



October 12, 2004

Mr. Mark Fesmire – Director  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

Re: Administrative Order No. WFX-795 // Fren Oil Co. No.25 - Injector  
**Application of Merit Energy Company to expand its waterflood project in the Grayburg-Jackson (Seven Rivers-Queen-Grayburg-San Andres) pool in Eddy county, New Mexico.**

Dear Mr. Fesmire,

Merit Energy Company (Merit) has completed the remedial cementing operations as specified in Administrative Order No. WFX-795 from the OCD (under Division Order No. R-4306) dated January 5, 2004. The administrative order required Merit to perform remedial cement operations on the Fren Oil Co. No.12 (API No.30-015-05260), Fren Oil No.13 (API No.30-015-05261), and Turner "A" No.36 (API No.30-015-20098) prior to commencing injection operations into the Fren Oil Co. No.25 (30-015-29537). The order also requested documentation consisting of a cover letter summarizing actions performed, and applicable Form C-103's. The Sundry Notices have been attached regarding the completed remedial operations.

Prior to commencing injection operations after sundry approval, Merit will pressure test the casing from surface to packer depth and notify the supervisor of the Artesia district office of the Division so it may be inspected and witnessed. Merit will begin injection operations into the Fren Oil Co. No.5 under the guidelines stipulated in Order WFX-796 if the integrity test is successful and after the C-103 has been filed. Please advise if you require additional information.

Sincerely,

John Petty  
Western Permian Engineering

CC: Blaine Stribling – Region Manager