New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez Governor

John H. Bemis Cabinet Secretary-Designate

Brett F. Woods, Ph.D. Deputy Cabinet Secretary Jami Bailey Division Director Oil Conservation Division



June 13, 2011

Matt Ogden Regulatory Analyst Merit Energy Company 13727 Noel Road, Suite 500 Dallas, TX 75240

Re: State A A/C 2 #3, API #30-025-08829 State A A/C 2 #5, API #30-025-08817 State A A/C 1 #48, API #30-025-09233

Dear Mr. Ogden,

As you requested, this is a Letter Rebutting the Presumption of Inactivity as to the above mentioned wells.

Please note that these wells will remain on in the inactive well list until the well(s) report production via a C-115.

Merit Energy Company (OGRID 14591) should provide a copy of this letter to the Oil Conservation District Office in order for Merit to affect the release of the C-104 for the Fanning B-2.

Please note that the rebuttal letter will expire on December 20, 2011; six months from the reported activity on the well.

Sincerely,

Catrielle alerholt

Gabrielle A. Gerholt OCD Attorney

EC: Daniel Sanchez, Compliance and Enforcement Manager Theresa Duran-Saenz, Legal Assistant E.L. Gonzales, Hobbs Manager

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