

District II
1301 W. Grand Ave., Artesia, NM 88210
Phone:(505) 748-1283 Fax:(505) 748-9720

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-101
Permit 25932

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

1. Operator Name and Address MELROSE OPERATING COMPANY 5813 NW GRAND BLVD STE B OKLAHOMA CITY, OK 73118		2. OGRID Number 184860
4. Property Code 26081		3. API Number 30-015- 94701 34715
5. Property Name ARTESIA UNIT		6. Well No. 104 Q

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
J	3	18S	28E	J	2375	S	1385	E	EDDY

8. Pool Information

ARTESIA;QUEEN-GRAYBURG-SAN ANDRES	3230
ARTESIA;QUEEN-GRAYBURG-SAN ANDRES	3230

Additional Well Information

9. Work Type New Well	10. Well Type OIL	11. Cable/Rotary	12. Lease Type State	13. Ground Level Elevation 3656
14. Multiple Y	15. Proposed Depth 3500	16. Formation San Andres	17. Contractor	18. Spud Date 4/10/2006
Depth to Ground water 400		Distance from nearest fresh water well > 1000		Distance to nearest surface water > 1000
Pit: Liner: Synthetic <input checked="" type="checkbox"/> 12 _____ mils thick Clay <input type="checkbox"/> Pit Volume: 4000 _____ bbls Drilling Method:				
Closed Loop System <input type="checkbox"/> Fresh Water <input type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input checked="" type="checkbox"/>				

19. Proposed Casing and Cement Program

Type	Hole Size	Casing Type	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	12.25	8.625	24	450	300	0
Prod	7.875	5.5	15.5	3500	600	0

Casing/Cement Program: Additional Comments

Sending request for H2S contingency exception along with Vicinity map, Location & Verification Map, BOP diagram.

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
DoubleRam	3000	3000	Weatherford

I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines <input checked="" type="checkbox"/> , a general permit <input type="checkbox"/> , or an (attached) alternative OCD-approved plan <input type="checkbox"/> .	OIL CONSERVATION DIVISION
Printed Name: Electronically filed by Michael Corjay	Approved By: Bryan Arrant
Title: Manager	Title: Geologist
Email Address: Mjcokc@cs.com	Approved Date: 3/23/2006 Expiration Date: 3/23/2007
Date: 3/22/2006 Phone: 405-848-4012	Conditions of Approval Attached

29.5

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Ave., Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV

1220 S. St Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-102
 Permit 25932

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-015-34701	2. Pool Code 3230	3. Pool Name ARTESIA;QUEEN-GRAYBURG-SAN ANDRES
4. Property Code 26081	5. Property Name ARTESIA UNIT	6. Well No. 104
7. OGRID No. 184860	8. Operator Name MELROSE OPERATING COMPANY	9. Elevation 3656

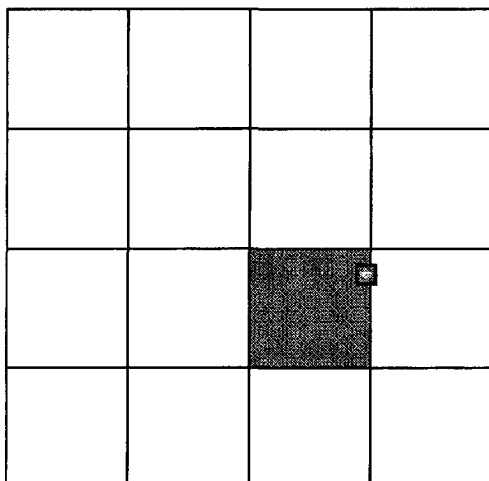
10. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
J	3	18S	28E		2375	S	1385	E	EDDY

11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres 40.00	13. Joint or Infill		14. Consolidation Code			15. Order No.			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

**OPERATOR CERTIFICATION**

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location(s) or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

E-Signed By: Michael Corjay

Title: Manager

Date: 3/22/2006

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Surveyed By: Gary Eidson

Date of Survey: 2/27/2006

Certificate Number: 12641

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Form C-144
June 1, 2004

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

✓ For drilling and production facilities, submit to appropriate NMOCD District Office.
For downstream facilities, submit to Santa Fe office

Pit or Below-Grade Tank Registration or Closure

Is pit or below-grade tank covered by a "general plan"? Yes ☐ No X

Type of action: Registration of a pit or below-grade tank X Closure of a pit or below-grade tank ☐

Operator: <u>Melrose Operating Company</u> Telephone: <u>432 684-6381</u> e-mail address: <u>ann.ritchie@wtor.net</u>		
Address: <u>c/o Box 953, Midland, TX 79702</u>		
Facility or well name: <u>Artesia Unit, Well #104</u> API #: <u>30-015-pending</u> U/L or Qtr/Qtr <u>J</u> Sec <u>3</u> T18S <u>R</u> 28E		
County: <u>Eddy</u> Latitude <u>32.463408</u> Longitude <u>104.093393</u> NAD: 1927 X 1983 <input type="checkbox"/>		
Surface Owner: Federal <input type="checkbox"/> State X Private <input type="checkbox"/> Indian <input type="checkbox"/>		
Pit Type: Drilling X Production <input type="checkbox"/> Disposal <input type="checkbox"/> Workover <input type="checkbox"/> Emergency <input type="checkbox"/> Lined X Unlined <input type="checkbox"/> Liner type: Synthetic X Thickness <u>12</u> mil Clay <input type="checkbox"/> Pit Volume <u>4000</u> bbl	Below-grade tank Volume: <u> </u> bbl Type of fluid: <u> </u> Construction material: <u> </u> Double-walled, with leak detection? Yes <input type="checkbox"/> If not, explain why not. <u> </u>	RECEIVED MAR 23 2006 OCU-MTESIA
Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.)	Less than 50 feet 50 feet or more, but less than 100 feet 100 feet or more X	(20 points) (10 points) (0 points)
Wellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.)	Yes No X	(20 points) (0 points)
Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)	Less than 200 feet 200 feet or more, but less than 1000 feet 1000 feet or more X	(20 points) (10 points) (0 points)
Ranking Score (Total Points)		0

If this is a pit closure: (1) Attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location: (check the onsite box if you are burying in place) onsite ☐ offsite ☐ If offsite, name of facility . (3) Attach a general description of remedial action taken including remediation start date and end date. (4) Groundwater encountered: No ☐ Yes ☐ If yes, show depth below ground surface ft. and attach sample results. (5) Attach soil sample results and a diagram of sample locations and excavations.

Additional Comments:
Application to drill filed on-line w/pit diagram.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that the above-described pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines X, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.

Date: 3-21-06

Printed Name/Title Ann E. Ritchie Signature 

Your certification and NMOCD approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state, or local laws and/or regulations.

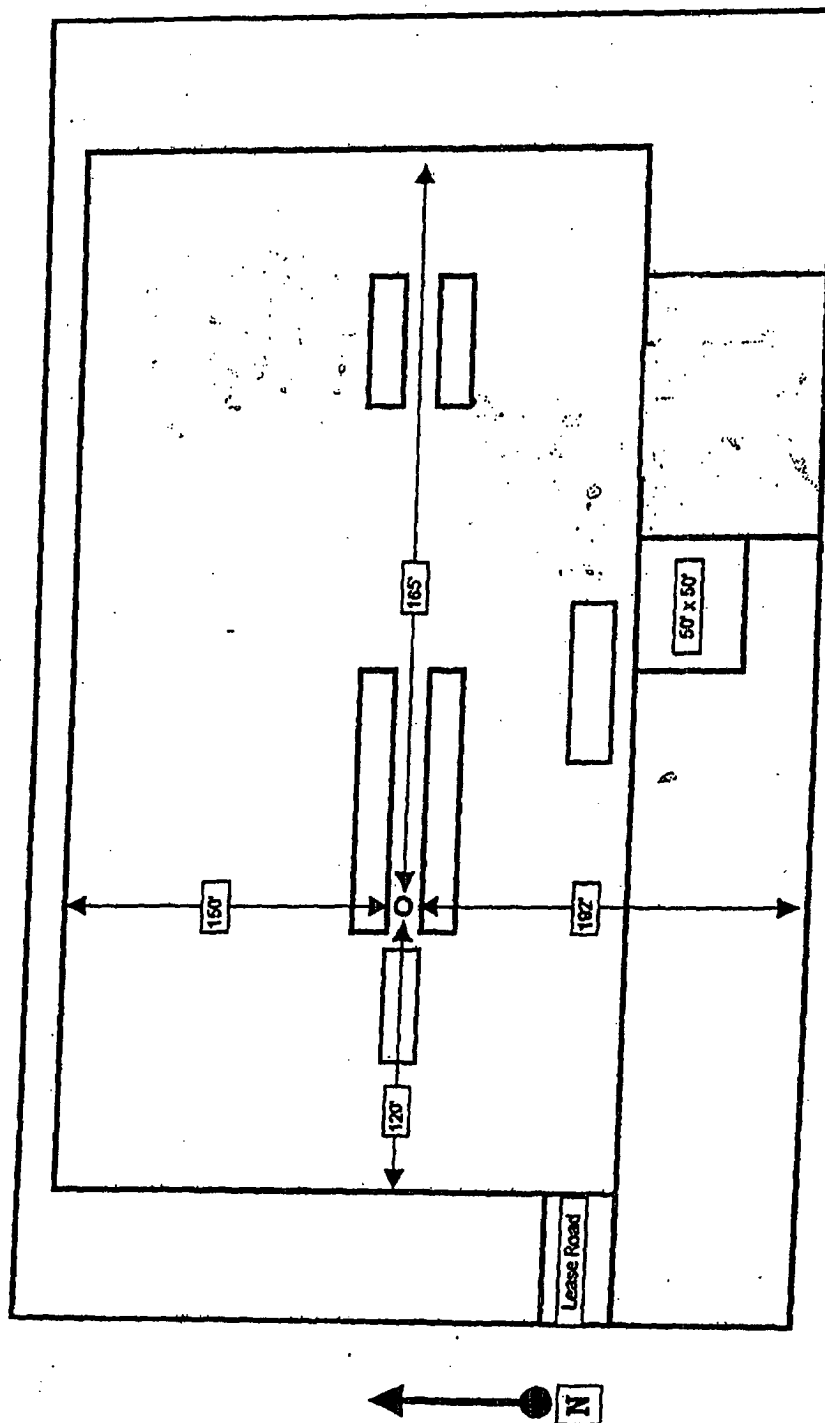
Approval:

Printed Name/Title Signature 

MAR 23 2006
Date:

Standard Plat
& Drilling Rig layout
Pad Schematic

Eddy County, New Mexico
(Not to Scale)



Permit Conditions of Approval

Operator: MELROSE OPERATING COMPANY , 184860

Well: ARTESIA UNIT #104

API: 30-015-34701

OCD Reviewer	Condition
BArrant	Pit construction and closure must satisfy all requirements of your approved plan, O.C.D. Rule 19.15.2.50, and the Pit and Below-Grade Tank Guidelines
BArrant	Please notify OCD time of spud & time to witness the cementing to surface of all casing strings.

Permit Comments

Operator: MELROSE OPERATING COMPANY , 184860

Well: ARTESIA UNIT #104

API:

There are no comments for this permit

Arrant, Bryan, EMNRD

From: Ann Ritchie [ann.ritchie@wtor.net]
Sent: Wednesday, March 22, 2006 1:58 PM
To: Arrant, Bryan, EMNRD
Subject: Melrose Operating Co. Artesia Unit Wells, Eddy County

Bryan,

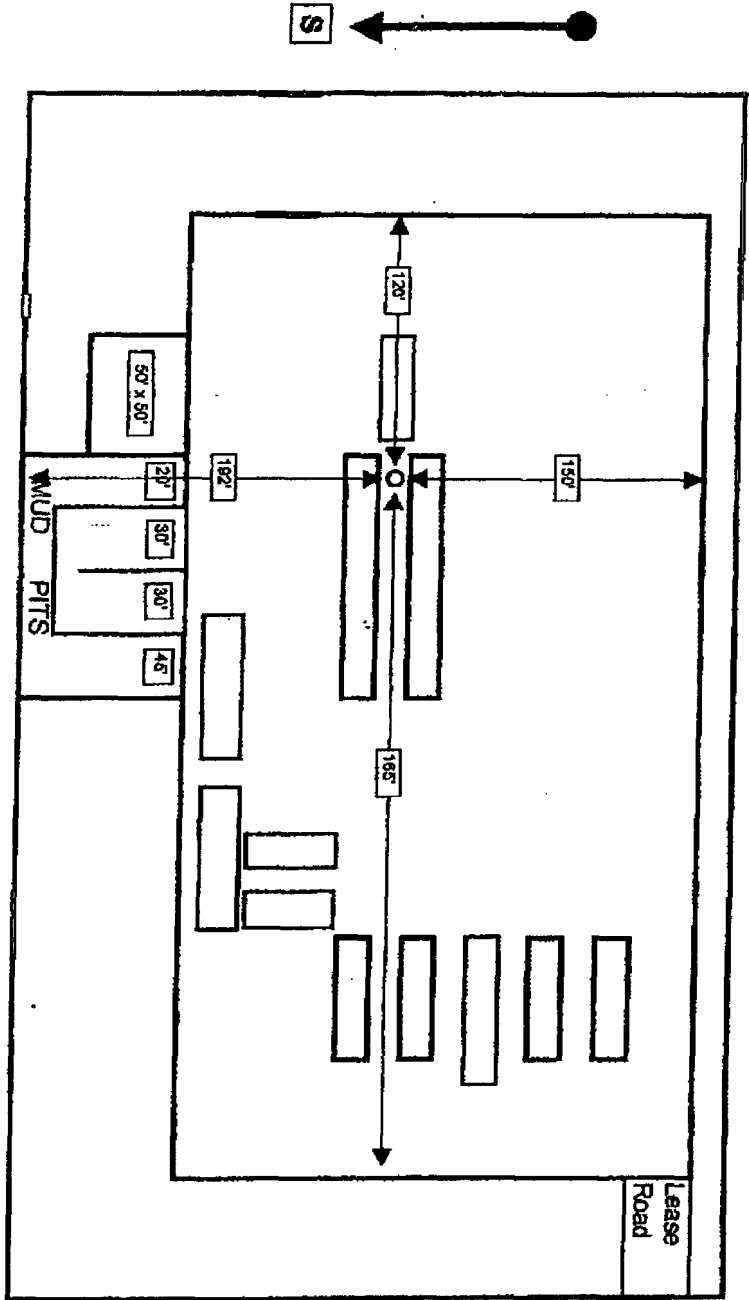
The proposed mud system for the Artesia Unit, Well #104, 105, 106, 107 & 108 as per our on-line filings is as follows:

40-450': Fresh water w/spud mud, gel/lime slurry. Viscosity 34-40; Mud Wt. 8.4-8.5, no control water loss.
450-3500': Drill out w/10# brine; 28-29 viscosity, NC, starch-up @ 1800' w/ 31-33 viscosity, 10-10.1 mud wt., 10-12 water loss and maintain to total depth.

Thank you,
Ann Ritchie, Regulatory Agent
Melrose Operating Company
c/o P.O. Box 953
Midland, TX 79702
432 684-6381; 682-1458-fax
ann.ritchie@wtor.net

3/22/2006

Drilling Rig Pad Schematic
United Dry-Standard
 County, New Mexico
 Wellbore is 40' North of the pit



DISTRICT I

1625 N. FRENCH DR., HOBBS, NM 88240

DISTRICT II

1301 W. GRAND AVENUE, ARTESIA, NM 88210

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV

1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico

Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102

Revised October 12, 2005

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-015-34715		Pool Code 03230	Pool Name Artesia, Queen-Grayburg, SA
Property Code 26081	Property Name ARTESIA UNIT		Well Number 104
OGRID No. 184860	Operator Name MELROSE OPERATING COMPANY		Elevation 3656'

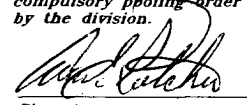
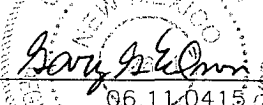
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	3	18-S	28-E		2375	SOUTH	1385	EAST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 40	Joint or Infill	Consolidation Code	Order No. Water Flood Unit						

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

LOT 4	LOT 3	LOT 2	LOT 1
RECEIVED MAR 23 2006 GUY-ARTESIA			
<p style="text-align: center;">GEODETIC COORDINATES NAD 27 NME Y=646111.9 N X=553451.8 E LAT.=32°46'34.08" N LONG.=104°09'33.93" W</p>			
<p style="text-align: right;">1385'</p> <p style="text-align: center;">2375'</p>			
<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p style="text-align: right;">  3-17-06 Signature Date Ann E. Ritchie, Agent Printed Name </p>			
<p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p style="text-align: center;">FEBRUARY 27, 2006</p> <p>Date Surveyed MR</p> <p>Signature & Seal of Professional Surveyor</p> <p style="text-align: right;">  3/10/06 06.11.0415 </p> <p>Certificate No. GARY. EIDSON 12641</p>			

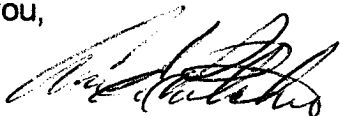
March 21, 2006

Oil Conservation Division
1301 Grand Ave.
Artesia, NM 88210

RE: **Melrose Operating Company**, Artesia Unit, Wells #104, 105, 106, 107 &
#108, Sections 2 & 3, T18S, R38E, Eddy County, NM

It is not anticipated that we will encounter any H₂S during the drilling or completion of the above referenced wells. There are no dwelling in the area as per the Vicinity Maps submitted to OCD. Closest highway is Hwy 360. We are respectfully requesting an exemption from H₂S requirements as per NMOCD Rule 118. The anticipated TVD is 3500' for these vertical wells. Drilling duration is approximately 5 days.

Thank you,



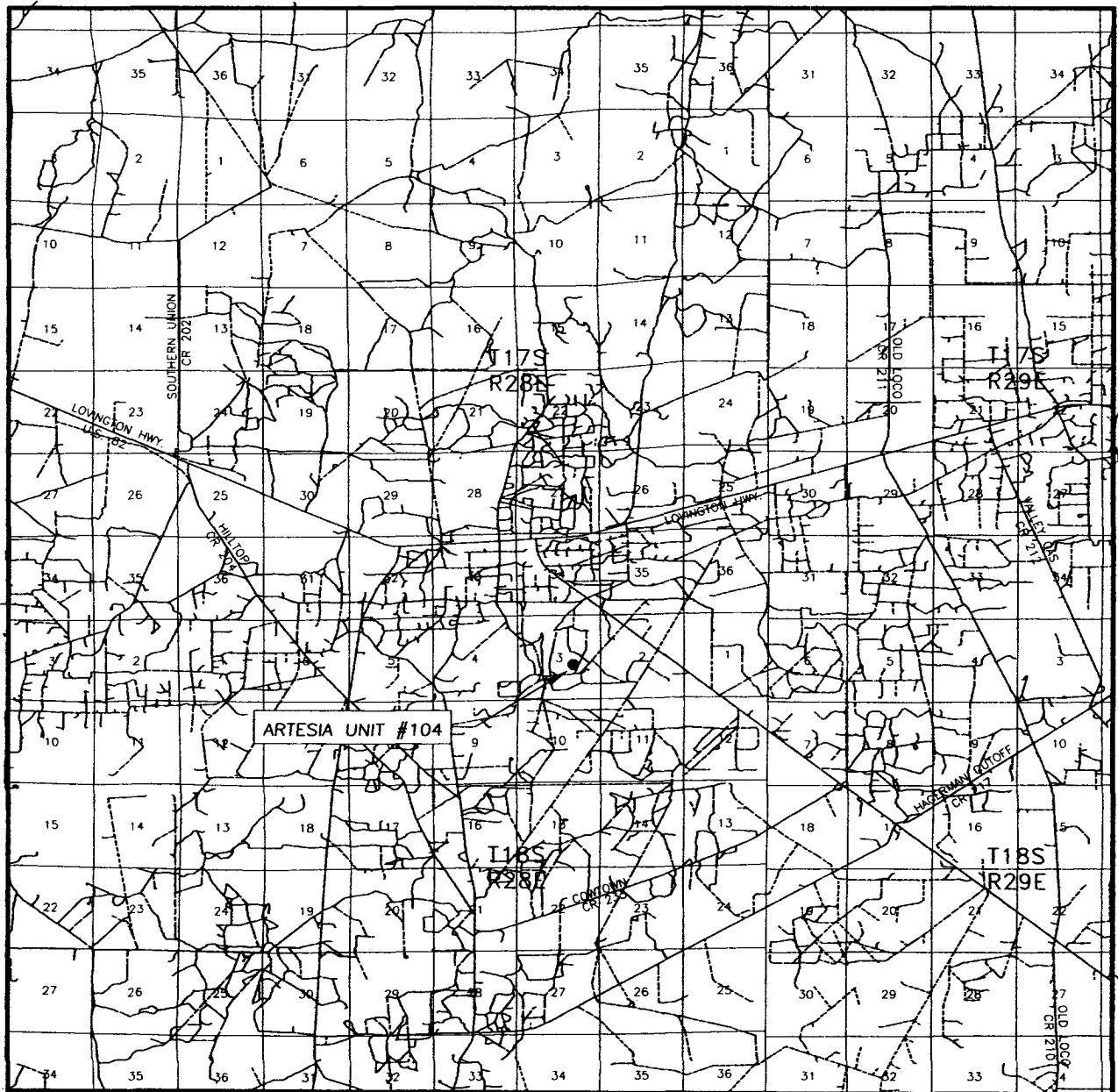
Ann E. Ritchie, Regulatory Agent
Melrose Operating Company
c/o P.O. Box 953
Midland, TX 79702
432 684-6381/682-1458-fax
ann.ritchie@wtor.net

