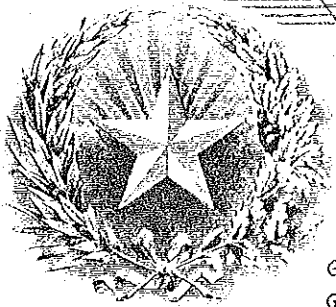


059, 1034

OFFICE OF

RAILROAD COMMISSION

OF TEXAS



LENA GUERRERO, Chairman
JAMES E. (JIM) NUGENT, Commissioner
ROBERT KRUEGER, Commissioner

OIL & GAS DIVISION

DAVID M. GARLICK
Director
JERRY W. MULLICAN
Director of Underground
Injection Control
(512) 463-6790
FAX (512) 463-6780

1701 N. CONGRESS CAPITOL STATION — P. O. BOX 11967 AUSTIN, TEXAS 78711-2967

PERMIT TO INJECT FLUID INTO A RESERVOIR PRODUCTIVE OF OIL AND GAS

PROJECT NO. F 13326

Merit Energy Company
12221 Merit Dr., Ste. 500
Dallas, TX 75251

Based on information contained in your application (Forms H-1 and H-1A) dated January 29, 1992, you are hereby authorized to use the following well to inject fluid into the Delaware Sand Formation:

State "WZ" Lease, (25026), Well No. 6D, Caprito (Delaware Middle) Field, Ward County, RRC District 08

Authority is granted to inject in accordance with Statewide Rule 46 of the Railroad Commission of Texas and subject to the following special and standard conditions:

SPECIAL CONDITIONS:

1. Fluid shall only be injected into strata in the subsurface depth interval from 4976 feet to 6207 feet.
2. The injection volume of salt water shall not exceed 2000 barrels per day.
3. The maximum operating surface injection pressure shall not exceed 1500 psig.
4. The authority to inject fluid is limited to the injection of salt water.

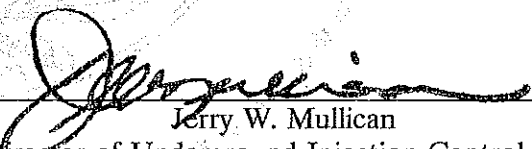
STANDARD CONDITIONS:

1. Injection must be through tubing set on a packer.
2. The District Office must be notified 48 hours prior to:
 - a. running tubing and setting packer;
 - b. beginning any workover or remedial operation;
 - c. conducting any required pressure tests or surveys.
3. The wellhead must be equipped with a pressure observation valve on the tubing and for each annulus.

4. Prior to beginning injection and subsequently after any workover, an annulus pressure test must be performed. The test pressure must equal the maximum authorized injection pressure or 500 psig, whichever is less, but must be at least 200 psig. The test must be performed and the results submitted in accordance with the instructions of Form H-5.
5. The injection pressure and injection volume must be monitored at least monthly and reported annually on Form H-10 to the Commission's Austin office.
6. Within 30 days after completion, conversion to fluid injection, or any workover which results in a change in well completion, a new Form W-2 or G-1 must be filed in duplicate with the District Office to show the current completion status of the well and to show the current production test allowable to be transferred from converted wells to producing wells on the same lease. The date of the injection permit and the project number must be included on the new Form W-2 or G-1.
7. Written notice of intent to transfer the permit to another operator must be submitted to the Commission at least 15 days prior to the date the transfer will occur by filing Form P-4.
8. A well herein authorized cannot be converted to a producing well and have an allowable assigned without filing an amended Form W-1 and receiving Commission approval.
9. Unless otherwise required by conditions of the permit, completion and operation of the well shall be in accordance with the information represented on the application (Forms H-1 and H-1A).

Provided further that, should it be determined that such injection fluid is not confined to the approved strata, then the permission given herein is suspended and the fluid injection must be stopped until the fluid migration from such strata is eliminated.

APPROVED AND ISSUED ON April 10, 1992


Jerry W. Mullican
Director of Underground Injection Control

Return each W-1 with plat, applicable fee, and "W-1 Compliance Certificate" (W-1c). Make a check or money order payable to the State Treasurer of Texas.

