

ABOVE THIS LINE FOR DIVISION USE ONLY

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NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505

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ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

- [1] TYPE OF APPLICATION - Check Those Which Apply for [A]
- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD
- Check One Only for [B] or [C]
- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM
- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR
- [D] Other: Specify _____

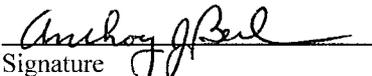
- [2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply
- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

- [3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] CERTIFICATION: I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Tony Beilman
Print or Type Name


Signature

Operations Manager
Title

10/22/08
Date

trinityengineering@sbcglobal.net
E-Mail Address

Melrose
Jalnet ASU #221, 225, 227

Tamp
WFX-241

October 10, 2008

Energy, Minerals and Natural Resources Department
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Attention: Mr. Mark E. Fesmire, Director

HAND DELIVERED

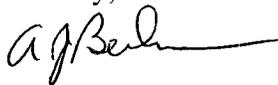
Re: Form C-108
Melrose Operating Company
Jalmat Field Yates Sand Unit Wells No. 221, 225 and 227
Jalmat (Tansill-Yates-Seven Rivers) Oil & Gas Pool
Lea County, New Mexico

Dear Mr. Fesmire,

Enclosed please find a Division Form C-108 (Application for Authorization to Inject) to expand the Jalmat Field Yates Sand Unit Waterflood Project. Division Order No. R-2243 dated May 28, 1962 approved secondary recovery operations within the Jalmat Field Yates Sand Unit Area ("Unit Area"). The Unit Area was established by Division Order No. R-2235 dated May 3, 1962. Division Orders No. WFX-633 dated May 27, 1992, WFX-798 dated April 5, 2004, WFX-809 dated January 14, 2005 and WFX-821 dated September 27, 2006 have permitted additional injection wells within the Unit Area. Melrose Operating Company proposes to convert the Jalmat Field Yates Sand Unit Wells No. 221, 225 and 227 to injection in order to complete an efficient production/injection pattern within the Unit Area. These wells are located in Section 10, Township 22 South, Range 35 East, NMPM, Lea County, New Mexico.

All the required information is enclosed. If additional information is needed, please contact me at (469) 721-2046.

Sincerely,



Mr. Tony Beilman, Operations Manager
Melrose Operating Company
1000 W. Wilshire
Suite 223
Oklahoma City, Oklahoma 73116

Xc: OCD-Hobbs

APPLICATION FOR AUTHORIZATION TO INJECT

I. PURPOSE: Secondary Recovery Pressure Maintenance Disposal Storage
Application qualifies for administrative approval? Yes No

II. OPERATOR: Melrose Operating Company

ADDRESS: 1000 W. Wilshire, Suite 223, Oklahoma City, Oklahoma 73116

CONTACT PARTY: Mr. Tony Beilman PHONE: (469) 721-2046

III. WELL DATA: Complete the data required on the reverse side of this form for each well proposed for injection.
Additional sheets may be attached if necessary.

IV. Is this an expansion of an existing project? Yes No
If yes, give the Division order number authorizing the project: R-2243 dated 5/28/1962 (Also see WFX-633, 798, 809, 821)

V. Attach a map that identifies all wells and leases within two miles of any proposed injection well with a one-half mile radius circle drawn around each proposed injection well. This circle identifies the well's area of review.

VI. Attach a tabulation of data on all wells of public record within the area of review which penetrate the proposed injection zone. Such data shall include a description of each well's type, construction, date drilled, location, depth, record of completion, and a schematic of any plugged well illustrating all plugging detail.

VII. Attach data on the proposed operation, including:

1. Proposed average and maximum daily rate and volume of fluids to be injected;
2. Whether the system is open or closed;
3. Proposed average and maximum injection pressure;
4. Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and,
5. If injection is for disposal purposes into a zone not productive of oil or gas at or within one mile of the proposed well, attach a chemical analysis of the disposal zone formation water (may be measured or inferred from existing literature, studies, nearby wells, etc.).

*VIII. Attach appropriate geologic data on the injection zone including appropriate lithologic detail, geologic name, thickness, and depth. Give the geologic name, and depth to bottom of all underground sources of drinking water (aquifers containing waters with total dissolved solids concentrations of 10,000 mg/l or less) overlying the proposed injection zone as well as any such sources known to be immediately underlying the injection interval.

IX. Describe the proposed stimulation program, if any.

*X. Attach appropriate logging and test data on the well. (If well logs have been filed with the Division, they need not be resubmitted).

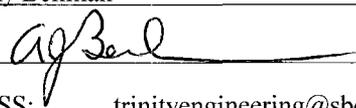
*XI. Attach a chemical analysis of fresh water from two or more fresh water wells (if available and producing) within one mile of any injection or disposal well showing location of wells and dates samples were taken.

XII. Applicants for disposal wells must make an affirmative statement that they have examined available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the disposal zone and any underground sources of drinking water.

XIII. Applicants must complete the "Proof of Notice" section on the reverse side of this form.

XIV. Certification: I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.

NAME: Tony Beilman TITLE: Operations Manager

SIGNATURE:  DATE: 10/17/08

E-MAIL ADDRESS: trinityengineering@sbcglobal.net

* If the information required under Sections VI, VIII, X, and XI above has been previously submitted, it need not be resubmitted. Please show the date and circumstances of the earlier submittal: _____

III. WELL DATA

A. The following well data must be submitted for each injection well covered by this application. The data must be both in tabular and schematic form and shall include:

- (1) Lease name; Well No.; Location by Section, Township and Range; and footage location within the section.
- (2) Each casing string used with its size, setting depth, sacks of cement used, hole size, top of cement, and how such top was determined.
- (3) A description of the tubing to be used including its size, lining material, and setting depth.
- (4) The name, model, and setting depth of the packer used or a description of any other seal system or assembly used.

Division District Offices have supplies of Well Data Sheets which may be used or which may be used as models for this purpose. Applicants for several identical wells may submit a "typical data sheet" rather than submitting the data for each well.

B. The following must be submitted for each injection well covered by this application. All items must be addressed for the initial well. Responses for additional wells need be shown only when different. Information shown on schematics need not be repeated.

- (1) The name of the injection formation and, if applicable, the field or pool name.
- (2) The injection interval and whether it is perforated or open-hole.
- (3) State if the well was drilled for injection or, if not, the original purpose of the well.
- (4) Give the depths of any other perforated intervals and detail on the sacks of cement or bridge plugs used to seal off such perforations.
- (5) Give the depth to and the name of the next higher and next lower oil or gas zone in the area of the well, if any.

XIV. PROOF OF NOTICE

All applicants must furnish proof that a copy of the application has been furnished, by certified or registered mail, to the owner of the surface of the land on which the well is to be located and to each leasehold operator within one-half mile of the well location.

