

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 30-015-34700 | Pool Code 03230 | Pool Name Artesia, Queen-Grayburg-SA |
| Property Code 26081 | Property Name ARTESIA UNIT | Well Number 106 |
| OGRID No. 184860 | Operator Name MELROSE OPERATING COMPANY | Elevation 3649' |

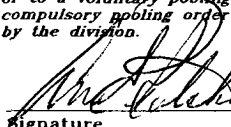
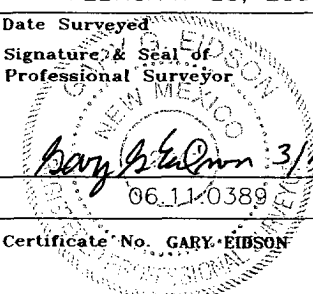
Surface Location

| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| M | 3 | 18-S | 28-E | | 259 | SOUTH | 789 | WEST | 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 | 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

| | | | |
|---|-------|-------|-------|
| LOT 4 | LOT 3 | LOT 2 | LOT 1 |
| RECEIVED MAR 23 2006 DUPLICATE | | | |
| GEODETIC COORDINATES NAD 27 NME Y=643934.9 N X=550425.4 E LAT.=32°46'12.58" N LONG.=104°10'09.41" W | | | |
| 789' 259' | | | |
| OPERATOR CERTIFICATION 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.  Signature Date 3-17-06 Anne E. Ritchie, Agent Printed Name | | | |
| 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. FEBRUARY 23, 2006 Date Surveyed MR Signature & Seal of Professional Surveyor  Certificate No. GARY EIBSON 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 ☒

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

Operator: Melrose Operating Company Telephone: 432 684-6381 e-mail address: ann.ritchie@wtor.net
Address: c/o Box 953, Midland, TX 79702
Facility or well name: Artesia Unit, Well #106 API #: 30-015-pending U/L or Qtr/Qtr M Sec 3 T18S R 28E
County: Eddy Latitude 32.461258 Longitude 104.100941 NAD: 1927 X 1983 ☐
Surface Owner: Federal ☐ State ☒ Private ☐ Indian ☐

Pit

Type: Drilling ☒ Production ☐ Disposal ☐
Workover ☐ Emergency ☐
Lined ☒ Unlined ☐
Liner type: Synthetic ☒ Thickness 12 mil Clay ☐
Pit Volume 4000 bbl

Below-grade tank

Volume: bbl Type of fluid:
Construction material:
Double-walled, with leak detection? Yes ☐ If not, explain why not.

RECEIVED

MAR 23 2006

OCD-ARTESIA

| | | |
|---|---|-------------|
| Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.) | Less than 50 feet | (20 points) |
| | 50 feet or more, but less than 100 feet | (10 points) |
| | 100 feet or more X | (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 | (20 points) |
| | No X | (0 points) |
| Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.) | Less than 200 feet | (20 points) |
| | 200 feet or more, but less than 1000 feet | (10 points) |
| | 1000 feet or more X | (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 Ann E. Ritchie