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

Form W-1
Rev. 9/1/91

Address to:
Railroad Commission of Texas
Oil and Gas Division, Drilling Permits
P. O. Box 12967
Austin, Texas 78711-2967

Application for Permit to Drill, Deepen, Plug Back, or Re-Enter

File a copy of W-1 and plat in RRC District Office

Read Instructions on Back

EFFECTIVE SEPT. 1, 1991, PERMIT APPLICATION FEE WILL VARY ACCORDING TO THE TOTAL DEPTH SHOWN IN ITEM NO. 9 BELOW.
0-2000' - \$100, 2001' - 4000' \$125, 4001' - 9000' \$150, 9001' or deeper \$200

Purpose of filing (mark appropriate boxes):
 Drill Deepen (below casing) Deepen (within casing) Plug Back Re-Enter
 Horizontal Directional Well Sidetrack Amended Permit (enter permit no. at right & explain fully in Remarks)

Enter here, if assigned: API No. 42-
 Permit No. _____
 Rule 37 Case No. _____

1. Operator's Name (exactly as shown on Form P-5, Organization Report) Merit Energy Company
 2. Address (including city and zip code) 12221 Merit Drive, Suite 500 Dallas, TX 75251
 3. RRC Operator No. 561136
 4. RRC District No. 8
 5. County of Well Site Ward
 6. Lease Name (32 spaces maximum) State -WZ-
 7. RRC Lease/ID No. 25026
 8. Well No. 6D
 9. Total Depth 6800'
 10. Location
 • Section 38 Block 17 Survey Univ. Lands Abstract No. A- _____
 • This well is to be located 4 miles in a NW direction from Pyote which is the nearest town in the county of the well site.

11. Distance from proposed location to nearest lease or unit line 467 ft.
 12. Number of contiguous acres in lease, pooled unit, or unitized tract 320.35 (OUTLINE ON PLAT.)

13. FIELD NAME (Exactly as shown on RRC proration schedule). List all established and wildcat zones of anticipated completion. Attach additional Form W-1's as needed to list these zones. One zone per line.	14. Completion depth	15. Spacing pattern (ft.)	16. Density pattern (acres)	17. Number of acres in drilling unit for this well. OUTLINE ON PLAT.	18. Is this acreage assigned to another well on this lease & in this reservoir? If so, explain in Remarks.	19. Distance from proposed location to nearest applied for, permitted, or completed well, this lease & reservoir. (ft.)	20. Oil, gas, or other type well (Specify)	21. No. of applied for, permitted, or completed locations (including this one) on lease in this reservoir.	
								OIL	GAS
Caprito (Delaware Middle)	6300	467-1200	40	40	No	1733'	WTR Disposal	4	1

22. Perpendicular surface location from two nearest designated lines:
 • Lease/Unit 467' FNL & 467' FWL
 • Survey/Section 467' FNL & 467' FWL
 If a directional well, show also projected bottom-hole location:
 • Lease/Unit _____
 • Survey/Section _____

23. Is this a pooled unit?
 Yes (Attach Form P-12 and certified plat.) No

24. Is item 17 less than item 16 (substandard acreage for any field applied for)?
 Yes (Attach Form W-1A) No

25. Is this wellbore subject to Statewide Rule 36 (hydrogen sulfide area)? Yes No
 If subject to Rule 36, is Form H-9 filed? Yes No If not filed, explain in Remarks.

26. Do you have the right to develop the minerals under any right-of-way that crosses, or is contiguous to, this tract? Yes No
 If not, and if the well requires a Rule 37 or 38 exception, see Instructions for Rule 37.

Remarks
Well will be re-entered and converted to a Salt Water Disposal Well.

I certify that information stated in this application is true and complete, to the best of my knowledge.
 Signature Sheryl J. Carruth Name and title of operator's representative Sheryl J. Carruth Regulatory Manager
 Date: 2-7-92 Tel.: (214) 701-8377
 mo. day yr. Area Code Number

• RRC Use Only •