NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

January 5, 2005

Division Order No. IPI-246

Merit Energy Company
13727 Noel Road
Suite 500
Dallas, Texas 75240

Attention: Ms. Beverly Hatfield

RE: Injection Pressure Increase
Friess-Fren Waterflood Project
Turner "B" Waterflood Project
Eddy County, New Mexico

Dear Ms. Hatfield:

Reference is made to your request received by the Division on December 3, 2004 to increase the surface injection pressure on two wells within the Friess-Fren Waterflood Project, and on one well within the Turner "B" Waterflood Project. It is our understanding that the Friess-Fren and Turner "B" Waterflood Projects are contiguous in Township 17 South, Range 31 East, NMPM, and that both secondary recovery projects are targeting the Grayburg-Jackson (Seven Rivers-Queen-Grayburg-San Andres) Pool. The request to increase the surface injection pressure on these wells is based upon recently-conducted step rate tests. The results of the step rate tests show that an increase in the surface injection pressure for these wells is justified and will not result in the fracturing of the injection formation and confining strata.

You are therefore authorized to increase the surface injection pressure on the following-described wells located in Township 17 South, Range 31 East, NMPM, Eddy County, New Mexico:

WELL NAME & NUMBER	*MAXIMUM SURFACE INJECTION PRESSURE*
Fren Oil Company Well No. 5 API No. 30-015-05253 660' FSL & 660' FEL, Unit P, Section 19	1060 PSIG
Fren Oil Company Well No. 25 API No. 30-015-29537 1880' FSL & 410' FEL, Unit I, Section 19	1109 PSIG

WELL NAME & NUMBER	***MAXIMUM SURFACE INJECTION PRESSURE***
Turner "B" Well No. 12 API No. 30-015-05284 2080' FSL & 660' FWL, Unit L, Section 20	1130 PSIG

The Division Director may rescind this injection pressure increase if it becomes apparent that the injected fluid is not being confined to the injection zone or is endangering any fresh water aquifers.

Sincerely,

Mark E. Fesmire, P.E.
Director

cc: Oil Conservation Division - Artesia
File: WFX-795, WFX-796
File: Cases No. 3521, 4705