



MERIT ENERGY COMPANY

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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" | # OF SXS | 12 3/4" | # OF SXS | 11 3/4" | # OF SXS | 10 3/4" | # OF SXS | 9 5/8" | # OF SXS | 8 5/8" | # OF SXS | 8 1/4" | # OF SXS | 7"    | # OF SXS | 5 1/2" | # OF SXS | 4 1/2" | # OF SXS | 2 7/8" | # OF SXS | TOC |
|----------------|--------|------------|-------|-----------|-----------------|----------------|--------------------|-----------|-----------|-------------------|----------------------------|------------|---------|----------|---------|----------|---------|----------|---------|----------|--------|----------|--------|----------|--------|----------|-------|----------|--------|----------|--------|----------|--------|----------|-----|
| 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      |        |          | 3,178  | 85       |        |          |     |
|                |        |            |       |           | 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   |          |        |          |        | 3,643    | 295    |          |     |
|                |        |            |       |           | 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   |          |        |          |        | 2,950    | 125    |          |     |
|                |        |            |       |           | 11/25/55        |                |                    |           |           |                   |                            |            |         |          |         |          |         |          |         |          |        |          |        |          |        |          |       |          |        |          |        |          |        |          |     |
|                |        |            |       |           | 11/17/76        |                | P&A                |           |           |                   |                            | 11/17/1976 |         |          |         |          |         |          |         |          |        |          |        |          |        |          |       |          |        |          |        |          |        |          |     |
| FRIESS, MAX    | 3      | 30 17S 31E | 3451  | 7/1/57    | 8/13/57         | P&A            | PERFORATE          | 2908-3274 | 264       |                   |                            |            |         |          |         |          | 586     | 100      |         |          |        |          |        |          |        | 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     |          |        |          |       | 1,855    | 75     |          |        |          |        |          |     |
|                |        |            |       |           | 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       |       | 1,939    | 100    |          |        |          |        |          |     |
|                |        |            |       |           | 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    |          |        |          |       |          |        |          | 7,200  | 1,300    |        |          | 0   |
|                |        |            |       |           | 1/28/71         |                | SET CIBP           |           |           | 7000              | 1/28/1971                  |            |         |          |         |          |         |          |         |          |        |          |        |          |        |          |       |          |        |          |        |          |        |          |     |
| TURNER B       | 58     | 29 17S 31E | 13714 | 7/27/59   | 1/7/60          | DRY            | PERFORATE          | 9763-9765 |           |                   | 1/7/1960                   |            | 230     | 300      |         |          |         |          |         | 3,825    | 2,508  |          |        |          |        |          |       | 9,900    | 150    |          |        |          |        | 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   |          |        |          |        | 3,308    | 225    |          |     |
|                |        |            |       |           | 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 | 7/17/44   | 9/1/44          | P&A            | OPEN HOLE          | 1804-1970 | 85        |                   |                            |            |         |          |         |          |         |          |         |          |        |          |        | 470      | 50     | 1,804    | 100   |          |        |          | 2,981  |          |        |          |     |







