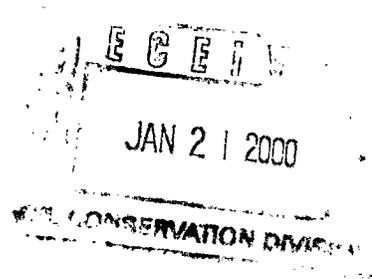


Joe Melton Drilling Co., Inc.
P.O. Box 4203
Midland, Texas 79701



January 19, 2000

Re: Addendum to Administrative Application
For Non-Standard Gas Proration Unit
New Mexico State "G" Lease
Section 26, T21S, R36E
Lea County, New Mexico

Ms. Lori Wrotenbery, Director
New Mexico Oil Conservation Division
2040 Pacheco
Santa Fe, New Mexico 87505

Dear Ms. Wrotenbery:

Joe Melton Drilling Co., Inc. (Melton) recently submitted an application for a 480 acre Non-Standard Gas Proration Unit for the aforementioned lease. In a follow-up conversation with Mr. Michael Stogner he noted that the first two re-entry attempts for which Melton has applied for a permit are 660 feet from the proposed unit boundary and thus would be classified as unorthodox locations. He recommended that Melton submit an addendum to the original application requesting administrative approval for these locations.

Please attach this addendum to the original application, which you should have in your files. The original application contained the following documents:

- Plats of current Unit configuration and proposed 480 acre Non Standard Gas Proration Unit
- Documentation of Notification to Offset Operators
- Plat of the Surrounding Acreage and Current Operators
- A brief history of Administrative Orders
- A Copy of Applicable NMOCD Orders

As a supplement to the original application package I am enclosing along with this request for administrative approval of the two unorthodox locations copies of plats showing these locations plus documentation of notification to offset operators of our requests for approval of unorthodox locations.

I hope that this additional information along with the original package will assist your staff in their review efforts. After the review of this request is complete, your administrative approval of the aforementioned 480 acre Non Standard Gas Proration Unit and approval of the two unorthodox locations would be appreciated. If you have questions concerning this matter please call Mark Hawkins at (915) 687-6500.

Sincerely,

A handwritten signature in cursive script that reads "Joe M.L. Melton".

Joe M.L. Melton

President

Joe Melton Drilling Co., Inc.
P.O. Box 4203
Midland, Texas 79704

January 19, 2000

Re: Addendum to Application for 480
Acre Non-Standard Gas Proration Unit
New Mexico State "G" Lease
Section 26, T21S, R36E
Lea County, New Mexico

Dear Offset Operators:

Joe Melton Drilling Co., Inc. (Melton) recently submitted an application seeking administrative approval for a 480 acre Non-Standard Gas Proration Unit for the aforementioned lease. You were notified of this application as is required per Oil Conservation Division Rule 104.D(2). Melton plans to reenter two wells on this lease to try and establish production from the Queen/Seven Rivers/Yates interval. These wells, # 12 and # 14, are shown on the attached plats. Both of these wells are located 660 feet from the proration unit boundary as proposed and thus would be classified as unorthodox locations. Please note that both locations are 1980 feet from the lease boundary (section lines).

Melton hereby notifies you as offset operator of our addendum to our original application whereby we are seeking administrative approval for these unorthodox locations. You are allowed twenty (20) days in which to protest this application. Correspondence regarding this issue should be sent to the Santa Fe office of the NMOCD. If you have general questions please call Mark Hawkins at (915) 687-6500.

Sincerely,



Joe M.L. Melton
President

District I
 PO Box 1980, Hobbs, NM 88241-1980
 District II
 811 South First, Artesia, NM 88210
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
 2040 South Pacheco
 Santa Fe, NM 87505

Form C-102
 Revised October 18, 1994
 Instructions on back
 Submit to Appropriate District Office
 State Lease - 4 Copies
 Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 3002504787		² Pool Code 76480		³ Pool Name Eumont Yates Seven Rivers Queen	
⁴ Property Code		⁵ Property Name New Mexico State "G" Lease			⁶ Well Number 12
⁷ OGRID No. 011916		⁸ Operator Name Joe Melton Drilling Co., Inc.			⁹ Elevation 3533'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	26	21S	36E		1980	South	1980	West	Lea

¹¹ 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

¹² Dedicated Acres 480	¹³ Joint or Infill N	¹⁴ Consolidation Code	¹⁵ Order No.
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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

¹⁶ 	¹⁷ OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</i> Signature Karen Allen Printed Name Secretary Title 1/3/00 Date
	¹⁸ SURVEYOR CERTIFICATION <i>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.</i> Date of Survey Signature and Seal of Professional Surveyer: Certificate Number

District I
 PO Box 1980, Hobbs, NM 88241-1980
 District II
 811 South First, Artesia, NM 88210
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
 2040 South Pacheco
 Santa Fe, NM 87505

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AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-02504789		² Pool Code 76480		³ Pool Name Eumont Yates Seven Rivers Queen	
⁴ Property Code		⁵ Property Name New Mexico State "G" Lease			⁶ Well Number 14
⁷ OGRID No. 011916		⁸ Operator Name Joe Melton Drilling Co., Inc.			⁹ Elevation 3549.DF

¹⁰ 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	26	21S	36E		1980	North	1980	West	Lea

¹¹ 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

¹² Dedicated Acres 4.80	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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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

<p>16</p>	<p>17 OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</i></p> <p><i>Karen Allen</i> Signature Karen Allen Printed Name Secretary Title January 3, 2000 Date</p>
	<p>18 SURVEYOR CERTIFICATION</p> <p><i>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.</i></p> <p>Date of Survey Signature and Seal of Professional Surveyer: Certificate Number</p>

**New Mexico "G" State
Lea County, New Mexico
Offset Operator List**

ARCO Permian
P. O. Box 1610
Midland, Texas 79702-1610
ATTN: Land Department

Chevron USA, Inc.
P. O. Box 1150
Midland, Texas 79702
ATTN: Land Department

Conoco Inc.
10 Desta Drive West
Suite 100W
Midland, Texas 79705
ATTN: Land Department

Exxon Company, U.S.A.
P.O. Box 4358
Houston, Texas 77210-4358
ATTN: Land Department

Z 100 640 137

US Postal Service

Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Sent to Chevron USA inc.	
Street & Number Box 1150	
City, State, & Zip Code Midland, Texas 79702	
Post Office, State, & Zip Code Attn: Land Department	
Postage	\$ 33
Certified Fee	140
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	125
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$ 298
Postmark or Date	

PS Form 3800, April 1995

Z 100 640 136

US Postal Service

Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Sent to Conoco Inc.	
Street & Number 10000 Delta Drive West Suite 100W	
City, State, & Zip Code Midland, Texas 79705	
Post Office, State, & Zip Code Attn: Land Department	
Postage	\$ 33
Certified Fee	140
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	125
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$ 298
Postmark or Date	

PS Form 3800, April 1995

Z 100 640 138

US Postal Service

Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Sent to ARCO Permian	
Street & Number Box 1610	
City, State, & Zip Code Midland, Texas 79702	
Post Office, State, & Zip Code Attn: Land Department	
Postage	\$ 33
Certified Fee	140
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	125
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$ 298
Postmark or Date	

PS Form 3800, April 1995

Z 100 640 135

US Postal Service

Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Sent to EXXON Company USA	
Street & Number 4358	
City, State, & Zip Code Houston, TX 77210-4358	
Post Office, State, & Zip Code Attn: Land Department	
Postage	\$ 33
Certified Fee	140
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	125
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$ 298
Postmark or Date	

PS Form 3800, April 1995