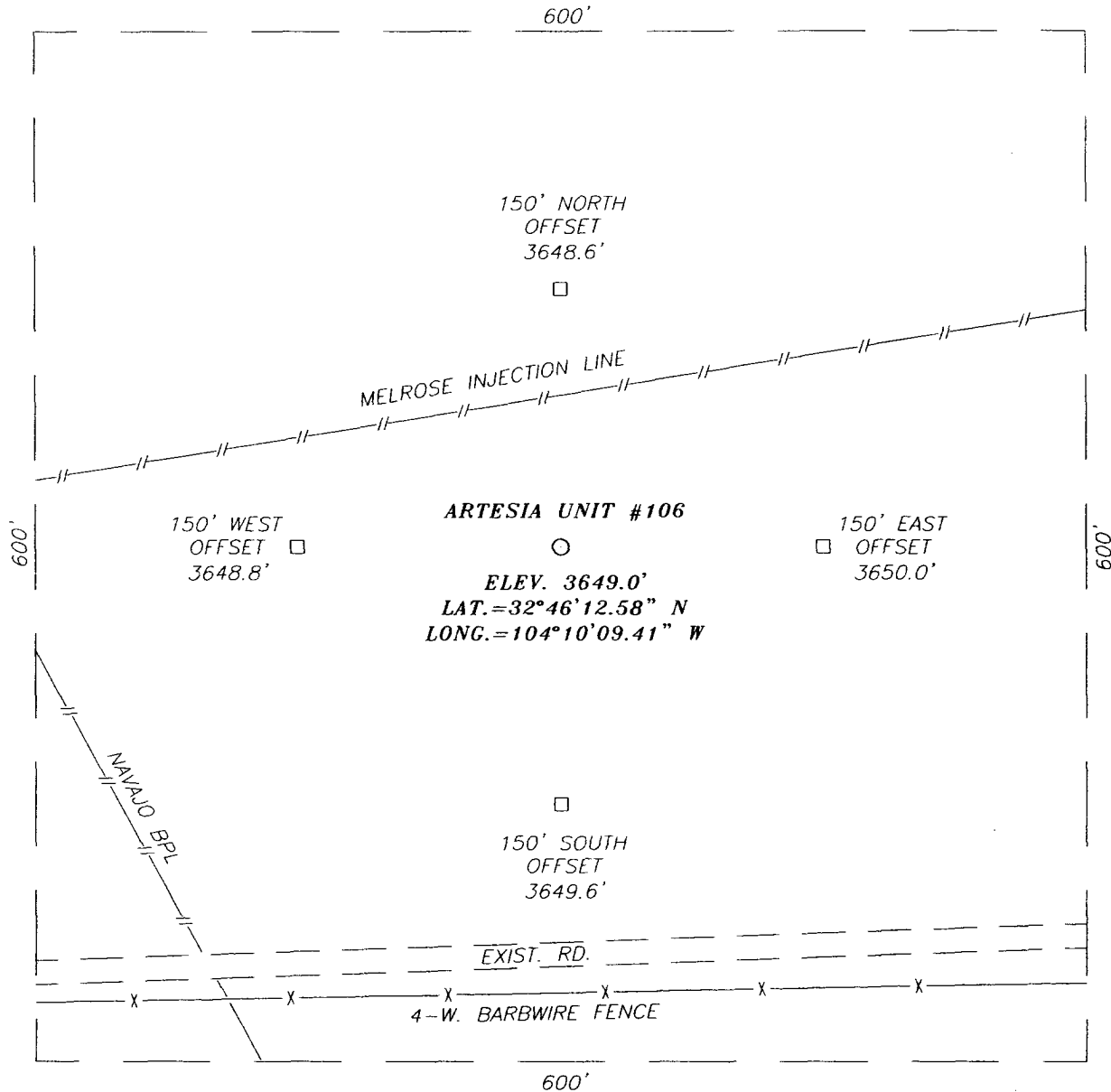
Your certification and NMOCD approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with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

Approval:

Printed Name/Title Signature

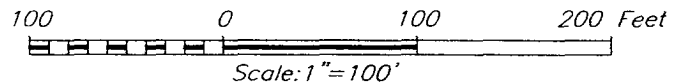
MAR 23 2006
Date:

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



DIRECTIONS TO LOCATION

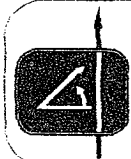
FROM THE INTERSECTION OF ST. HWY. 83 AND ST. HWY. 360, GO SOUTHEAST ON ST. HWY 360 APPROX. 0.98 MILES. TURN RIGHT AND GO WEST-SOUTHWEST APPROX. 0.1 MILES TO A "Y" INTERSECTION. TURN LEFT AND GO SOUTHWEST APPROX. 0.59 MILES. TURN RIGHT AND GO WEST APPROX. 0.1 MILE. TURN LEFT AND GO SOUTH APPROX. 0.72 MILES. TURN LEFT AND GO WEST APPROX. 0.16 MILES. THIS LOCATION IS APPROX. 230 FEET NORTH.



MELROSE OPERATING COMPANY

ARTESIA UNIT #106
 LOCATED 259 FEET FROM THE SOUTH LINE
 AND 789 FEET FROM THE WEST LINE OF SECTION 3,
 TOWNSHIP 18 SOUTH, RANGE 28 EAST, N.M.P.M.,
 EDDY COUNTY, NEW MEXICO.

| | |
|-------------------------|---------------------|
| Survey Date: 02/23/06 | Sheet 1 of 1 Sheets |
| W.O. Number: 06.11.0389 | Dr By: M.R. |
| Date: 03/06/06 | Rev 1: N/A |
| Disk: CD#1 | 06110389 |
| Scale: 1"=100' | |



PROVIDING SURVEYING SERVICES
 SINCE 1946
JOHN WEST SURVEYING COMPANY
 412 N. DAL PASO
 HOBBS, N.M. 88240
 (505) 383-3117

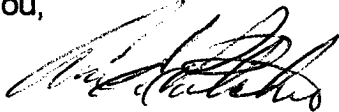
March 21, 2006

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,



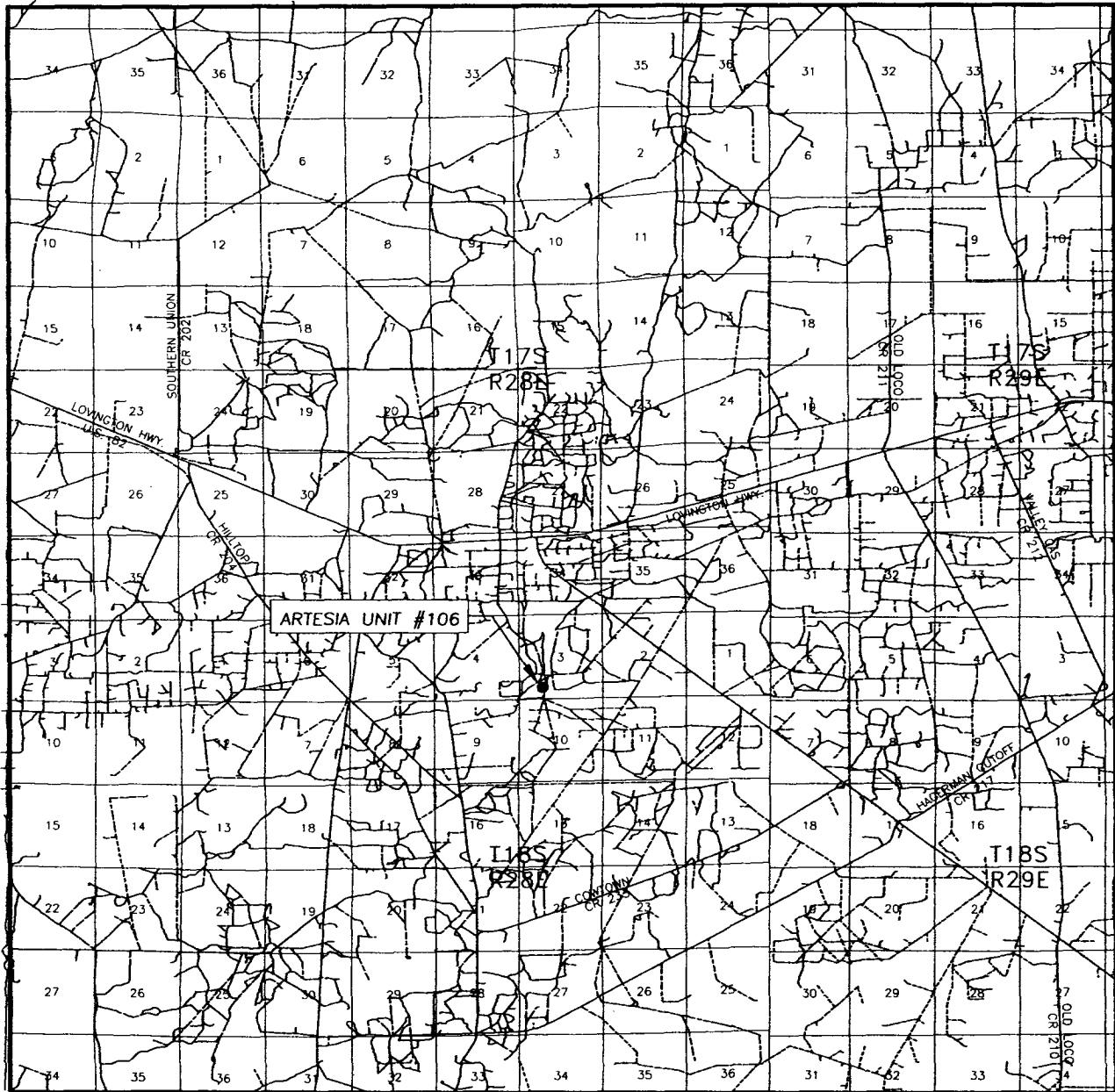
Ann E. Ritchie, Regulatory Agent
Melrose Operating Company
c/o P.O. Box 953
Midland, TX 79702
432 684-6381/682-1458-fax
ann.ritchie@wtor.net