RECEIVED

MAR 23 2006

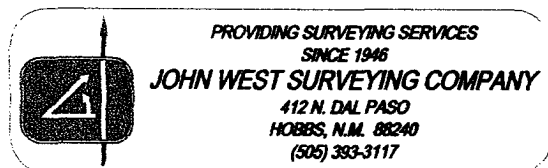
WELLS-100

VICINITY MAP

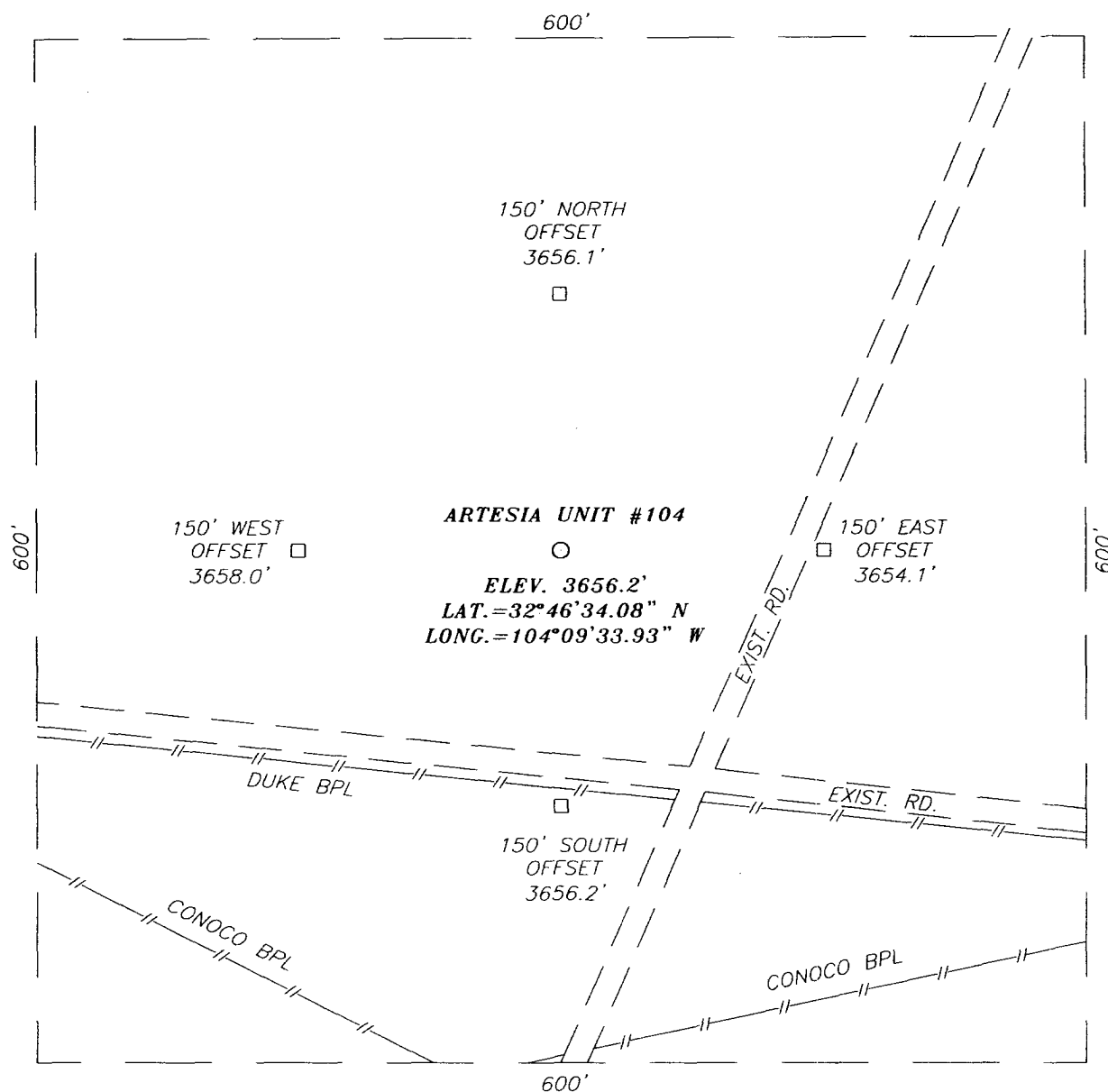


SCALE: 1" = 2 MILES

SEC. 3 TWP. 18-S RGE. 28-E
 SURVEY N.M.P.M.
 COUNTY EDDY STATE NEW MEXICO
 DESCRIPTION 2375' FSL & 1385' FEL
 ELEVATION 3656'
 OPERATOR MELROSE OPERATING COMPANY
 LEASE ARTESIA UNIT

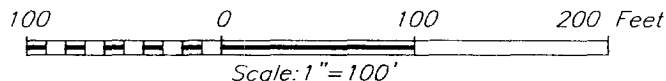


SECTION 3, TOWNSHIP 18 SOUTH, RANGE 28 EAST, N.M.P.M.,
 EDDY COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

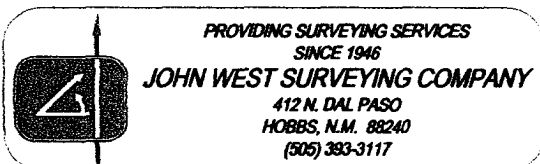
FROM THE INTERSECTION OF ST. HWY. 83 AND ST. HWY. 360. GO SOUTHEAST ON ST. HWY. 360 APPROX. 1.52 MILES TURN RIGHT AND GO SOUTHWEST APPROX. 0.62 MILES. TURN RIGHT AND GO WEST APPROX. 0.12 MILES. THIS LOCATION IS APPROX. 125 FEET NORTH.



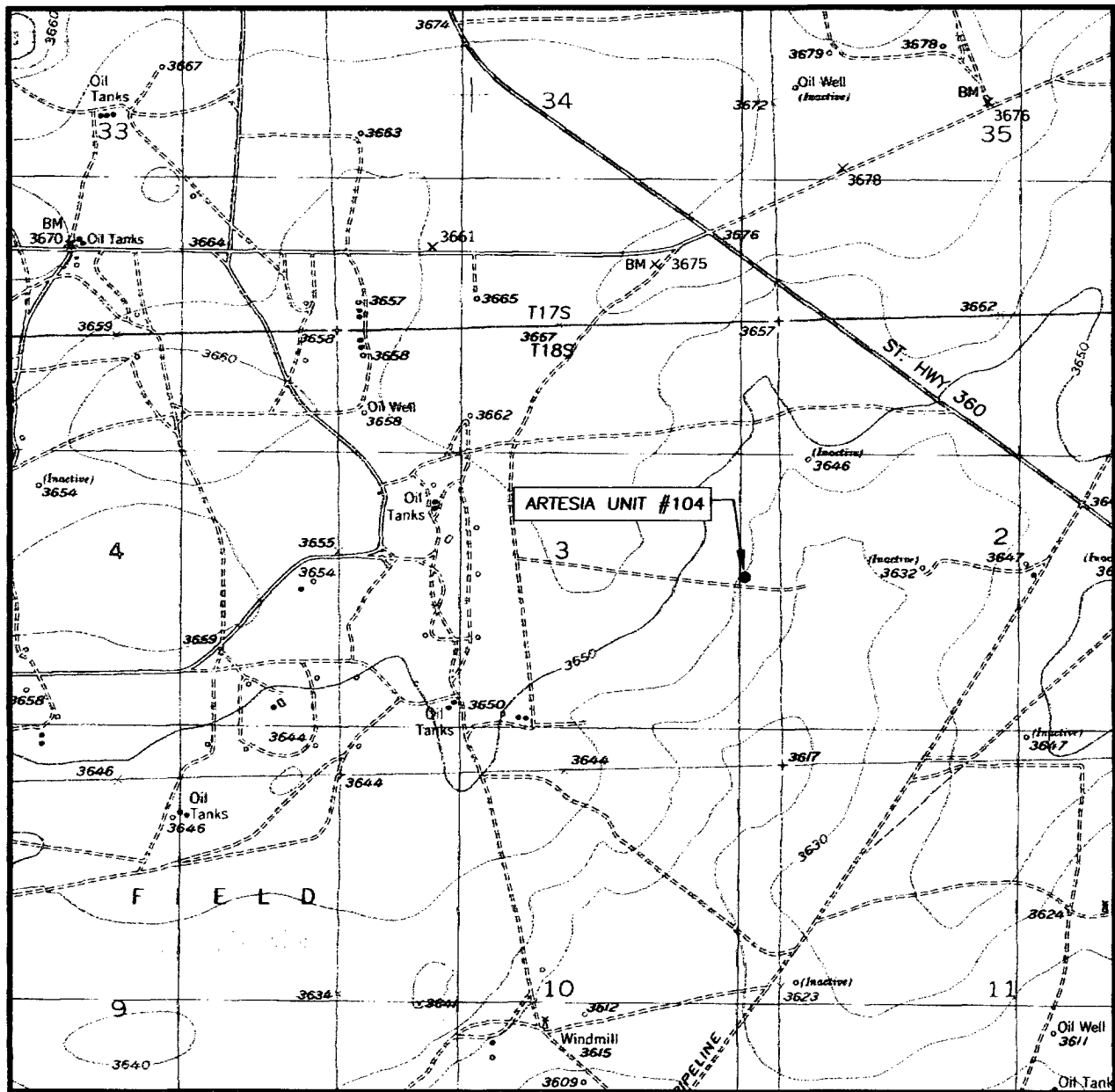
MELROSE OPERATING COMPANY

ARTESIA UNIT #104
 LOCATED 2375 FEET FROM THE SOUTH LINE
 AND 1385 FEET FROM THE EAST LINE OF SECTION 3,
 TOWNSHIP 18 SOUTH, RANGE 28 EAST, N.M.P.M.,
 EDDY COUNTY, NEW MEXICO.

Survey Date: 02/27/06	Sheet 1 of 1 Sheets
W.O. Number: 06.11.0415	Dr By: M.R. Rev 1:N/A
Date: 03/07/06	Disk: CD#1 06110415 Scale: 1"=100'



LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
RED LAKE, N.M. - 10'

SEC. 3 TWP. 18-S RGE. 28-E

SURVEY _____ N.M.P.M. _____

COUNTY EDDY STATE NEW MEXICO

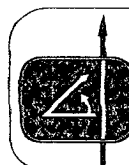
DESCRIPTION 2375' FSL & 1385' FEL

ELEVATION _____ 3656'

OPERATOR MELROSE OPERATING COMPANY

LEASE ARTESIA UNIT

U.S.G.S. TOPOGRAPHIC MAP
RED LAKE, N.M.