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" | # OF SXS | 12 3/4" | # OF SXS | 11 3/4" | # OF SXS | 10 3/4" | # OF SXS | 9 5/8" | # OF SXS | 8 5/8" | # OF SXS | 8 1/4" | # OF SXS | 7"    | # OF SXS | 5 1/2" | # OF SXS | 4 1/2" | # OF SXS | 2 7/8" | # OF SXS | TOC   |       |       |
|----------------|--------|------------|-------|-----------|---|----------------|---|--|-----------|-------------------|----------------------------|------------|---------|----------|---------|----------|---------|----------|---------|----------|--------|----------|--------|----------|--------|----------|-------|----------|--------|----------|--------|----------|--------|----------|-------|-------|-------|
| FRIESS FEDERAL | 1      | 19 17S 31E | 3,521 | 9/18/41   | 4/15/42<br>2/16/67  | P&A            | OPEN HOLE<br>CLEAN OUT  | 2719-2870<br>3470  | 35        |                   |                            |            |         |          |         |          |         |          |         |          |        |          |        | 465      | 50     | 2,719    | 100   |          |        |          |        |          |        |          |       |       |       |
|                |        |            |       |           | 8/13/69   |                | PERFORATE (7" CSG COLLAPSE)   | 1901-1974  |           | 2431              |                            |            |         |          |         |          |         |          |         |          |        |          |        |          |        |          |       |          |        |          |        |          |        |          |       |       |       |
|                |        |            |       |           | 11/27/72<br>6/7/97  |                | TA<br>P&A   |  |           |                   | 11/27/1972                 | 6/7/1997   |         |          |         |          |         |          |         |          |        |          |        |          |        |          |       |          |        |          |        |          |        |          |       |       |       |
| FRIESS FEDERAL | 3      | 19 17S 31E | 7,085 | 5/23/62   | 7/13/62<br>5/17/63<br>4/5/65<br>7/8/69<br>6/23/70<br>8/9/85     | OIL            | PERFORATE<br>PERFORATE<br>SQZ ALL PERFS W/ 150 SXS & PERFORTE<br>DRILL OUT (7095') & PERFORATE<br>PERFORATE<br>SHUT-IN, UNECONOMIC          | 7060-7070<br>6955-7046<br>6955-7005<br>6959-7095<br>2814-3176              | 984       |                   |                            |            |         |          |         |          |         |          |         |          |        | 1,405    | 200    |          |        |          |       |          |        | 7,085    | 850    |          |        |          |       | 1,454 |       |
| FRIESS FEDERAL | 4      | 19 17S 31E | 3,720 | 5/29/96   | 7/6/96  | OIL            | PERFORATE   | 2734-3322  | 147       |                   |                            |            |         |          |         |          |         |          |         |          |        | 390      | 375    |          |        |          |       |          |        | 3,719    | 1,350  |          |        |          |       | 0     |       |
| FRIESS FEDERAL | WI-5   | 19 17S 31E | 3,440 | 12/6/97   | 1/27/98<br>2/10/98  | INJ            | PERFORATE<br>ACIDIZE & CONV. TO INJ. WELL   | 2720-3251  |           |                   |                            |            |         |          |         |          |         |          |         |          |        | 419      | 350    |          |        |          |       |          |        | 3,439    | 1,050  |          |        |          |       |       |       |
| FRIESS, MAX    | 1      | 30 17S 31E | 2,057 | 12/14/43  | 3/6/43<br>2/25/55   | INJ            | OPEN HOLE<br>PLUGGED BACK   | 1852-2057<br>2050  | 10        |                   |                            |            |         |          |         |          |         |          |         |          |        |          |        | 524      | 50     | 1,852    | 100   |          |        |          |        |          |        |          |       |       |       |
