENERGY COMPANY

13727 Noel Road · Suite 500 · Dallas, Texas 75240
Ph 972.701.8377 · Fx 972.960.1252 · www.meritenergy.com

August 25, 2003

MARBOB ENERGY CORP
PO BOX 227
ARTESIA, NM 88211

RE : Waterflood Expansion Project
Grayburg-Jackson Unit
Seven Rivers Formation
Sections 19 & 20, T-17-S, R-31-E
Eddy County, New Mexico

MARBOB ENERGY CORP,

Please consider this letter as official notification that Merit Energy Company is in the process of filing applications to convert four (4) wells to injection in the Seven Rivers formation in the above referenced sections. The proposed Seven Rivers injection interval is located from 1700' – 2200' of measured depth. Initial injection rates are expected to be 200 – 400 BWIPD at a 0.35 psi/ft gradient. This application is an expansion of the existing Grayburg-Jackson waterflood project.

Our records indicate that you are a leasehold operator within one-half mile of a proposed injection well location. As an offset operator you must be notified by Merit and you must file any objections or requests for hearings of administrative applications with the New Mexico Oil Conservation Division within fifteen (15) days of receiving this notification.

Please direct any questions regarding this matter to me at 972-628-1579.

Sincerely,

Jason Wacker

Jason Wacker
Petroleum Engin

7704 7002 0510 0004 2069 7704

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
1. Article Addressed to: Marbob Energy Corp Po Box 227 Artesia, NM 88211	■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. ■ Print your name and address on the reverse so that we can return the card to you. ■ Attach this card to the back of the mailpiece, or on the front if space permits.	A. Signature <i>x Misti McLurg</i>	<input checked="" type="checkbox"/> Agent <input type="checkbox"/> Addressee
		B. Received by (Printed Name) <i>Misti McLurg</i>	C. Date of Delivery <i>8-29-03</i>
2. Article Number (Transfer from service label)		D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No	
3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.		4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes	
PS Form 3811, August 2001		Domestic Return Receipt	



MERIT ENERGY COMPANY

13727 Noel Road · Suite 500 · Dallas, Texas 75240
Ph 972.701.8377 · Fx 972.960.1252 · www.meritenergy.com

August 25, 2003

OXY USA WTP LIMITED PARTNERSHIP
PO BOX 4294
HOUSTON, TX 77210

RE : Waterflood Expansion Project
Grayburg-Jackson Unit
Seven Rivers Formation
Sections 19 & 20, T-17-S, R-31-E
Eddy County, New Mexico

OXY USA WTP LIMITED PARTNERSHIP,

Please consider this letter as official notification that Merit Energy Company is in the process of filing applications to convert four (4) wells to injection in the Seven Rivers formation in the above referenced sections. The proposed Seven Rivers injection interval is located from 1700' – 2200' of measured depth. Initial injection rates are expected to be 200 – 400 BWIPD at a 0.35 psi/ft gradient. This application is an expansion of the existing Grayburg-Jackson waterflood project.

Our records indicate that you are a leasehold operator within one-half mile of a proposed injection well location. As an offset operator you must be notified by Merit and you must file any objections or requests for hearings of administrative applications with the New Mexico Oil Conservation Division within fifteen (15) days of receiving this notification.

Please direct any questions regarding this matter to me at 972-628-1579.

Sincerely,

Jason Wacker
Petroleum Engineer

7002 0510 0004 2069 7612

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none"> Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 		<p>A. Signature GEE <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>X</p>	
1. Article Addressed to:		B. Received by (Printed Name) SEP 10 2003	
<p>Oxy Rick Fapiano PO Box 4294 Houston TX 77210-4294</p>		D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No	
2. Article Number (Transfer from service label) 7002 0510 0004 2069 7612		3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.	
PS Form 3811, August 2001		4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes	
Domestic Return Receipt		102595-01-M-2509	