Where an application is subject to administrative approval, a proof of publication must be submitted. Such proof shall consist of a copy of the legal advertisement which was published in the county in which the well is located. The contents of such advertisement must include:

- (1) The name, address, phone number, and contact party for the applicant;
- (2) The intended purpose of the injection well; with the exact location of single wells or the Section, Township, and Range location of multiple wells;
- (3) The formation name and depth with expected maximum injection rates and pressures; and,
- (4) A notation that interested parties must file objections or requests for hearing with the Oil Conservation Division, 1220 South St. Francis Dr., Santa Fe, New Mexico 87505, within 15 days.

NO ACTION WILL BE TAKEN ON THE APPLICATION UNTIL PROPER PROOF OF NOTICE HAS BEEN SUBMITTED.

NOTICE: Surface owners or offset operators must file any objections or requests for hearing of administrative applications within 15 days from the date this application was mailed to them.

C-108 Application
Melrose Operating Company
Jalmat Field Yates Sand Unit ("JFYSU") Wells No. ~~221, 225 and 227~~
Section 10, T-22S, R-35E, NMPM
Lea County, New Mexico

- I. The purpose of the application is to request approval to convert three wells to injection within the Jalmat Field Yates Sand Unit Waterflood Project in order to complete an efficient injection/production pattern.
- II. Melrose Operating Company
1000 W. Wilshire
Suite 223
Oklahoma City, Oklahoma 73116
Contact Party: Mr. Tony Beilman, Operations Manager (469) 721-2046
- III. Injection well data sheets and wellbore diagrams for each injection well are attached showing the proposed wellbore configurations.
- IV. This is an expansion of the Jalmat Field Yates Sand Unit Waterflood Project. This project was initially approved by Division Order No. R-2243 dated May 28, 1962. The Jalmat Field Yates Sand Unit Area ("Unit Area") was approved by Division Order No. R-2235 dated May 3, 1962. Division Orders No. WFX-633 (5/27/1992), WFX-798 (4/5/2004), WFX-809 (1/14/2005) and WFX-821 (9/27/2006), have permitted additional injection wells within the Unit Area.
- V. Enclosed is a map that identifies all wells/leases within a 2-mile radius of the Jalmat Field Yates Sand Unit Wells No. 221, 225 and 227. Also enclosed are individual maps that show a ½ mile radius circle drawn around each of the proposed injection wells.
- VI. Area of review ("AOR") well data is attached. Well construction data is included for all existing wells within the AOR. Also included are wellbore diagrams for each PA'd well within the AOR, and proposed well construction details for wells that are currently being drilled or are to be drilled within the AOR. An examination of this data indicates that all AOR wells are adequately cased, cemented and/or plugged and abandoned in order to preclude the movement of fluid from the injection zone into other formations or fresh water aquifers. **(Note: In calculating cement tops, a standard yield of 1.32 cu. ft./sack was utilized in addition to a fill factor of 70%).**
- VII. 1. The average injection rate is anticipated to be approximately 500 BWPD/Well. The maximum rate will be approximately 1500 BWPD/Well. If the average or maximum rates increase in the future, the Division will be notified.

2. This will be a closed system.
 3. Melrose Operating Company will initially inject water into the proposed injection wells at a surface pressure that is in compliance with the Division's limit of 0.2 psi/ft. Subsequent to obtaining approval for injection, step rate injection tests will be conducted on each of the wells in order to obtain a higher surface injection pressure. It is anticipated that as a result of the step rate tests, the average injection pressure will be approximately 1,132 psi.
 4. Produced water from the Jalmat (Tansill-Yates-Seven Rivers) Oil & Gas Pool originating from wells within the Unit Area will be re-injected into the subject injection wells. A formation water analysis obtained from a Melrose Operating Company producing well within the Unit Area is enclosed. This formation water analysis shows total dissolved solids to be 80,968 mg/L.
 5. Injection is to occur into a formation that is oil productive.
- VIII. Geologic data was presented in Case No. 2546. This case, and resulting Order No. R-2243 initially authorized the Jalmat Field Yates Sand Unit Waterflood Project. The primary injection interval is the Yates-Seven Rivers formation which is Upper Guadalupian in age. Impermeable dolomite beds in between various sand members characterize this interval. The Ogallala aquifer is present in this area, and fresh water can be found at depths from surface to 200'.
- IX. No stimulation is planned.
- X. Logs were filed at the time of drilling, or will be filed at the conclusion of drilling operations.
- XI. According to data obtained from the New Mexico Office of the State Engineer (enclosed), there is one fresh water well located in the NE/4 NE/4 of Section 14, T-22 South, R-35 East, and is reportedly 215' feet deep, with water present at a depth of 185'. A water analysis from this well is also enclosed for your review.
- XII. Affirmative statement is enclosed.
- XIII. Proof of Notice is enclosed.

INJECTION WELL DATA SHEET

Tubing Size: 2 3/8" Lining Material: Duo-Lined Tubing

Type of Packer: Baker AD-1 Tension Packer (IPC)

Packer Setting Depth: 3,790' or within 100' of the uppermost injection perforations.

Other Type of Tubing/Casing Seal (if applicable): None

Additional Data

1. Is this a new well drilled for injection: Yes No

If no, for what purpose was the well originally drilled: Well is drilled primarily as an injection well. The well may produced briefly to recover any flush production.

2. Name of the Injection Formation: Tansill-Yates-Seven Rivers

3. Name of Field or Pool (if applicable): Jalmat (Tansill-Yates-Seven Rivers) Oil & Gas Pool (33820)

4. Has the well ever been perforated in any other zone(s)? List all such perforated intervals and give plugging detail, i.e. sacks of cement or plug(s) used.

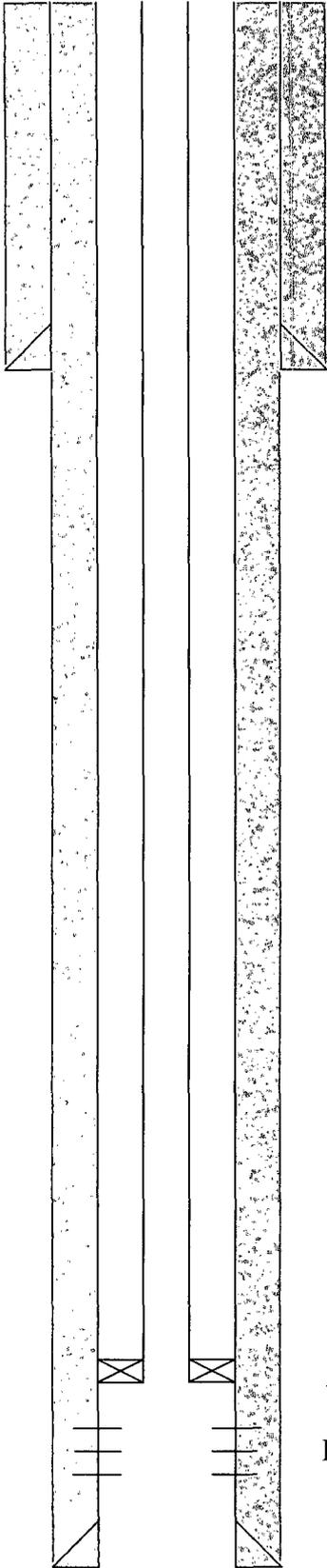
None

5. Give the name and depths of any oil or gas zones underlying or overlying the proposed injection zone in this area:

An examination of OCD records shows that within Section 10, Township 22 South, Range 35 East, NMPM, there are no oil or gas zones underlying or overlying the proposed injection zone.

Melrose Operating Company
Jalmat Field Yates Sand Unit No. 221
API No. 30-025-37240
1980' FSL & 330' FEL (Unit I)
Section 10, T-22 South, R-35 East, NMPM
Lea County, New Mexico

Date Drilled: May, 2005



12 1/4" Hole; Set 8 5/8" 24# J-55 Csg. @ 400'
Cemented w/ 330 Sx. Class C. Cement
circulated to surface.

2 3/8" Duo-lined tubing set in a Baker
AD-1 (IPC) Tension Packer @ 3,790'

Injection Perforations: 3,890'-4,050'

7 7/8" Hole; Set 5 1/2" 15.5# J-55 Csg. @ 4,150'
Cemented w/850 Sx. Cement circulated to
Surface

P.B.T.D.-4,166'
T.D. -4,175'

INJECTION WELL DATA SHEET

Tubing Size: 2 3/8" Lining Material: Duo-Lined Tubing

Type of Packer: Baker AD-1 Tension Packer (IPC)

Packer Setting Depth: 3,786' or within 100' of the uppermost injection perforations.

Other Type of Tubing/Casing Seal (if applicable): None

Additional Data

1. Is this a new well drilled for injection: Yes No

If no, for what purpose was the well originally drilled: Well is drilled primarily as an injection well. The well may produced briefly to recover any flush production.

2. Name of the Injection Formation: Tansill-Yates-Seven Rivers

3. Name of Field or Pool (if applicable): Jalmat (Tansill-Yates-Seven Rivers) Oil & Gas Pool (33820)

4. Has the well ever been perforated in any other zone(s)? List all such perforated intervals and give plugging detail, i.e. sacks of cement or plug(s) used.

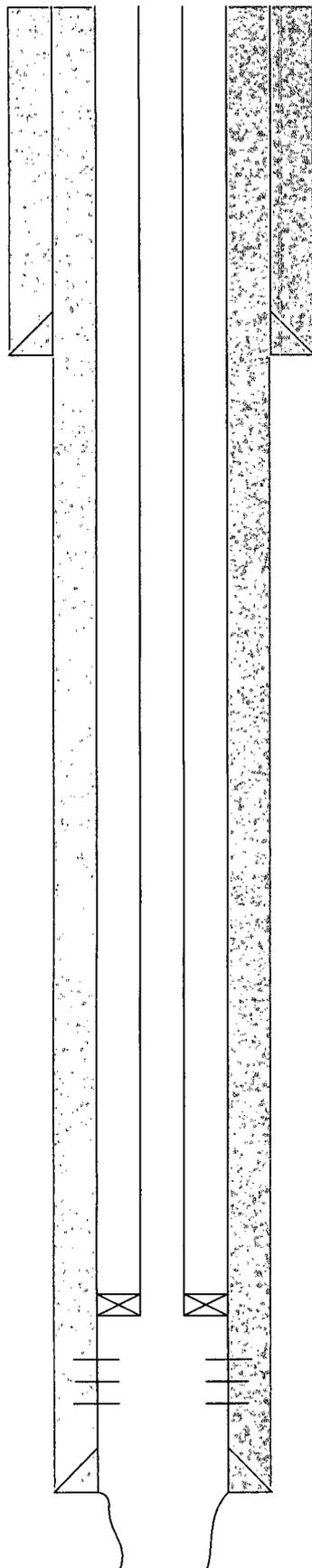
None

5. Give the name and depths of any oil or gas zones underlying or overlying the proposed injection zone in this area:

An examination of OCD records shows that within Section 10, Township 22 South, Range 35 East, NMPM, there are no oil or gas zones underlying or overlying the proposed injection zone.

Melrose Operating Company
Jalmat Field Yates Sand Unit No. 225
API No. 30-025-38704
1980' FSL & 1980' FEL (Unit J)
Section 10, T-22 South, R-35 East, NMPM
Lea County, New Mexico

Date Drilled: March, 2008



12 1/4" Hole; Set 8 5/8" 24# J-55 Csg. @ 417'
Cemented w/ 450 Sx. Class C. Cement did
not circulate. TOC @ 120'. RIH w/ 1" and
cemented w/200 Sx. Class C. Cement
circulated to surface.

2 3/8" Duo-lined tubing set in a Baker
AD-1 (IPC) Tension Packer @ 3,786'

Injection Interval: Perforation: 3,886'-4,006'
Open Hole: 4,035'-4,160'

7 7/8" Hole; Set 5 1/2" 17# J-55 Csg. @ 4,035'
Cemented w/1000 Sx. Cement circulated to
Surface

T.D. -4,160'

INJECTION WELL DATA SHEET

OPERATOR: Melrose Operating Company

WELL NAME & NUMBER: Jalmat Field Yates Sand Unit No. 227

WELL LOCATION: 660' FSL & 1980' FEL O 10 22 South 35 East
FOOTAGE LOCATION UNIT LETTER SECTION TOWNSHIP RANGE

WELLBORE SCHEMATIC

See Attached Wellbore Schematic

WELL CONSTRUCTION DATA

Surface Casing

Hole Size: 12 1/4" Casing Size: 8 5/8" @ 435'

Cemented with: 500 Sx. or _____ ft³

Top of Cement: Surface Method Determined: Circulated

Intermediate Casing

Hole Size: _____ Casing Size: _____

Cemented with: _____ or _____ ft³

Top of Cement: _____ Method Determined: _____

Production Casing

Hole Size: 7 7/8" Casing Size: 5 1/2" @ 4,159'

Cemented with: 750 Sx. or _____ ft³

Top of Cement: Surface Method Determined: Circulated

Total Depth: 4,159'

Injection Interval

Perforated Interval - 3,928' - 4,050'

INJECTION WELL DATA SHEET

Tubing Size: 2 3/8" Lining Material: Duo-Lined Tubing

Type of Packer: Baker AD-1 Tension Packer (IPC)

Packer Setting Depth: 3,828' or within 100' of the uppermost injection perforations.

Other Type of Tubing/Casing Seal (if applicable): None

Additional Data

1. Is this a new well drilled for injection: X Yes No

If no, for what purpose was the well originally drilled: Well is drilled primarily as an injection well. The well may produced briefly to recover any flush production.

2. Name of the Injection Formation: Tansill-Yates-Seven Rivers

3. Name of Field or Pool (if applicable): Jalmat (Tansill-Yates-Seven Rivers) Oil & Gas Pool (33820)

4. Has the well ever been perforated in any other zone(s)? List all such perforated intervals and give plugging detail, i.e. sacks of cement or plug(s) used.

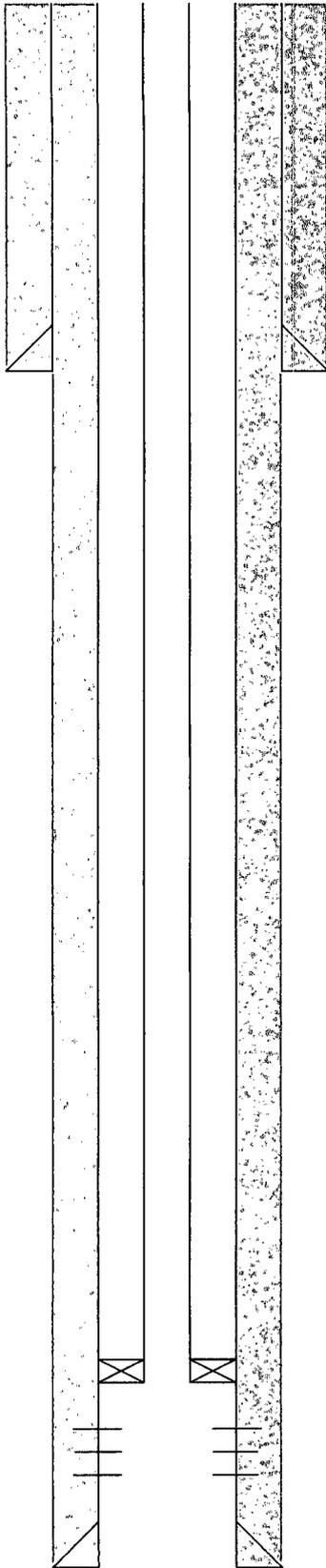
None

5. Give the name and depths of any oil or gas zones underlying or overlying the proposed injection zone in this area:

An examination of OCD records shows that within Section 10, Township 22 South, Range 35 East, NMPM, there are no oil or gas zones underlying or overlying the proposed injection zone.

Melrose Operating Company
Jalmat Field Yates Sand Unit No. 227
API No. 30-025-38706
660' FSL & 1980' FEL (Unit O)
Section 10, T-22 South, R-35 East, NMPM
Lea County, New Mexico

Date Drilled: March, 2008



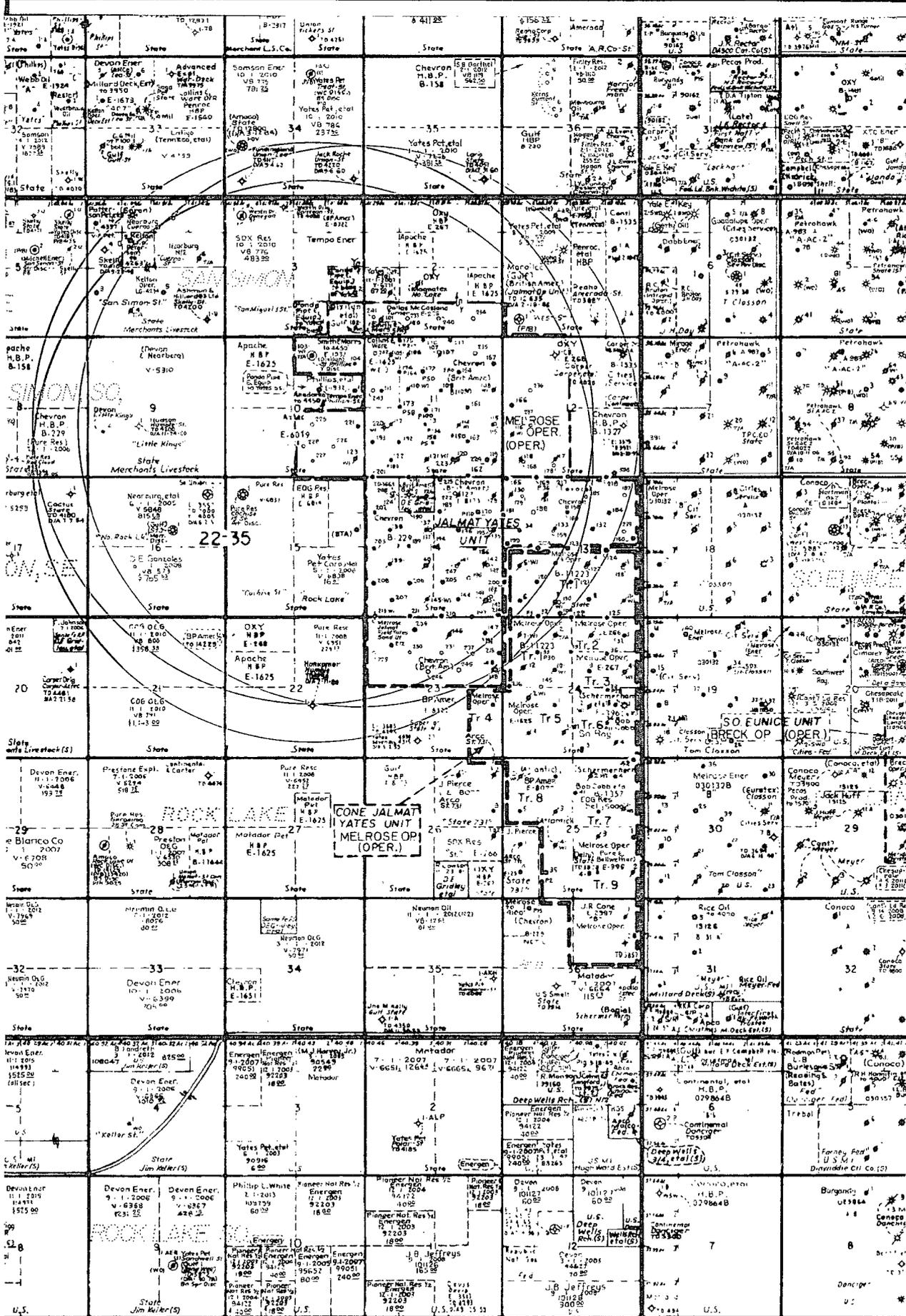
12 1/4" Hole; Set 8 5/8" 24# J-55 Csg. @ 435'
Cemented w/ 500 Sx. Class C. Cement
circulated to surface.

2 3/8" Duo-lined tubing set in a Baker
AD-1 (IPC) Tension Packer @ 3,828'

Injection Perforations: 3,928'-4,050'

7 7/8" Hole; Set 5 1/2" 17# J-55 Csg. @ 4,159'
Cemented w/750 Sx. Cement circulated to
Surface

P.B.T.D.-4,119'
T.D. -4,159'



Melrose Operating Company
Form C-108,
JFYSU Nos. 221, 225 & 227
2-Mile Map

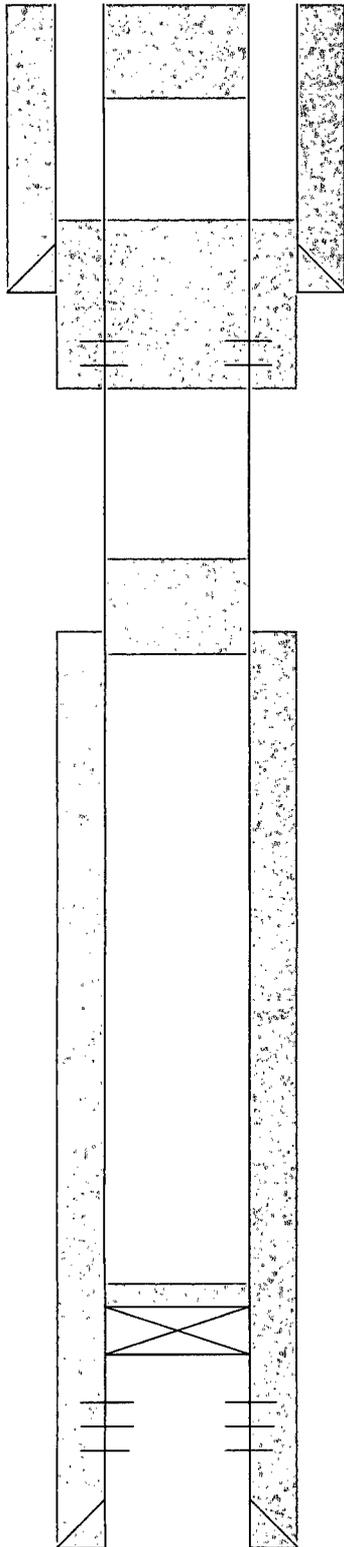
MELROSE OPERATING COMPANY
AREA OF REVIEW WELL DATA
JALMAT FIELD YATES SAND UNIT WELLS NO. 221, 225 & 227

API NUMBER	OPERATOR	LEASE NAME	WELL NO.	WELL TYPE	STATUS	FTG. N/S	FTG. E/W	EW UNIT	SEC.	TSHP	RNG	DATE DRILLED	TOTAL DEPTH	HOLE SIZE	CSG SIZE	SET AT	SX. CMT.	CMT. TOP	MTD.	HOLE SIZE	CSG SIZE	SET AT	SX. CMT.	CMT. TOP	MTD.	COMPLETION	REMARKS	
30-025-08579	Melrose Operating Co.	JFYSU	123	I	Active	660'	S 330'	E P	10	22S	35E	Jun-58	4,123'	12 1/4"	8 5/8"	305'	250	Surface	Calc.	7 7/8"	5 1/2"	4,121'	600	2,040'	T.S.	3,718'-4,062'	1996-Repaird casing leaks 530'-620'.	
30-025-08580	Melrose Operating Co.	JFYSU	103	I	TA	660'	N 1980'	E B	10	22S	35E	Sep-57	4,280'	17 1/4"	13 3/8"	220'	225	Surface	Circ.	7 7/8"	5 1/2"	4,200'	350	2,334'	Calc.	3,973'-4,113'	TA'd in 2005. TA expires 2010.	
30-025-28548	Tempo Energy, Inc.	Phillips State	1	P	Active	1980'	N 330'	E H	10	22S	35E	Feb-84	4,068'	12 1/4"	9 5/8"	400'	150	Surface	Calc.	7 7/8"	5"	4,068'	700	864'	Calc.	3,887'-4,007'		
30-025-28670	Tempo Energy, Inc.	Phillips State	2	P	Active	1980'	N 1650'	E G	10	22S	35E	Apr-84	4,097'	12 1/4"	9 5/8"	304'	150	Surface	Calc.	7 7/8"	5"	4,097'	750	865'	Calc.	3,930'-4,054'		
30-025-35430	Melrose Operating Co.	JFYSU	174	P	Active	1310'	N 1330'	W C	11	22S	35E	Mar-01	4,220'	12 1/4"	8 5/8"	467'	275	Surface	Circ.	7 7/8"	5 1/2"	4,210'	600	Surface	Circ.	3,872'-4,068'		
30-025-38705	Melrose Operating Co.	JFYSU	226	P	Active	1310'	S 1155'	E P	10	22S	35E	Feb-08	4,150'	12 1/4"	8 5/8"	438'	325	Surface	Circ.	7 7/8"	5 1/2"	4,150'	800	Surface	Circ.	3,908'-3,992'		
30-025-38707	Melrose Operating Co.	JFYSU	228	P	Active	1310'	S 2303'	E O	10	22S	35E	Apr-08	4,165'	12 1/4"	8 5/8"	438'	375	Surface	Circ.	7 7/8"	5 1/2"	4,160'	900	Surface	Circ.	3,982'-4,052'		
30-025-36575	Melrose Operating Co.	JFYSU	201	P	Active	10'	N 330'	W D	14	22S	35E	Nov-04	4,170'	12 1/4"	8 5/8"	401'	325	Surface	Calc.	7 7/8"	5 1/2"	4,150'	840	Surface	Circ.	3,910'-4,064'		
30-025-08581	Melrose Operating Co.	JFYSU	104	P	Active	990'	N 330'	E A	10	22S	35E	Sep-58	4,100'	11"	8 5/8"	320'	200	Surface	Calc.	7 7/8"	5 1/2"	4,098'	550	Surface	Circ.	3,910'-4,038'		
30-025-08582	Melrose Operating Co.	JFYSU	111	P	Active	1980'	N 660'	W E	11	22S	35E	Jun-58	4,080'	7 7/8"	5 1/2"	1946'	500	Surface	Calc.	4 3/4"	3 1/2"	4,079'	225	1903'	Circ.	3,902'-4,024'	3 1/2" Liner set 1,903'-4,079'. Circ.	
30-025-08589	Melrose Operating Co.	JFYSU	113	I	Active	1980'	S 2310'	W K	11	22S	35E	Mar-58	4,102'	12 1/4"	8 5/8"	335'	225	Surface	Circ.	7 7/8"	5 1/2"	4,102'	350	1,840'	T.S.	3,893'-4,077'	350 Sx + 464 Cu. Ft. Diaceal "D"	
30-025-08591	Melrose Operating Co.	JFYSU	112	I	PA	1980'	S 990'	W L	11	22S	35E	Apr-58	4,082'	12 1/4"	8 5/8"	335'	200	Surface	Circ.	7 7/8"	5 1/2"	4,081'	311	1,500'	T.S.	3,888'-4,006'	Schematic Attached	
30-025-08592	Melrose Operating Co.	JFYSU	122	I	Active	660'	S 990'	W M	11	22S	35E	Apr-58	4,050'	12 1/4"	8 5/8"	335'	200	Surface	Circ.	7 7/8"	5 1/2"	4,050'	100	1,390'	T.S.	3,885'-3,998'	100 Sx + 870 Cu. Ft. Diaceal "D"	
30-025-08593	Melrose Operating Co.	JFYSU	110	I	Active	1980'	N 1650'	W F	11	22S	35E	May-58	4,065'	12 1/4"	8 5/8"	335'	200	Surface	Circ.	7 7/8"	5 1/2"	4,064'	100	790'	T.S.	3,872'-4,010'	100 Sx + 906 Cu. Ft. Diaceal "D"	
30-025-35427	Melrose Operating Co.	JFYSU	173	P	Active	2630'	N 1330'	W F	11	22S	35E	Mar-01	4,200'	12 1/4"	8 5/8"	423'	300	Surface	Circ.	7 7/8"	5 1/2"	4,206'	725	Surface	Circ.	3,892'-4,106'		
30-025-36430	Melrose Operating Co.	JFYSU	192	P	Active	1330'	S 1330'	W K	11	22S	35E	Oct-03	4,200'	12 1/4"	8 5/8"	395'	375	Surface	Circ.	7 7/8"	5 1/2"	4,186'	750	Surface	Circ.	3,869'-4,016'		
30-025-36498	Melrose Operating Co.	JFYSU	193	P	Active	1310'	S 330'	W M	11	22S	35E	Feb-04	4,200'	12 1/4"	8 5/8"	450'	400	Surface	Circ.	7 7/8"	5 1/2"	4,196'	800	Surface	Circ.	3,992'-4,012'		
30-025-37174	Melrose Operating Co.	JFYSU	220	P	Active	1942'	S 965'	W L	11	22S	35E	Oct-05	4,175'	12 1/4"	8 5/8"	420'	325	Surface	Circ.	7 7/8"	5 1/2"	4,175'	850	Surface	Circ.	3,780'-3,880'		
30-025-38934	Melrose Operating Co.	JFYSU	243	P	NVD	1980'	N 330'	W E	11	22S	35E			12 1/4"	8 5/8"	350'	375			7 7/8"	5 1/2"	4,200'	925			Proposed Casing Design		
30-025-37499	Melrose Operating Co.	JFYSU	225J	N/A	ND	1310'	S 1980'	E J	10	22S	35E																APD Cancelled January 11, 2008	
30-025-37500	Melrose Operating Co.	JFYSU	226P	N/A	ND	1310'	S 1155'	E P	10	22S	35E																	APD Cancelled January 11, 2008
30-025-37501	Melrose Operating Co.	JFYSU	227O	N/A	ND	660'	S 1980'	E O	10	22S	35E																	APD Cancelled January 11, 2008
30-025-37502	Melrose Operating Co.	JFYSU	228O	N/A	ND	1310'	S 2303'	E O	10	22S	35E																	APD Cancelled January 11, 2008

ND-Never Drilled NYD-Not Yet Drilled

Melrose Operating Company
Form C-108
JFYSU Nos. 221, 225 & 227
Area of Review Well Data

Melrose Operating Company
Jalmat Field Yates Sand Unit No. 112
API No. 30-025-08591
1980' FSL & 990' FWL, Unit L
Section 11, T-22S, R-35E



5 Sx. 30' to surface

12 1/4" Hole; 8 5/8" Csg. Set @
335'. Cemented w/200 Sx.
Cement circulated to surface.

Perforate @ 385' & squeeze w/ 50
Sx. Tag TOC @ 232'

25 Sx. 1,300'-1,550'

TOC @ 1,500' by T.S.

Mud placed between plugs

CIBP @ 3,500' w/ 25
Sx. Cement on top
(3,250'-3,500')

Perforations: 3,888'-4,006'

7 7/8" Hole; 5 1/2" Csg. Set @ 4,081'
Cemented w/ 311 Sx. + 158 Sx. Diacel "D"
TOC @ 1,500' by T.S.

T.D. 4,082'

Drilled: 4/58
Plugged: 3/03

Submit 3 Copies
to Appropriate
District Office

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-103
Revised 1-1-89

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

OIL CONSERVATION DIVISION

2040 Pacheco St.
Santa Fe, NM 87505

WELL API NO. 30-025-08591
Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE
State Oil & Gas Lease No. E 8244
Lease Name or Unit Agreement Name Jalmat Field Yates Sand Unit
Well No. 112
Pool name or Wildcat Jalmat, Tansill, Yates, Seven Rivers

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

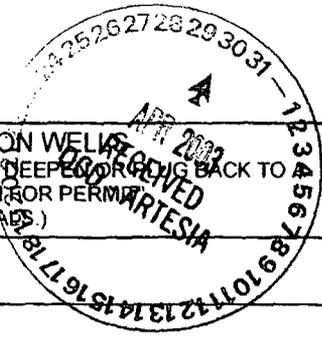
Type of Well: OIL WELL GAS WELL OTHER

Name of Operator: Melrose Operating Co.

Address of Operator: PO Box 953 Midland, Texas 79702

Well Location: Unit Letter L Section 11 Township 22-S Range 35-E NMPM
Feet From The 1980 South Line and 4310 990 Feet From The West Line

Elevation (Show whether DF, RKB, RT, GR, etc.): 3604



11 Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

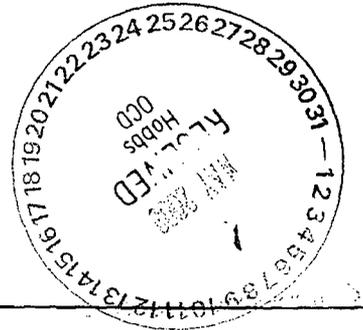
NOTICE OF INTENTION TO:	SUBSEQUENT REPORT OF:
PERFORM REMEDIAL WORK <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>
OTHER: <input type="checkbox"/>	PLUG AND ANBANDONMENT <input checked="" type="checkbox"/>
	CASING TEST AND CEMENT JOB <input type="checkbox"/>
	OTHER: <input type="checkbox"/>

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.

3-25-03 Set CIBP @ 3500'
 3-26-03 Spot 25 sks of cement @ 3500-3250. Circulate well with mud. Spot 25 sks of cement @ 1550-1300. Perf. @ 385 Squeeze 50 sks of cement
 3-27-03 Tag cement @ 232' Spot 5 sk surface plug 30-surface

Cut off wellhead and anchors 3' BGL Install dry hole marker

Approved as to plugging of the Well Bore.
 Liability under bond is retained until
 surface restoration is completed.



