

Submit 3 Copies To Appropriate District Office  
 District I  
 1625 N. French Dr., Hobbs, NM 87240  
 District II  
 811 South First, Artesia, NM 87210  
 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

Form C-103  
 Revised March 25, 1999

OIL CONSERVATION DIVISION  
 1220 S. St. Francis Dr.  
 Santa Fe, NM 87505

|   |
|---|
| WELL API NO.<br>30 025 36576  |
| 5. Indicate Type of Lease<br>STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/> |
| 6. State Oil & Gas Lease No.  |
| 7. Lease Name or Unit Agreement Name:<br><br>Jalmat Field Yates Sand Unit                           |
| 8. Well No.<br>203  |
| 9. Pool name or Wildcat<br>Jalmat, (Tansil, Yates, Seven Rivers)                                    |

**SUNDRY NOTICES AND REPORTS ON WELLS**  
 (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well:  
 Oil Well  Gas Well  Other injection

2. Name of Operator  
 Melrose Operating Co.

3. Address of Operator  
 c/o Box 953, Midland, TX 79702

4. Well Location  
 Unit Letter L 2612' feet from the South line and 354' feet from the West line  
 Section 14 Township 22S Range 35E NMPM Lea County

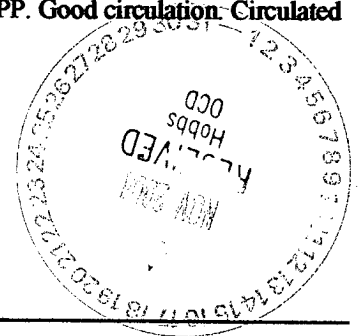
10. Elevation (Show whether DR, RKB, RT GR, etc.)  
 3586'

I 1. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

|  |  |  |   |
|--|--|--|---|
| <b>NOTICE OF INTENTION TO:</b>                 |  | <b>SUBSEQUENT REPORT OF:</b>   |   |
| PERFORM REMEDIAL WORK <input type="checkbox"/> | PLUG AND ABANDON <input type="checkbox"/>    | REMEDIAL WORK <input type="checkbox"/>   | ALTERING CASING <input type="checkbox"/>      |
| TEMPORARILY ABANDON <input type="checkbox"/>   | CHANGE PLANS <input type="checkbox"/>        | COMMENCE DRILLING OPNS. <input type="checkbox"/>                                 | PLUG AND ABANDONMENT <input type="checkbox"/> |
| PULL OR ALTER CASING <input type="checkbox"/>  | MULTIPLE COMPLETION <input type="checkbox"/> | CASING TEST AND CEMENTJOB <input type="checkbox"/>                               |   |
| OTHER: <input type="checkbox"/>                |  | OTHER: Spud, surface & production casing, TD <input checked="" type="checkbox"/> |   |

12. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

7-22-04: Well spudded, drilling 12 1/4" hole. Ran 8 5/8", 24# casing to 420', cemented with 300 sx PP, circulated 9 sx to pit. WOC.  
 7-23-04: Poured 6.5 yards ready mix around 8 5/8" casing. Tested to 1000# - okay. WOC.  
 7-29-04: Reached total depth of 4141', logging.  
 7-30-04: Ran 5 1/2", 17# casing to 4141', cemented with lead 650 sx Interfil C and tailed with 300 sx PP. Good circulation. Circulated 85 sx to pit. Released rig. WOC.



I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE [Signature] TITLE Regulatory Agent DATE 11-15-04

Type or print name Ann E. Ritchie Telephone No. 432 684-6381  
 (This space for State use)

APPROVED BY [Signature] TITLE PETROLEUM ENGINEER DATE DEC 30 2004  
 Conditions of approval, if any: