

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-101
May 27, 2004

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

Submit to appropriate District Office

☐ AMENDED REPORT

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

| | | |
|--|--|---|
| ¹ Operator Name and Address: Melrose Operating Co., c/o Box 953, Midland, TX 79702 | | ² OGRID Number: 184860 |
| ³ Property Code 25191 | ⁴ Property Name Jalmat Field Yates Sand Unit | ⁵ API Number 30-025-38943 |
| ⁹ Proposed Pool 1: Jalmat, Tansill-Yates-7 Rvrs | | ⁶ Well No. 246 |
| ¹⁰ Proposed Pool 2 | | |

⁷ Surface Location

| | | | | | | | | | |
|-------------------|---------------|------------------|---------------|---------|-----------------------|---------------------------|-----------------------|--------------------------|---------------|
| UL or lot no F | Section 23 | Township 22-S | Range 35-E | Lot Idn | Feet from the 2022 | North/South line North | Feet from the 2310 | East/West /iEast West | County Lea |
|-------------------|---------------|------------------|---------------|---------|-----------------------|---------------------------|-----------------------|--------------------------|---------------|

⁸ Proposed 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 |
|--------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|

Additional Well Information

| | | | | |
|--|---------------------------------------|--|--|---|
| ¹¹ Work Type Code N | ¹² Well Type Code O | ¹³ Cable/Rotary R | ¹⁴ Lease Type Code State | ¹⁵ Ground Level Elevation 3581' |
| ¹⁶ Multiple No | ¹⁷ Proposed Depth 4200' | ¹⁸ Formation Yates | ¹⁹ Contractor TBA | ²⁰ Spud Date 6-2-08 |
| Depth to Groundwater: 120' | | Distance from nearest fresh water well: approx - none | | Distance from nearest surface water: none |
| Pit: Liner: Synthetic: X 12 mils thick Clay <input type="checkbox"/> Pit Volume: 3000 bbls Drilling Method: | | | | |
| Closed-Loop System <input type="checkbox"/> Fresh Water X Brine X Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/> | | | | |

²¹ Proposed Casing and Cement Program

| Hole Size | Casing Size | Casing weight/foot | Setting Depth | Sacks of Cement | Estimated TOC |
|-----------|-------------|--------------------|---------------|-----------------|---------------|
| 12 1/4" | 8 5/8" | 24# | 350' | 375 sx | Surface |
| 7 7/8" | 5 1/2" | 15.5# | 4200' | 925 sx | Surface |
| | | | | | |
| | | | | | |
| | | | | | |

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

Propose to drill 12 1/4" hole to 350', set 8 5/8" casing @ 350', cementing with 375 sx Cl C, slurry wt of 14.8 ppg, yield of 1.34 cf/sx, type Cl C with 2% CaCl2.
Drill 7 7/8" hole to 4200', run open hole logs, set production casing string to approximately 4200', cementing with lead slurry of 600 sx, 50:50 poz Cl C w/10% bentonite + Sodium Chloride + 0.2% FL, slurry weight - 11.80 ppg, yield - 2.45 cf/sx; tail w/ 325 sx, 50:50 poz Cl C + 10% bentonite + Sodium Chloride + 0.2% FL, slurry weight - 14.2 ppg, yield - 1.3 cf/sx.
Will perforate, stimulate & test well.
We do not anticipate encountering any H2S intervals during the drilling of this well, based on wells drilled offsetting this location and producing wells in the unit.

²³ 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 X, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.

Printed Name: Narvie N. McDonald

Title: Regulatory Agent

E-mail Address: ann.ritchie@wtor.net

Date: 5-15-08

Phone: 432 684-6381/214-762-0830

OIL CONSERVATION DIVISION

Approved by:

Chris Williams

Title:

OC DISTRICT SUPERVISOR/GENERAL MANAGER

Approval Date:

MAY 23 2008

Expiration Date:

Conditions of Approval Attached ☐

Permit Expires 2 Years From Approval
Date Unless Drilling Underway

State of New Mexico

DISTRICT I

2022 N. FRENCH DR., HOBBS, NM 88240

Energy, Minerals and Natural Resources Department

Form C-102

DISTRICT II

1301 W. GRAND AVENUE, ARTESIA, NM 88210

OIL CONSERVATION DIVISION

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

Revised October 12, 2005
Submit to Appropriate District Office
State LEase - 4 Copies
Fee LEase - 3 Copies