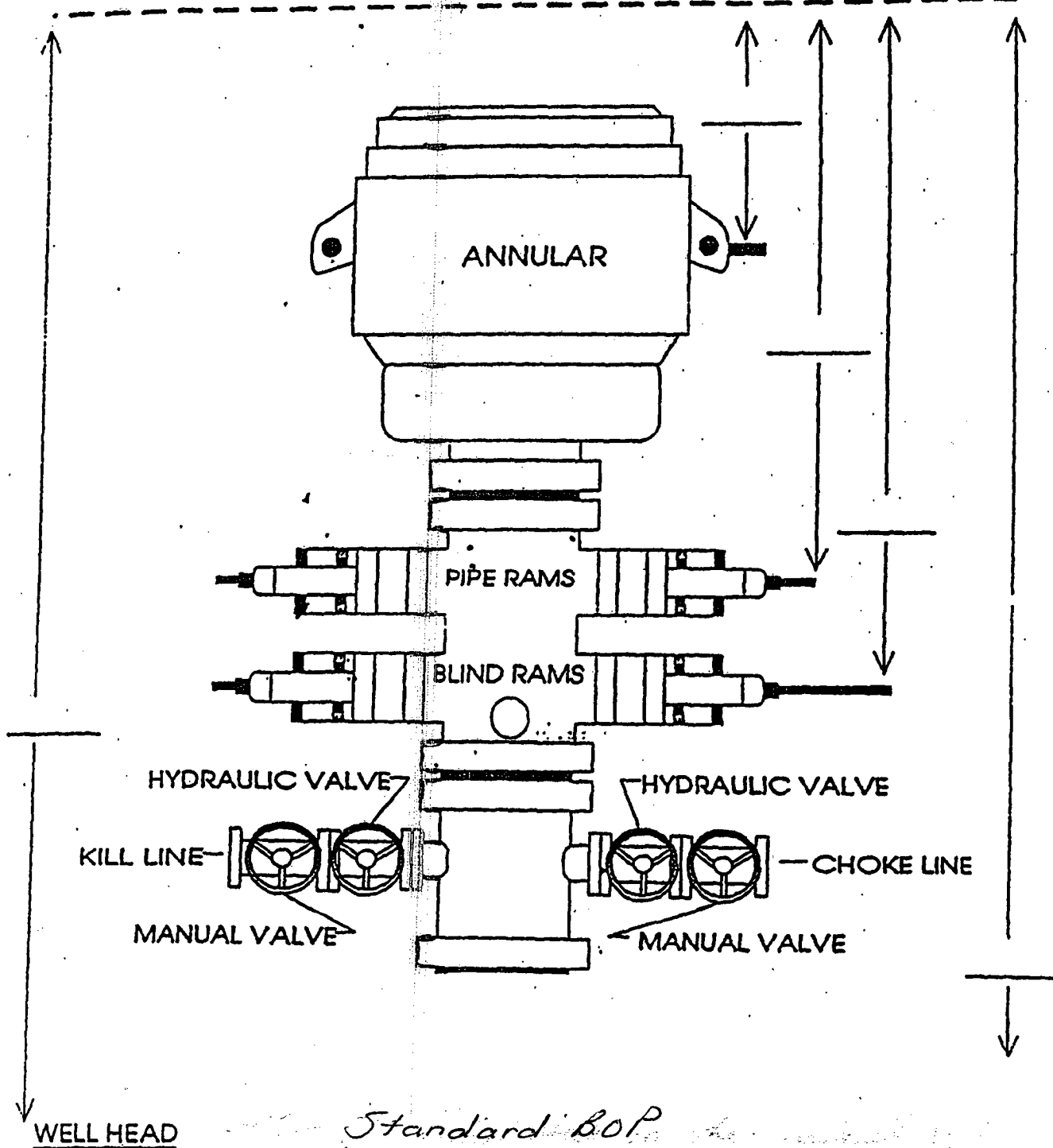
PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(505) 393-3117

EXHIBIT A

B.O.P. STACK SPACING

SIZE: 3000#

TOP OF ROTARY



*Standard BOP
Melrose operating Co. - United Drilg.*

March 21, 2006

Oil Conservation Division
1301 Grand Ave.
Artesia, NM 88210

RE: **Melrose Operating Company**, Artesia Unit, Wells #104, 105, 106, 107 & #108, Sections 2 & 3, T18S, R38E, Eddy County, NM

It is not anticipated that we will encounter any H₂S during the drilling or completion of the above referenced wells. There are no dwelling in the area as per the Vicinity Maps submitted to OCD. Closest highway is Hwy 360. We are respectfully requesting an exemption from H₂S requirements as per NMOCD Rule 118. The anticipated TVD is 3500' for these vertical wells. Drilling duration is approximately 5 days.

Thank you,



Ann E. Ritchie, Regulatory Agent
Melrose Operating Company
c/o P.O. Box 953
Midland, TX 79702
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ann.ritchie@wtor.net

RECEIVED

MAR 23 2006

JCU-ARTESIA