|                |        |            |       |           | 10/1/57   |                | DEEPEN & OPEN HOLE COMPL.   | 2830-3437  |           |                   |                            |            |         |          |         |          |         |          |         |          |        |          |        |          |        |          |       |          | 2,830  | 100      |        |          |        |          | 1,980 |       |       |
|                |        |            |       |           | 7/11/72   |                | PERFORATE & CONV. TO INJ. WELL  | 3108-3237  |           |                   |                            |            |         |          |         |          |         |          |         |          |        |          |        |          |        |          |       |          |        |          |        | 3,423    | 155    |          |       |       |       |
| FRIESS, MAX    | 2      | 30 17S 31E | 3,300 | 4/26/57   | 6/13/57<br>9/24/58<br>9/9/73<br>1/30/86<br>11/11/90<br>11/5/96  | INJ            | PERFORATE<br>PERFORATE<br>PERFORATE<br>PERFORATE & SQUEEZE (2150 W/125 SXS & 1800 W/125 SXS)<br>CLEAN OUT<br>PERFORATE & CONV. TO INJ. WELL | 3264-3276<br>3098-3128<br>3191-3212<br>1985-2035<br>3286<br>2750-3282      | 206       |                   |                            |            |         |          |         |          |         |          | 582     | 100      |        |          |        |          |        |          | 3,300 | 100      |        |          |        |          |        |          |       | 2,375 |       |
| FRIESS, MAX    | 4      | 30 17S 31E | 3,397 | 8/26/57   | 10/6/57<br>11/11/58<br>6/22/72<br>9/28/91                       | INJ            | PERFORATE<br>PERFORATE<br>CONV. TO INJ. WELL<br>CLEAN OUT & PERFORATE   | 3358-3368<br>3220-3240<br>2903-3390  | 232       |                   |                            |            |         |          |         |          |         |          |         | 314      | 100    |          |        |          |        |          |       | 3,396    | 100    |          |        |          |        |          |       | 2,210 |       |
|                |        |            |       |           | 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       |                   |                            |            |         |          | 325     | 500      |         |          |         |          |        |          | 1,391  | 800      |        |          |       |          |        |          | 3,805  | 1,100    |        |          |       |       |       |
| FRIESS, MAX    | 6      | 30 17S 31E | 3,937 | 5/5/92    | 5/21/92   | OIL            | PERFORATE   | 3089-3519  | 298       |                   |                            |            | 404     | 375      |         |          |         |          |         |          |        |          | 1,443  | 650      |        |          |       |          |        |          | 3,937  | 1,100    |        |          |       |       | 0     |
| TURNER A       | 35     | 19 17S 31E | 3,635 | 12/2/67   | 1/17/68<br>8/24/91<br>5/24/97                                   | INJ            | PERFORATE & CONV. TO INJ. WELL<br>FILL W/ CMT 4 1/2" - 8 5/8"<br>CLEAN OUT  | 2930-3380  |           |                   |                            |            |         |          |         |          |         |          |         |          |        |          | 555    | 350      |        |          |       |          |        |          |        | 3,635    | 390    |          |       |       | 1,480 |
| TURNER A       | 36     | 19 17S 31E | 3,442 | 11/18/67  | 12/10/67  | OIL            | PERFORATE   | 2934-3418  | 61        |                   |                            |            |         |          |         |          |         |          |         |          | 605    | 350      |        |          |        |          | 3,450 | 450      |        |          |        |          |        |          |       | 1,800 |       |
| TURNER A       | 47     | 19 17S 31E | 3743  | 5/7/96    | 6/1/96  | OIL            | PERFORATE   | 2690-3429  | 382       |                   |                            |            |         |          |         |          |         |          |         |          |        |          | 392    | 500      |        |          |       |          |        |          | 3,742  | 1,875    |        |          |       |       |       |
| TURNER A       | 49     | 19 17S 31E | 3,670 | 4/15/96   | 5/23/96   | OIL            | PERFORATE   | 2741-3243  | 95        |                   |                            |            |         |          |         |          |         |          |         |          |        |          | 353    | 350      |        |          |       |          |        |          | 3,669  | 2,000    |        |          |       | 0     |       |
| TURNER A       | 50     | 19 17S 31E | 3,775 | 2/15/96   | 4/5/96  | OIL            | PERFORATE   | 2706-3488  | 243       |                   |                            |            |         |          |         |          |         |          |         |          |        |          | 421    | 650      |        |          |       |          |        |          | 3,774  | 640      |        |          |       | 570   |       |
| TURNER A       | 51     | 19 17S 31E | 3,665 | 4/8/96    | 5/13/96   | OIL            | PERFORATE   | 2689-3402  | 200       |                   |                            |            |         |          |         |          |         |          |         |          |        |          | 428    | 500      |        |          |       |          |        |          | 3,664  | 2,300    |        |          |       | 0     |       |
| TURNER B       | 12     | 20 17S 31E | 2,022 | 3/12/44   | 6/6/44<br>9/6/85  | TA             | OPEN HOLE<br>SET CIBP   | 1875-2022  | 50        |                   | 1845                       | 9/6/1985   |         |          |         |          |         |          |         |          |        |          |        |          |        |          |       |          | 609    | 50       | 1,875  | 100      |        |          |       |       |       |
| TURNER B       | 23     | 29 17S 31E | 2,102 | 7/13/46   | 9/1/46<br>12/11/68  | TA             | OPEN HOLE<br>TA   | 1995-2102  | 25        |                   |                            | 12/11/1968 |         |          |         |          |         |          |         |          |        |          |        |          |        |          |       | 558      | 50     | 1,995    | 100    |          |        |          |       |       |       |
| TURNER B       | 41     | 20 17S 31E | 3,455 | 5/14/53   | 7/16/53<br>12/19/59<br>12/30/67<br>1/18/70<br>2/13/97<br>3/7/01 | INJ            | PERFORATE<br>PERFORATE<br>CONV. TO INJ. WELL<br>SQUEEZE & PERFORATE<br>PERFORATED & RETURN TO INJ.<br>CLEAN OUT & PRESSURE TEST             | 3290-3408<br>2955-2980<br>2900-2902<br>2706-3108                           | 80        |                   |                            |            |         |          |         |          |         |          |         |          | 532    | 50       |        |          |        |          |       |          |        |          | 3,451  | 200      |        |          |       |       |       |
| TURNER B       | 43     | 20 17S 31E | 3,238 | 9/1/55    | 10/16/55<br>4/6/62<br>2/3/70<br>6/15/80<br>4/5/91<br>4/13/97    | INJ            | PERFORATE<br>PERFORATE<br>PERFORATE<br>SQUEEZE & PERFORATE<br>PERFORATE<br>PERFORATE & CONV. TO INJ. WELL                                   | 3062-3078<br>3200-3210<br>3148-3163<br>2331-2332<br>2873-2994<br>2822-3129 | 168       |                   |                            |            |         |          |         |          |         |          |         |          |        |          |        | 528      | 50     |          |       |          |        | 3,237    | 125    |          |        |          |       |       | 2,345 |
|                |        |            |       |           | 11/21/55<br>3/11/69<br>1/28/70<br>9/18/91<br>2/24/97            | INJ            | PERFORATE<br>CONV. TO INJ. WELL<br>PERFORATE<br>PERFORATE<br>CLEAN OUT  | 3161-3176  | 750       |                   |                            |            |         |          |         |          |         |          |         |          |        |          | 489    | 270      |        |          |       |          |        |          | 3,339  | 125      |        |          |       |       | 2,535 |