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

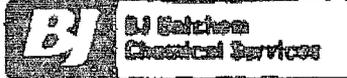
SIGNATURE: Jack Shelton TITLE: Cementer DATE: 4-24-03

TYPE OR PRINT NAME: Jack Shelton TELEPHONE NO: 915-523-5155

(This space for State Use)

APPROVED BY: Harry W. Wink TITLE: OC FIELD REPRESENTATIVE II/STAFF MANAGER DATE: MAY 08 2003

CONDITIONS OF APPROVAL, IF ANY:

Analytical Laboratory Report for: MELROSE OPERATING COMPANY	 UNICHEM Representative: Hanson, Lovell
--	--

Production Water Analysis

Listed below please find water analysis report from: Jalmat Sand Unit, IPD

Lab Test No: 2003144500 Sample Date: 11/03/2003
 Specific Gravity: 1.054
 TDS: 80968
 pH: 7.50

Cations:	mg/L	as:
Calcium	2860	(Ca ⁺⁺)
Magnesium	3086	(Mg ⁺⁺)
Sodium	27413	(Na ⁺)
Iron	9.00	(Fe ⁺⁺)
Barium	2.40	(Ba ⁺⁺)
Strontium	58.30	(Sr ⁺⁺)
Manganese	1.04	(Mn ⁺⁺)
Anions:	mg/L	as:
Bicarbonate	708	(HCO ₃ ⁻)
Sulfate	1650	(SO ₄ ⁻)
Chloride	45200	(Cl ⁻)
Gases:		
Carbon Dioxide	60	(CO ₂)
Hydrogen Sulfide	68	(H ₂ S)

**New Mexico Office of the State Engineer
POD Reports and Downloads**

Township: Range: Sections:

NAD27 X: Y: Zone: Search Radius:

County: Basin: Number: Suffix:

Owner Name: (First) (Last) Non-Domestic Domestic
 All

AVERAGE DEPTH OF WATER REPORT 09/18/2008

Bsn	Tws	Rng	Sec	Zone	X	Y	Wells	(Depth Water in Feet)		
								Min	Max	Avg
CP	22S	35E	14				1	185	185	185

Record Count: 1

**Melrose Operating Company
Form C-108
JFYSU Nos. 221, 225 & 227
State Engineer-Fresh Water Data**

Form C-108
Affirmative Statement
Melrose Operating Company
Jalmat Field Yates Sand Unit Wells No. 221, 225 and 227
Section 10, T-22 South, R-35 East, NMPM,
Lea County, New Mexico

Available geologic and engineering data has been examined and no evidence of open faults or hydrological connection between the injection zone and any underground sources of drinking water has been found.



Tony Beilman
Operations Manager
Melrose Operating Company

10/18/08
Date

October 10, 2008

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: OFFSET LEASEHOLD OPERATORS & SURFACE OWNER

Re: Melrose Operating Company
Form C-108 (Application for Authorization to Inject)
Jalmat Field Yates Sand Unit Wells No. 221, 225 and 227
Jalmat Field Yates Sand Unit Waterflood Project
Section 10, T-22 South, R-35 East, NMPM,
Lea County, New Mexico

Ladies & Gentlemen:

Enclosed please find a copy of Oil Conservation Division Form C-108 (Application for Authorization to Inject) for the Melrose Operating Company Jalmat Field Yates Sand Unit Wells No. 221, 225 and 227, located in Section 10, T-22 South, R-35 East, NMPM. You are being provided a copy of the application as an offset operator, offset leaseholder or surface owner. The proposed expansion of the Jalmat Field Yates Sand Unit Waterflood Project will allow the completion of an efficient injection/production pattern within the Unit Area.

Objections must be filed with the Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico 87505, within 15 days.

If you should have any questions, please contact me at (469) 721-2046.

Sincerely,

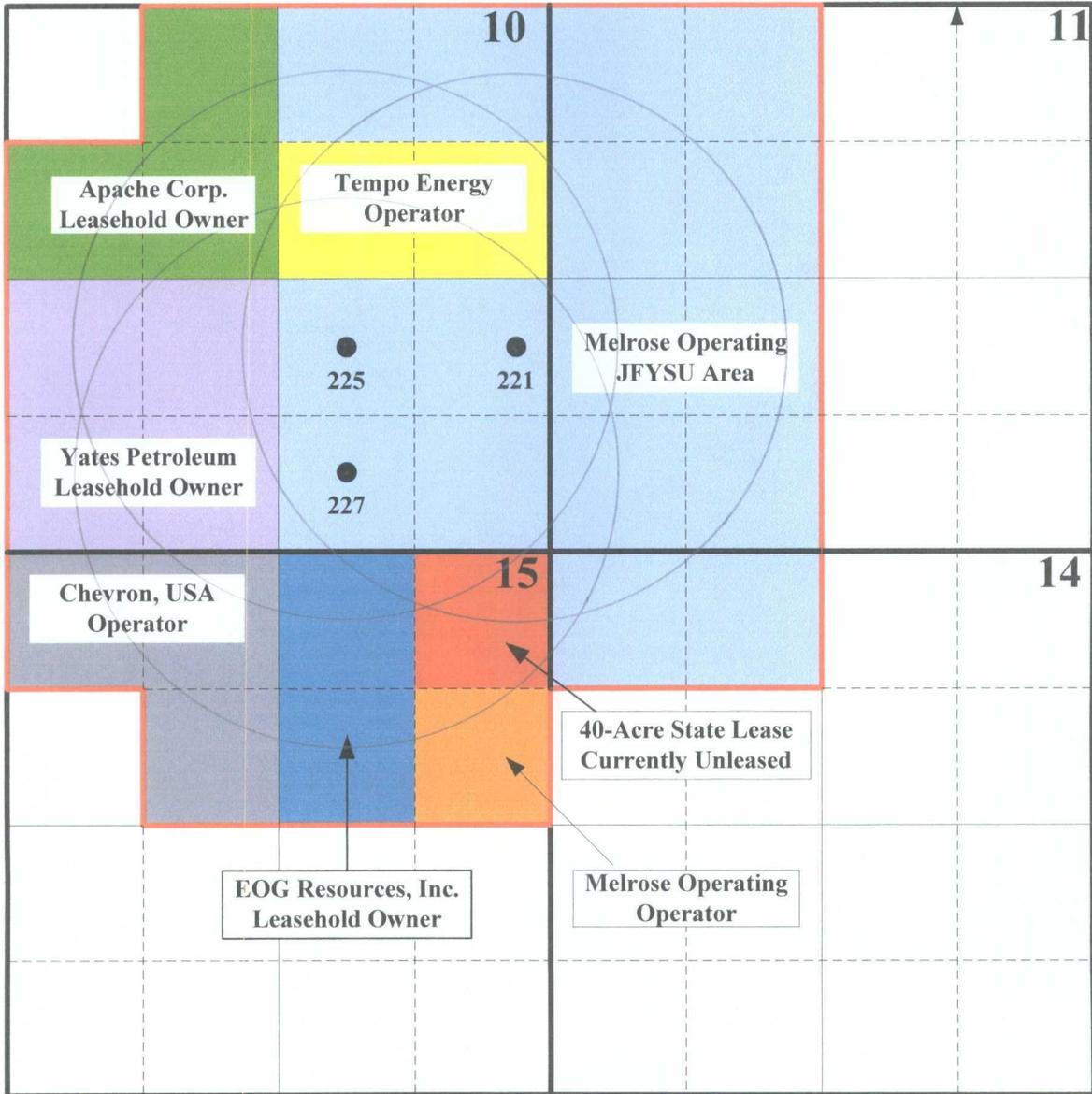


Tony Beilman
Operations Manager
Melrose Operating Company
1000 W. Wilshire
Suite 223
Oklahoma City, Oklahoma 73116