MERIT ENERGY COMPANY

13727 Noel Road · Suite 500 · Dallas, Texas 75240
Ph 972.701.8377 · Fx 972.960.1252 · www.meritenergy.com

August 25, 2003

PREMIER OIL & GAS INC
PO BOX 1246
ARTESIA, NM 88210

RE : Waterflood Expansion Project
Grayburg-Jackson Unit
Seven Rivers Formation
Sections 19 & 20, T-17-S, R-31-E
Eddy County, New Mexico

PREMIER OIL & GAS INC,

Please consider this letter as official notification that Merit Energy Company is in the process of filing applications to convert four (4) wells to injection in the Seven Rivers formation in the above referenced sections. The proposed Seven Rivers injection interval is located from 1700' – 2200' of measured depth. Initial injection rates are expected to be 200 – 400 BWIPD at a 0.35 psi/ft gradient. This application is an expansion of the existing Grayburg-Jackson waterflood project.

Our records indicate that you are a leasehold operator within one-half mile of a proposed injection well location. As an offset operator you must be notified by Merit and you must file any objections or requests for hearings of administrative applications with the New Mexico Oil Conservation Division within fifteen (15) days of receiving this notification.

Please direct any questions regarding this matter to me at 972-628-1579.

Sincerely,

Jason Wacker

Jason Wacker
Petroleum Eng

7681 2069 0004 0510 2002

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
U C (D)	<ul style="list-style-type: none"> Complete Items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 	A. Signature	<input type="checkbox"/> Agent <input type="checkbox"/> Addressee
	<p>1. Article Addressed to:</p> <p>Premier Oil & Gas PO Box 1246 Artesia, NM 88210</p>	B. Received by (Printed Name)	C. Date of Delivery
		<i>Rosalie Jones</i>	<i>9-2-03</i>
		D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No	
		3. Service Type	<input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.
		4. Restricted Delivery? (Extra Fee)	<input type="checkbox"/> Yes
	2. Article Number (Transfer from service label)	7002 0510 0004 2069 7681	
	PS Form 3811, August 2001	Domestic Return Receipt	
		102595-01-M-2509	

August 20, 2003

Affidavit of Publication

State of New Mexico,
County of Eddy, ss.

Dawn Higgins
being first duly sworn, on oath says:

That she is Business Manager
of the Carlsbad Current-Argus, a newspaper published
daily at the City of Carlsbad, in said county of Eddy,
state of New Mexico and of general paid circulation in
said county; that the same is a duly qualified
newspaper under the laws of the State wherein legal
notices and advertisements may be published; that the
printed notice attached hereto was published in the
regular and entire edition of said newspaper and not in
supplement thereof on the date as follows, to wit:

- August 20 , 2003
- _____ , 2003
- _____ , 2003
- _____ , 2003
- _____ , 2003
- _____ , 2003

That the cost of publication is \$ 38.33
and that payment thereof has been made and will be
assessed as court costs.

Dawn Higgins

Subscribed and sworn to before me this

20th day of August , 2003

Dawn L. Bowen

My commission expires ~~12-13-03~~ 10-29-05
Notary Public

Notice is hereby given
that Merit Energy Compa-
ny, (Attention: Jason
Wacker, Operations Engi-
neer, 13727 Noel Road,
Suite 500, Dallas, Texas,
75240, 972-628-1598), is
applying to the New Mexi-
co Oil Conservation Divi-
sion to inject water into
four (4) wells for second-
ary recovery purposes in:

Sections 19 & 20 of
T17S-R31E, Eddy Coun-
ty, New Mexico

The injection interval will
be within the Seven Riv-
ers formation at a depth
from 1800 feet to 2200
feet below the surface of
the earth. Maximum injec-
tion rates of 600 barrels
of water per day per well
at a maximum pressure of
2500 pounds per square
inch are expected. Injec-
tion will be through plastic
lined tubing, below a
packer. The system will be
closed. This work is part
of an existing waterflood
project.

Interested parties must
file objections or requests
for hearing with the New
Mexico Oil Conservation
Division, P.O. Box 2088,
Santa Fe, New Mexico,
87501, within fifteen (15)
days of this publication.

*NOTICE
NOT
VALID*