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 | FEET | # OF SXS | FEET  | # OF SXS |        |        |       |        |       |     |
| TURNER B        | 50     | 29       | 17S      | 31E  | 3,375  | 10/6/57   | 11/25/57        | INJ            | PERFORATE                      | 3306-3320               | 205       |                   |                            |          |          |      |          |      |          |      |          | 598   | 100      |      |          |       |          |      |          | 3,374 | 100      |        |        |       |        | 2,275 |     |
|                 |        |          |          |      |        |           | 6/18/59         |                | PERFORATE                      | 3208-3224               |           |                   |                            |          |          |      |          |      |          |      |          |       |          |      |          |       |          |      |          |       |          |        |        |       |        |       |     |
|                 |        |          |          |      |        |           | 3/11/69         |                | CONV. TO INJ. WELL             |                         |           | 3305              |                            |          |          |      |          |      |          |      |          |       |          |      |          |       |          |      |          |       |          |        |        |       |        |       |     |
|                 |        |          |          |      |        |           | 1/22/70         |                | CLEANED OUT & PERFORATE        | 3172-3285               |           |                   |                            |          |          |      |          |      |          |      |          |       |          |      |          |       |          |      |          |       |          |        |        |       |        |       |     |
|                 |        |          |          |      |        |           | 7/18/91         |                | DRILLED OUT CIBP & PERFORATE   | 2978-3156               |           |                   |                            |          |          |      |          |      |          |      |          |       |          |      |          |       |          |      |          |       |          |        |        |       |        |       |     |
|                 |        |          |          |      |        |           | 3/17/97         |                | PERFORATE & RETURN TO INJ.     | 2914-2948               |           |                   |                            |          |          |      |          |      |          |      |          |       |          |      |          |       |          |      |          |       |          |        |        |       |        |       |     |
| TURNER B        | 67     | 20       | 17S      | 31E  | 7,223  | 5/26/60   | 7/25/60         | INJ            | PERFORATE                      | 3031-7054               | 192       |                   |                            | 470      | 525      |      |          |      |          |      |          |       |          |      | 3,800    | 900   |          |      |          |       |          |        | 7,221  |       |        | 3,697 |     |
|                 |        |          |          |      |        |           | 4/3/69          |                | SQZ PERFS& CONV TO INJ. WELL   | 3155-3180               |           | 6930              |                            |          |          |      |          |      |          |      |          |       |          |      |          |       |          |      |          |       |          |        |        |       |        |       |     |
|                 |        |          |          |      |        |           | 1/30/70         |                | PERFORATE                      | 3060-3068               |           |                   |                            |          |          |      |          |      |          |      |          |       |          |      |          |       |          |      |          |       |          |        |        |       |        |       |     |
|                 |        |          |          |      |        |           | 3/24/96         |                | SQZ CSG LEAKS                  | 478-513                 |           |                   |                            |          |          |      |          |      |          |      |          |       |          |      |          |       |          |      |          |       |          |        |        |       |        |       |     |
| TURNER B        | 79     | 20       | 17S      | 31E  | 3,530  | 1/3/68    | 1/25/68         | INJ            | PERFORATE                      | 2890-3124               | 67        |                   |                            |          |          |      |          |      |          |      |          | 605   | 350      |      |          |       |          |      |          | 3,530 | 500      |        |        |       |        | 1,300 |     |
|                 |        |          |          |      |        |           | 4/23/97         |                | PERFORATE & CONV. TO INJ. WELL | 2739-3469               |           |                   |                            |          |          |      |          |      |          |      |          |       |          |      |          |       |          |      |          |       |          |        |        |       |        |       |     |
| TURNER B        | 89     | 29       | 17S      | 31E  | 3,800  | 12/30/90  | 1/18/91         | OIL            | PERFORATE                      | 3117-3309               | 316       |                   |                            |          |          |      |          |      |          |      |          |       |          |      | 600      | 465   |          |      |          |       |          | 3,800  | 2,375  |       |        |       |     |
|                 |        |          |          |      |        |           | 1/19/91         |                | PERFORATE                      | 3065-3530               | 165       |                   |                            |          |          |      |          |      |          |      |          |       |          |      |          | 589   | 465      |      |          |       |          | 3,800  | 1,500  |       |        |       |     |
| TURNER B        | 93     | 20       | 17S      | 31E  | 3,821  | 1/18/91   | 2/22/91         | OIL            | PERFORATE                      | 2864-3681               | 250       |                   |                            | 452      | 650      |      |          |      |          |      |          |       |          |      | 1,421    | 700   |          |      |          |       |          | 3,821  | 900    |       |        |       |     |
| TURNER B        | 95     | 20       | 17S      | 31E  | 3,700  | 1/17/91   | 2/19/91         | OIL            | PERFORATE                      | 2815-3551               | 113       |                   |                            |          |          |      |          |      |          |      |          |       |          |      |          | 603   | 465      |      |          |       |          | 3,700  | 3,050  |       |        |       |     |