Enclosure

35 East

22 South



— C-108 Notice Area

Melrose Operating Company
Form C-108 JFYSU Nos. 221, 225, 227
Offset Operator/Leasehold Owner Identification

Melrose Operating Company
Form C-108 JFYSU Wells No. 221, 225 & 227
Section 10, T-22S, R-35 East, NMPM, Lea County, New Mexico

Offset Operator/Leasehold Owner Notification List

Chevron USA, Inc.
Box 4791
Houston, Texas 77210-4791

Apache Corporation
2000 Post Oak Blvd.
Suite 100
Houston, Texas 77056-4400

EOG Resources, Inc.
Box 2267
Midland, Texas 79702

Yates Petroleum Corporation
105 S. Fourth Street
Artesia, New Mexico 88210

Tempo Energy, Inc.
Box 1034
Midland, Texas 79701

New Mexico State Land Office
P.O. Box 1148
Santa Fe, New Mexico 87504-1148

Surface Owner

Merchants Livestock Company
P.O. Box 1166
Carlsbad, New Mexico 88220

Additional Notice

Oil Conservation Divison (Hobbs Office)
1625 N. French Drive
Hobbs, New Mexico 88240

Form C-108
Melrose Operating Company
Jalmat Field Yates Sand Unit Wells No. 221, 225 and 227
Section 10, T-22 South, R-35 East, NMPM,
Lea County, New Mexico

Legal notice will be published on October 12, 2008 in the:

*Hobbs News Sun
201 N. Thorp
Hobbs, New Mexico 88240*

Melrose Operating Company, 1000 W. Wilshire, Suite 223, Oklahoma City, Oklahoma 73116 has filed a Form C-108 (Application for Authorization to Inject) with the Oil Conservation Division seeking administrative approval to convert the following-described wells to waterflood injection wells within the Jalmat Field Yates Sand Unit Waterflood Project, Jalmat (Tansill-Yates-Seven Rivers) Oil & Gas Pool, Lea County, New Mexico:

JFYSU Well No. 221	1980' FSL & 330' FEL (Unit I) Section 10, T-22S, R-35E Injection Interval: 3,890'-4,050' Tansill-Yates-Seven Rivers
JFYSU Well No. 225	1980' FSL & 1980' FEL (Unit J) Section 10, T-22S, R-35E Injection Interval: 3,886'-4,160' Tansill-Yates-Seven Rivers
JFYSU Well No. 227	660' FSL & 1980' FEL (Unit O) Section 10, T-22S, R-35E Injection Interval: 3,928'-4,050' Tansill-Yates-Seven Rivers

Produced water from the Jalmat Oil & Gas Pool and source water from the Santa Rosa formation will be injected into the wells at average and maximum rates of 500 and 1,500 barrels of water per day, respectively. The average and maximum surface injection pressure for each well is anticipated to be 1,132 psi and 2,000 psi, respectively.

Interested parties must file objections with the New Mexico Oil Conservation Division, 1220 S. St Francis Drive, Santa Fe, New Mexico 87505, within 15 days of the date of this publication.

Additional information can be obtained by contacting Mr. Tony Beilman, Operations Manager, Melrose Operating Company, at (469) 721-2046.

Affidavit of Publication

State of New Mexico,
County of Lea.

I, KATHI BEARDEN
PUBLISHER

of the Hobbs News-Sun, a
newspaper published at Hobbs, New
Mexico, do solemnly swear that the
clipping attached hereto was
published in the regular and entire
issue of said newspaper, and not a
supplement thereof for a period

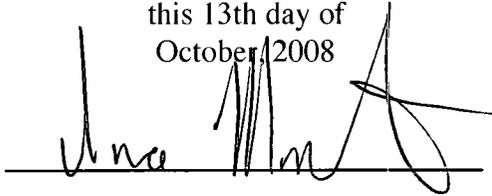
of 1 issue(s).

Beginning with the issue dated
October 12, 2008
and ending with the issue dated
October 12, 2008



PUBLISHER

Sworn and subscribed to before me
this 13th day of
October, 2008



Notary Public

My commission expires
February 07, 2009
(Seal)



OFFICIAL SEAL
DORA MONTZ
NOTARY PUBLIC
STATE OF NEW MEXICO

My Commission Expires: _____

This newspaper is duly qualified to
publish legal notices or
advertisements within the meaning of
Section 3, Chapter 167, Laws of
1937 and payment of fees for said
publication has been made.

LEGAL
OCTOBER 12, 2008

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Injection Interval: 3,890'-4,050' Tansill-Yates-Seven Rivers
- JFYSU Well No. 225 1980' FSL & 1980' FEL (Unit J) Section 10, T-22S, R-35E
Injection Interval: 3,886'-4,160' Tansill-Yates-Seven Rivers
- JFYSU Well No. 227 660' FSL & 1980' FEL (Unit O) Section 10, T-22S, R-35E
Injection Interval: 3,928'-4,050' Tansill-Yates-Seven Rivers

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Additional information can be obtained by contacting Mr. Tony Beilman, Operations Manager, Melrose Operating Company, at (469) 721-2046.
#24460

02108664 00018800

DAVID CATANACH
1142 VUELTA DE LAS ACEQUIAS
SANTA FE, NM 87507

7007 2560 0003 1112 9202

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City, State, ZIP+4: *Houston, Texas 77210-4791*

PS Form 3800, August 2006 See Reverse for Instructions

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Street, Apt. No., or PO Box No.: *105 S. Fourth Street*
City, State, ZIP+4: *Artesia, New Mexico 88210*

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Sent To: *EOG Resources, Inc.*
Street, Apt. No., or PO Box No.: *Box 2267*
City, State, ZIP+4: *Midland, Texas 79702*

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Sent To: *New Mexico State Land Office*
Street, Apt. No., or PO Box No.: *P.O. Box 1148*
City, State, ZIP+4: *Santa Fe, N.M. 87504-1148*

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Restricted Delivery Fee (Endorsement Required)	\$ 0.00
Total Postage & Fees	\$ 6.58

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OCT 21 2008
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Sent To: *Tempo Energy, Inc.*
Street, Apt. No., or PO Box No.: *Box 1034*
City, State, ZIP+4: *Midland, Texas 79701*

PS Form 3800, August 2006 See Reverse for Instructions

7007 2560 0003 1112 9158

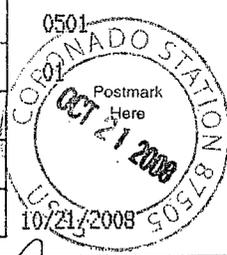
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 Street, Apt. No., or PO Box No. *P.O. Box 1166*
 City, State, ZIP+4 *Carlsbad, New Mexico 88220*