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

| | | |
|------------------------------|---|----------------------------------|
| API Number 30-025 - 38943 | SAND Code 33820 | SAND Name Jalmat (T-Y-7 Rvrs) |
| Property Code 25191 | Property Name JALMAT FIELD YATES SAND UNIT | Well Number 246 |
| OGRID No. 184860 | Operator Name MELROSE OPERATING COMPANY | Elevation 3581' |

Surface Location

| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| F | 23 | 22-S | 35-E | | 2022 | NORTH | 2310 | WEST | LEA |

Bottom Hole Location If Different From Surface

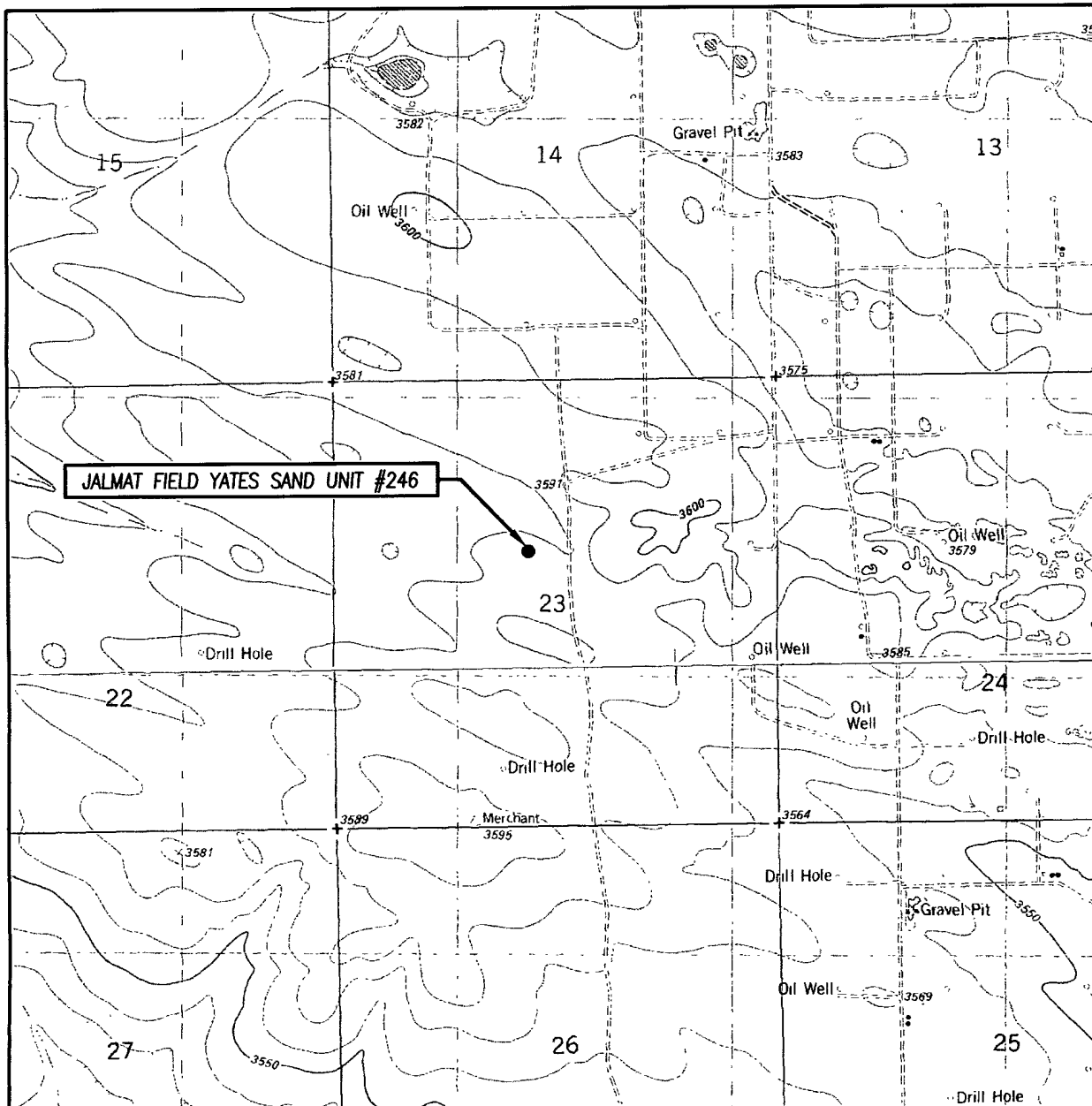
| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |

| | | | |
|-------------------------|-----------------|--------------------|-----------|
| Dedicated Acres 40.0 | Joint or Infill | Consolidation Code | 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 <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><i>Narvie N. McDonald</i> 5-15-08 Signature Date Narvie N. McDonald Printed Name</p> |
| | SURVEYOR CERTIFICATION <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>APRIL 29 2008 NEW MEXICO DSS Date Surveyed Signature & Seal of Professional Surveyor <i>Ronald J. Eidson</i> 10814E0572</p> |
| | <p>GEODETIC COORDINATES NAD 27 NME. SURFACE LOCATION Y=502961.1 N X=806986.4 E LAT.=32.378833° N LONG.=103.338949° W</p> |
| | <p>Certificate No. GARY G. EIDSON 12641 RONALD J. EIDSON 3239</p> |

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL: 10'
OIL CENTER, NM
EAST LAKE, NM

SEC. 23 TWP. 22-S RGE. 35-E

SURVEY N.M.P.M.

COUNTY LEA STATE NEW MEXICO

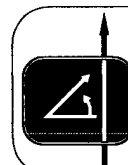
DESCRIPTION 2022' FNL & 2310' FWL

ELEVATION 3581'

OPERATOR MELROSE
OPERATING COMPANY

LEASE JALMAT FIELD YATES SAND UNIT

U.S.G.S. TOPOGRAPHIC MAP
OIL CENTER, NM



PROVIDING SURVEYING SERVICES
SINCE 1946

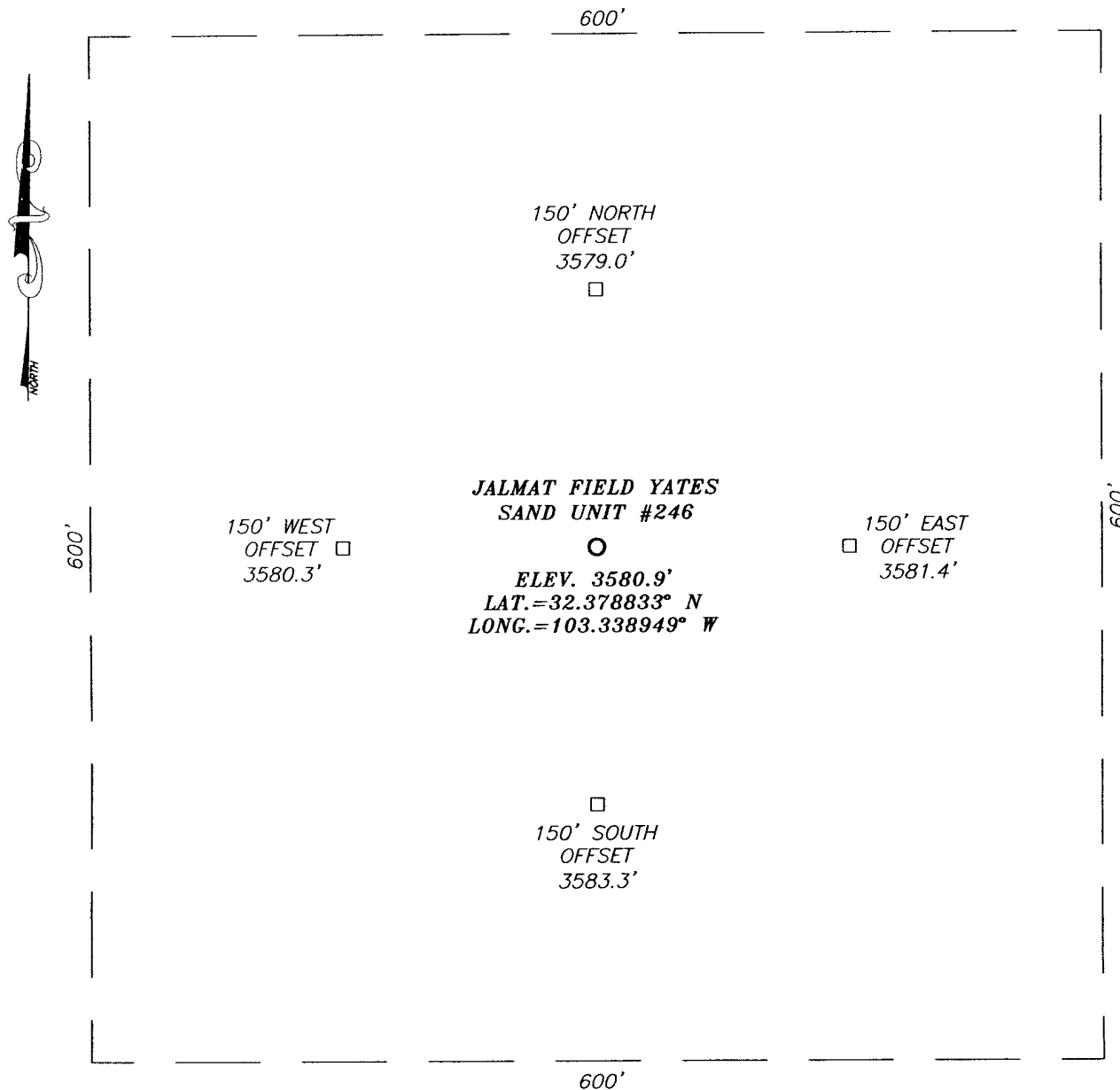
JOHN WEST SURVEYING COMPANY

412 N. DAL PASO
HOBBS, N.M. 88240
(505) 393-3117

SECTION 23, TOWNSHIP 22 SOUTH, RANGE 35 EAST, N.M.P.M.,

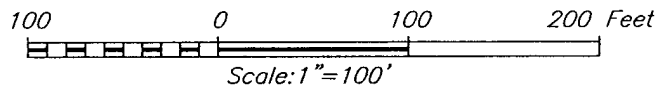
LEA COUNTY,

NEW MEXICO



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF COUNTY ROAD #E21 (DELAWARE BASIN ROAD) AND CALICHE ROAD (LYNX ROAD), GO WEST ON LYNX ROAD APPROX. 0.1 MILE. TURN RIGHT AND GO NORTH APPROX. 0.1 MILE. TURN LEFT AND GO WEST APPROX. 0.8 MILES. TURN RIGHT AND GO NORTH, THEN NORTHWEST APPROX. 0.25 MILES. TURN LEFT AND GO SOUTH APPROX. 0.6 MILES. TURN RIGHT AND GO WEST APPROX. 0.3 MILES TURN LEFT AND GO SOUTH APPROX. 0.1 MILE. TURN RIGHT AND GO WEST APPROX. 0.15 MILES TO THE JALMAT FIELD YATES SAND UNIT #231 WELL. THIS LOCATION IS APPROX. 1000 FEET SOUTHWEST.



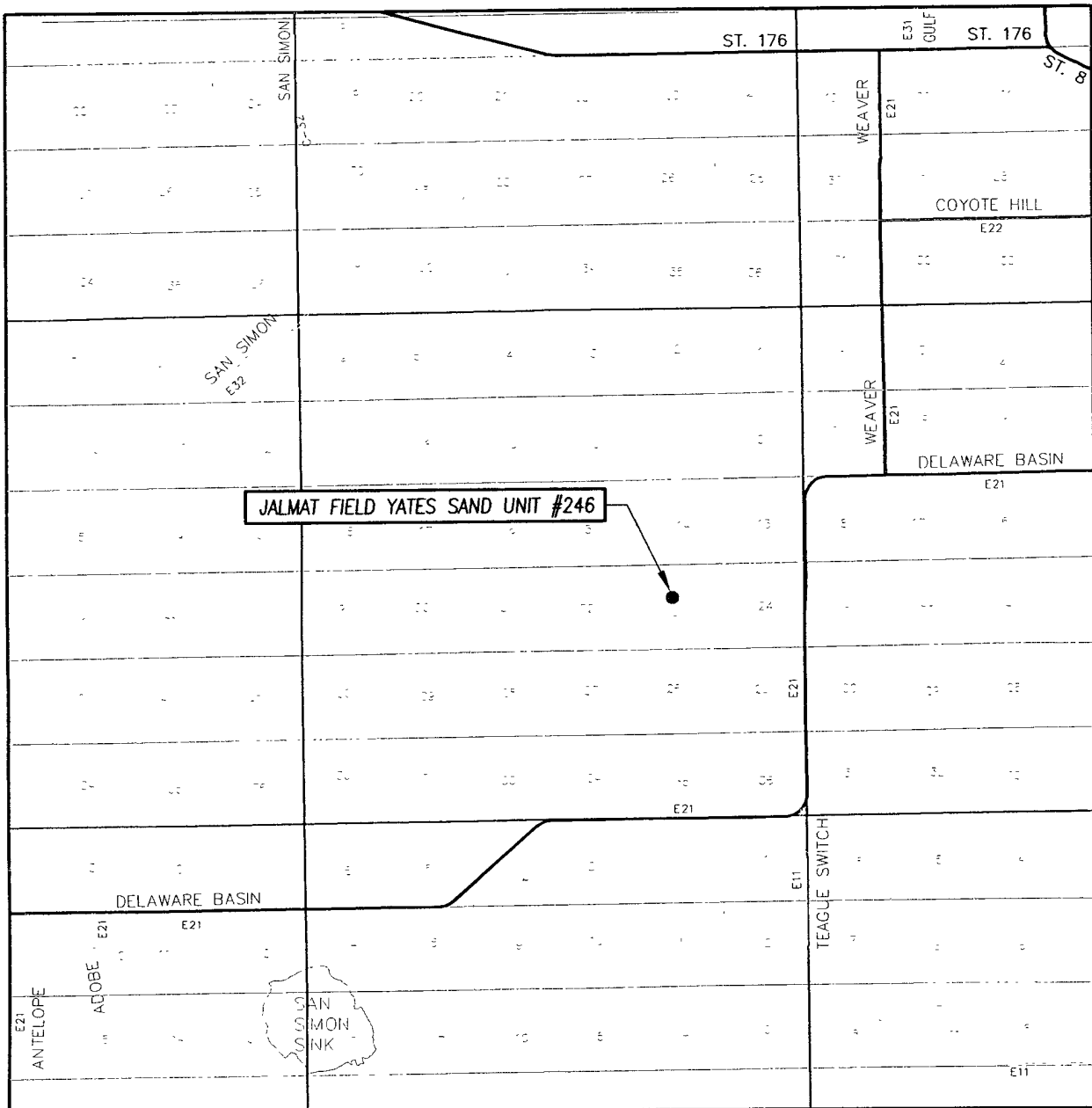
PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(505) 393-3117

MELROSE OPERATING COMPANY

JALMAT FIELD YATES SAND UNIT #246 WELL
LOCATED 2022 FEET FROM THE NORTH LINE
AND 2310 FEET FROM THE WEST LINE OF SECTION 23,
TOWNSHIP 22 SOUTH, RANGE 35 WEST, N.M.P.M.,
LEA COUNTY, NEW MEXICO.

| | |
|-------------------------|-------------------------|
| Survey Date: 4/29/08 | Sheet 1 of 1 Sheets |
| W.O. Number: 08.11.0572 | Dr By: DSS Rev 1:N/A |
| Date: 5/6/08 | 08110572 Scale: 1"=100' |

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 23 TWP. 22-S RGE. 35-E

SURVEY N.M.P.M.

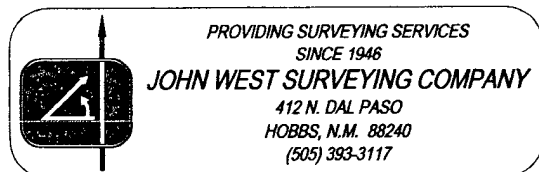
COUNTY LEA STATE NEW MEXICO

DESCRIPTION 2022' FNL & 2310' FWL

ELEVATION 3581'

MELROSE
OPERATOR OPERATING COMPANY

LEASE JALMAT FIELD YATES SAND UNIT



PROVIDING SURVEYING SERVICES
SINCE 1946

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