| TURNER B        | 96     | 20       | 17S      | 31E  | 3,752  | 1/27/91   | 2/16/91         | OIL            | PERFORATE                      | 2725-3514               | 134       |                   |                            |          |          |      |          |      |          |      |          |       |          |      |          | 597   | 700      |      |          |       |          | 3,752  | 2,200  |       |        |       |     |
| TURNER B        | 100    | 20       | 17S      | 31E  | 3,580  | 2/9/91    | 2/18/91         | OIL            | PERFORATE                      | 3213-3454               | 60        |                   |                            |          |          |      | 465      | 425  |          |      |          |       |          |      |          | 1,422 | 550      |      |          |       |          | 3,576  | 750    |       |        |       |     |
| TURNER B        | 101    | 20       | 17S      | 31E  | 3,857  | 6/7/92    | 8/21/92         | OIL            | PERFORATE                      | 3031-3800               | 48        |                   |                            | 367      | 400      |      |          |      |          |      |          |       |          |      |          |       | 1,246    | 800  |          |       |          |        | 3,856  | 1,100 |        |       |     |
| TURNER B        | 115    | 20       | 17S      | 31E  | 3,600  | 2/16/99   | 3/16/99         | OIL            | PERFORATE                      | 2696-3406               | 242       |                   |                            |          |          |      |          |      |          |      |          |       |          |      |          | 425   | 725      |      |          |       |          | 3,598  | 1,700  |       |        |       |     |
| TURNER B        | 118    | 20       | 17S      | 31E  | 3760   | 6/18/96   | 8/19/96         | OIL            | PERFORATE                      | 2821-3517               | 300       |                   |                            |          |          |      |          |      |          |      |          |       |          |      |          | 339   | 350      |      |          |       |          | 3,759  | 1,325  |       |        |       |     |
| CHERRY VANILLA  | 1      | 19       | 17S      | 31E  | 11,760 | 10/30/02  | 1/9/02          | GAS            | PERFORATE                      | 11229-11236             |           |                   |                            | 434      | 400      |      |          |      |          |      |          | 4,531 | 3,525    |      |          |       |          |      |          |       |          | 11,760 | 1,350  |       |        |       |     |
| CHOCOLATE MOOSE | 1      | 20       | 17S      | 31E  | 4,550  | 12/20/01  | 1/10/02         | DRY            | LOST HOLE                      | 4503                    |           |                   | 1/15/2002                  | 445      | 500      |      |          |      |          |      |          |       |          |      |          |       |          |      |          |       |          |        |        |       |        |       |     |
| CHOCOLATE MOOSE | 1-Y    | 20       | 17S      | 31E  | 11,736 | 1/17/02   | 5/9/02          | GAS            | PERFORATE                      | 11310-11330             |           |                   |                            | 440      | 700      |      |          |      |          |      |          |       |          |      |          |       |          |      |          |       |          | 11,736 | 1,050  |       |        |       |     |
| FREN OIL CO COM | 21     | 19       | 17S      | 31E  | 12,299 | 3/27/65   | 6/17/65         | TA             | PERFORATE                      | 6944-6996 & 11142-11218 |           | 11500             |                            | 369      | 300      |      |          |      |          |      |          |       |          |      | 3,210    | 600   |          |      |          |       | 12,275   | 575    |        |       |        |       |     |
|                 |        |          |          |      |        |           | 1/17/81         |                | SQUEEZE & PERFORATE            | 5768-5770 & 5050 5052   |           |                   |                            |          |          |      |          |      |          |      |          |       |          |      |          |       |          |      |          |       |          |        |        |       |        |       |     |
|                 |        |          |          |      |        |           | 1/17/81         |                | SQUEEZE CASING LEAKS           | 8170-8385               |           |                   |                            |          |          |      |          |      |          |      |          |       |          |      |          |       |          |      |          |       |          |        |        |       |        |       |     |
|                 |        |          |          |      |        |           | 1/31/01         |                | TA                             |                         |           | 11980             | 1/31/2001                  |          |          |      |          |      |          |      |          |       |          |      |          |       |          |      |          |       |          |        |        |       |        |       |     |
|                 |        |          |          |      |        |           | 2/20/03         |                | RE-ENTER, TA                   |                         |           | 8570              | 2/20/2003                  |          |          |      |          |      |          |      |          |       |          |      |          |       |          |      |          |       |          |        |        |       |        |       |     |
| FRIESS          | 3      | 30       | 17S      | 31E  | 2,033  | 2/6/47    | 4/21/47         | P&A            | OPEN HOLE                      | 1954-2033               | 40        |                   |                            |          |          |      |          |      |          |      |          |       |          |      | 435      | 50    |          |      |          |       | 1,954    | 100    |        |       |        |       |     |
|                 |        |          |          |      |        |           | 6/7/56          |                | P&A                            |                         |           |                   | 6/7/1956                   |          |          |      |          |      |          |      |          |       |          |      |          |       |          |      |          |       |          |        |        |       |        |       |     |
| TURNER B        | 75     | 29       | 17S      | 31E  | 9,900  | 11/6/60   | 1/10/61         | DRY            | P&A                            |                         |           |                   | 1/10/1961                  |          |          |      |          |      |          |      |          |       |          |      |          | 1,608 | 650      |      |          |       |          |        |        |       |        | 0     |     |