RECEIVED

MAR 23 2006

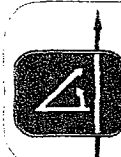
OCD-ARTESIA

VICINITY MAP



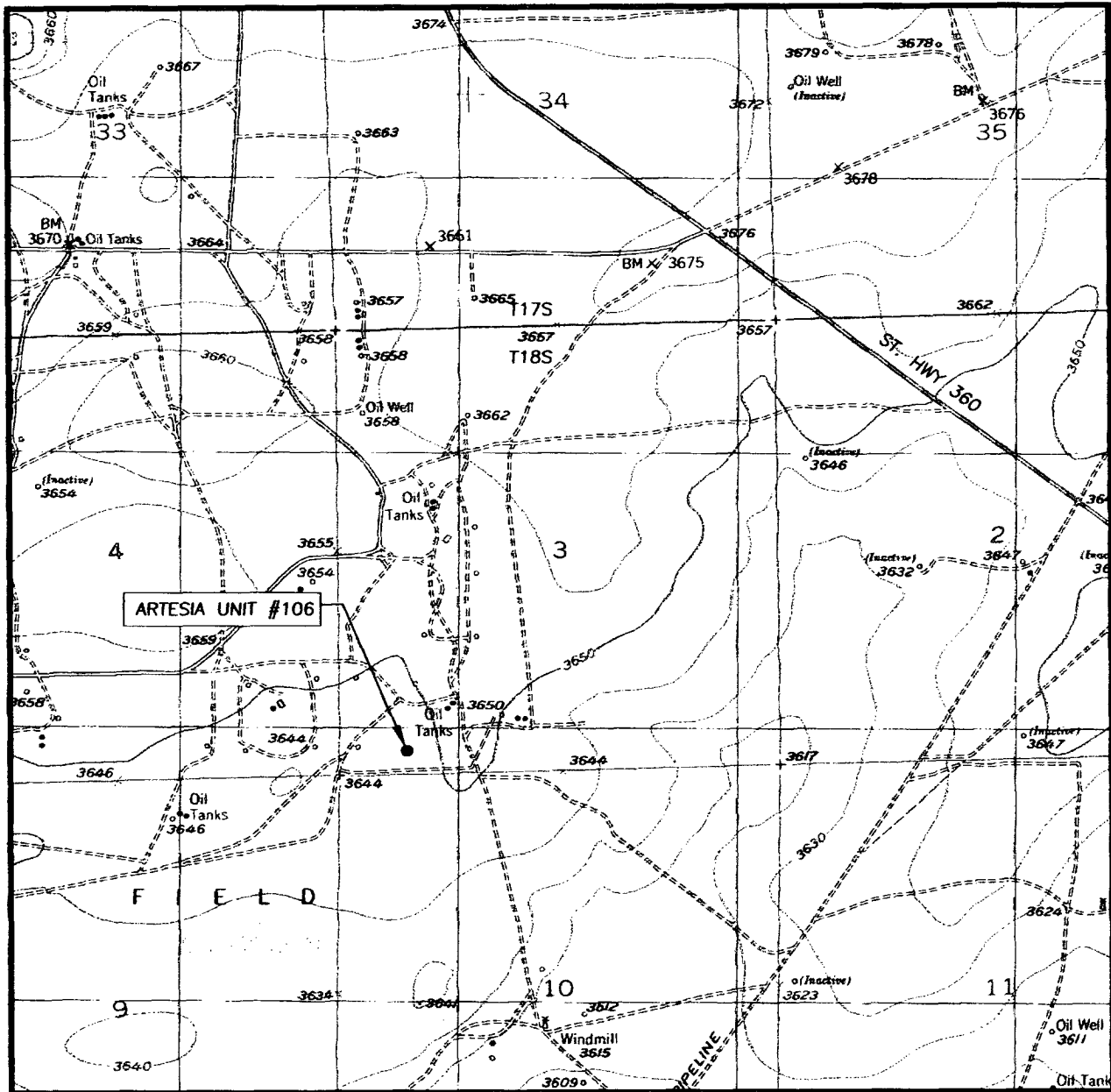
SCALE: 1" = 2 MILES

SEC. 3 TWP. 18-S RGE. 28-E
 SURVEY N.M.P.M.
 COUNTY EDDY STATE NEW MEXICO
 DESCRIPTION 259' FSL & 789' FWL
 ELEVATION 3649'
 OPERATOR MELROSE OPERATING COMPANY
 LEASE ARTESIA UNIT



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

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 259' FSL & 789' FWL

ELEVATION 3649'

OPERATOR MELROSE OPERATING COMPANY

LEASE ARTESIA UNIT

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

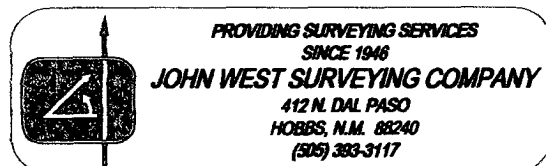
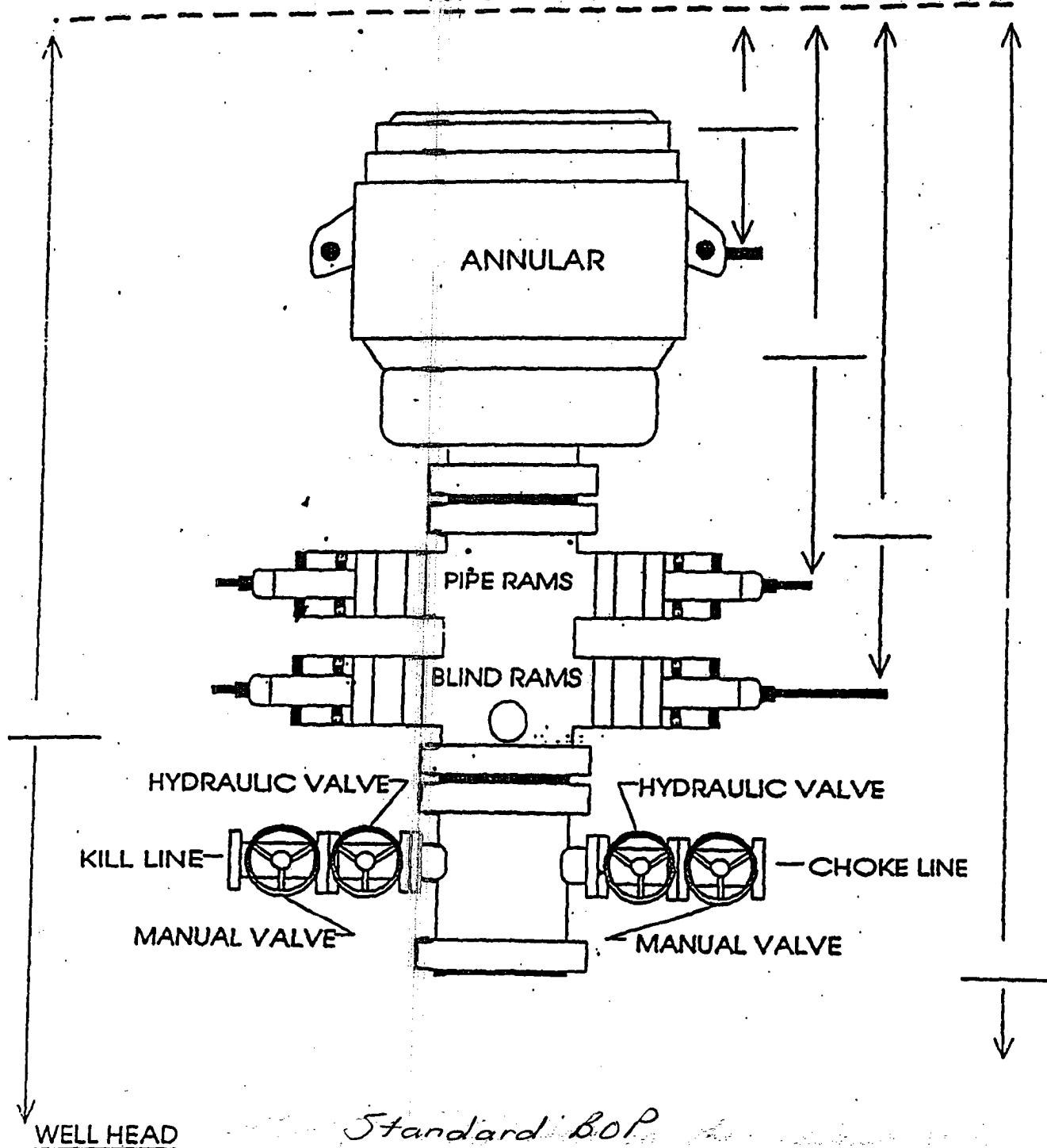


EXHIBIT A

B.O.P. STACK SPACING

SIZE: 3000#

TOP OF ROTARY



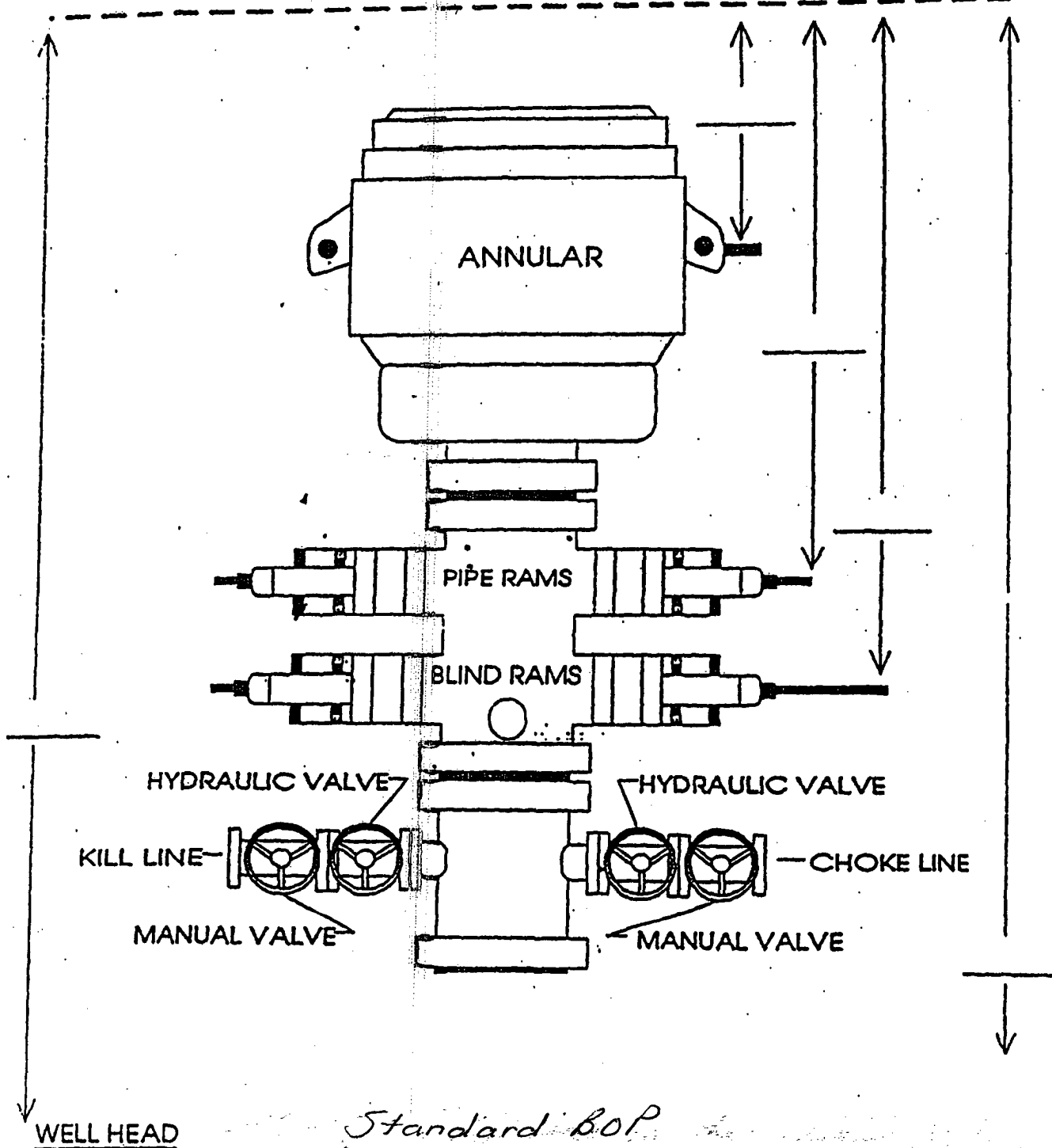
Standard BOP
Melrose Operating Co. - United Drlg.

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 NMOC 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

OCD-ARTESIA

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

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