**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

2002 0510 0004 2069 7698

| U. SENDER: COMPLETE THIS SECTION  |   | COMPLETE THIS SECTION ON DELIVERY  |  |
|---|---|--|--|
| <b>C</b><br>(Do not write in this box)  | <input checked="" type="checkbox"/> Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. | <b>A. Signature</b><br><input checked="" type="checkbox"/> Agent<br><input type="checkbox"/> Addressee<br><i>Glen L. Houston</i>   |  |
|   | <input checked="" type="checkbox"/> Print your name and address on the reverse so that we can return the card to you.   | <b>B. Received by (Printed Name)</b><br><i>Glen L. Houston, AH</i>   |  |
|   | <input checked="" type="checkbox"/> Attach this card to the back of the mailpiece, or on the front if space permits.    | <b>C. Date of Delivery</b><br><i>9-9-03</i>  |  |
| <b>1. Article Addressed to:</b><br><i>Glen Plemons</i><br><i>Po Box 113</i><br><i>Lovington, NM 88260</i> |   | <b>D. Is delivery address different from item 1?</b> <input type="checkbox"/> Yes<br>If YES, enter delivery address below: <input type="checkbox"/> No   |  |
| <b>2. Article Number</b><br><i>2002 0510 0004 2069 7698</i>   |   | <b>3. Service Type</b><br><input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail<br><input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise<br><input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D. |  |
| <b>PS Form 3811, August 2001</b>  |   | <b>4. Restricted Delivery? (Extra Fee)</b> <input type="checkbox"/> Yes  |  |





# 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"><li>Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</li><li>Print your name and address on the reverse so that we can return the card to you.</li><li>Attach this card to the back of the mailpiece, or on the front if space permits.</li></ul> |  | <p>A. Signature<br/><i>x Narva Hanson</i> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name)<br/><i>W. ARRE. V. HANSON</i></p> <p>C. Date of Delivery<br/><i>8/29/03</i></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes<br/>If YES, enter delivery address below: <input type="checkbox"/> No</p> |  |
| 1. Article Addressed to:<br><br><i>Hanson Energy<br/>R 342 S Haldeman Rd<br/>Artesia, NM 88210</i>   |  | 3. Service Type<br><input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail<br><input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise<br><input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.  |  |
| 2. Article Number<br>(Transfer from service label)   |  | 4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes   |  |
| 7002 0510 0004 2069 7667   |  | 7002 0510 0004 2069 7667   |  |





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 Engineer

7704 2069 0004 0510 2002

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

PS Form 3811, August 2001 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

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 BWPD 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 7612

| SENDER: COMPLETE THIS SECTION  |  | COMPLETE THIS SECTION ON DELIVERY   |  |
|--|--|---|--|
| <ul style="list-style-type: none"><li>■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</li><li>■ Print your name and address on the reverse so that we can return the card to you.</li><li>■ Attach this card to the back of the mailpiece, or on the front if space permits.</li></ul> |  | <p>A. Signature <b>GEE</b> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p><b>X</b></p>                                |  |
| 1. Article Addressed to:   |  | B. Received by (Printed Name) <b>SEP 10 2003</b>  |  |
| 2. Article Number (Transfer from service label)  |  | D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input type="checkbox"/> No<br>If YES, enter delivery address below: |  |
| 3. Service Type  |  | 3. Service Type   |  |
| <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail   |  | <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"/> Registered <input type="checkbox"/> Return Receipt for Merchandise   |  |
| <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.  |  | <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.   |  |
| 4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes   |  | 4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes  |  |

PS Form 3811, August 2001 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

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

PS Form 3811, August 2001 Domestic Return Receipt 102595-01-M-2509



August 20, 2003

Notice is hereby given that Merit Energy Company, (Attention: Jason Wacker, Operations Engineer, 13727 Noel Road, Suite 500, Dallas, Texas, 75240, 972-628-1598), is applying to the New Mexico Oil Conservation Division to inject water into four (4) wells for secondary recovery purposes in:

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

The injection interval will be within the Seven Rivers formation at a depth from 1800 feet to 2200 feet below the surface of the earth. Maximum injection rates of 600 barrels of water per day per well at a maximum pressure of 2500 pounds per square inch are expected. Injection 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

## 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 12-13-05 10-29-05

Notary Public