

District I  
1625 N. French Dr., Hobbs, N.M. 88240  
District II  
1301 W. Grand Ave., Artesia, N.M. 88210  
District III  
1000 Rio Brazos Rd., Aztec, N.M. 87410  
District IV  
1220 S. St. Francis Dr., Santa Fe, N.M. 87505

State of New Mexico  
Energy, Minerals & Natural Resources Department

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

Form C-101  
Revised February 10, 1994  
Instructions on back  
Submit to Appropriate District Office  
State Lease - 6 Copies  
Fee lease - 5 Copies

☐ AMENDED REPORT

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

|  |  |   |  |
|--|--|---|--|
| <sup>1</sup> Operator Name and Address<br>Melrose Operating Co.<br>c/o P.O. Box 953<br>Midland, TX 79702 |  | <b>RECEIVED</b><br>MAR - 2 2004<br><b>OCD-ARTESIA</b> | <sup>2</sup> OGRID Number<br>184860        |
|  |  |   | <sup>3</sup> API Number<br>30-0 15 - 33288 |
| <sup>4</sup> Property Code<br>26081  | <sup>5</sup> Property Name<br>Artesia Unit |   | <sup>6</sup> Well No.<br>104               |

7 Surface Location

| UL or Lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| J             | 3       | 18S      | 28E   |         | 2300          | South            | 1385          | East           | Eddy   |

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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
|               |         |          |       |         |               |                  |               |                |        |

|  |                               |
|--|-------------------------------|
| <sup>9</sup> Proposed Pool 1<br>Artesia, Queen-Grayburg-San Andres (03230) | <sup>10</sup> Proposed Pool 2 |
|--|-------------------------------|

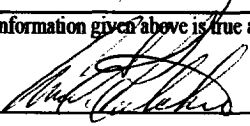
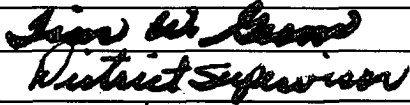
|                                   |                                       |                                       |  |   |
|-----------------------------------|---------------------------------------|---------------------------------------|--|---|
| <sup>11</sup> Work Type Code<br>N | <sup>12</sup> Well Type Code<br>O     | <sup>13</sup> Cable/Rotary<br>R       | <sup>14</sup> Lease Type Code<br>S       | <sup>15</sup> Ground Level Elevation<br>3654' |
| <sup>16</sup> Multiple<br>no      | <sup>17</sup> Proposed Depth<br>3500' | <sup>18</sup> Formation<br>San Andres | <sup>19</sup> Contractor<br>United Drlg. | <sup>20</sup> Spud Date<br>3-19-04            |

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#                | 300'          | 275 sx          | surface       |
| 7 7/8"    | 5 1/2"      | 15.5#              | 3500'         | 600 sx          | surface       |
|           |             |                    | 400 - 450'    |                 |               |

22. Describe the proposed program. If this 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 300', set 8 5/8" casing, cement to surface. RU BOPs. Drill 7 7/8" hole to 3500', set 5 1/2" casing, cement to surface, RD BOPs & drilling rig. Perforate San Andres formation & frac. Place well on test.

|  |  |  |                               |
|--|--|--|-------------------------------|
| <sup>23</sup> I hereby certify that the information given above is true and complete to the best of my knowledge and belief.<br>Signature:  |  | <b>OIL CONSERVATION DIVISION</b>   |                               |
| Printed Name: Ann E. Ritchie   |  | Approved by:  |                               |
| Title: Regulatory Agent  |  | Title: District Supervisor   |                               |
| Date: 2-28-04  |  | Approval Date: MAR 0 5 2004  | Expiration Date: MAR 0 9 2005 |
| Phone: 432 684-6381  |  | Conditions of Approval:<br>Attached: <input type="checkbox"/>                                      |                               |

DISTRICT I  
P.O. Box 1980, Hobbs, NM 88241-1980

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised February 10, 1994  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

DISTRICT II  
P.O. Drawer DD, Artesia, NM 88211-0719

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

DISTRICT IV  
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

OIL CONSERVATION DIVISION

P.O. Box 2088  
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

|                               |   |   |
|-------------------------------|---|---|
| API Number<br><b>30-015-</b>  | Pool Code<br><b>03230</b>                         | Pool Name<br><b>Artesia, Queen-Grayburg- San Andres</b> |
| Property Code<br><b>26081</b> | Property Name<br><b>ARTESIA UNIT</b>              | Well Number<br><b>104</b>                               |
| OGRID No.<br><b>184860</b>    | Operator Name<br><b>MELROSE OPERATING COMPANY</b> | Elevation<br><b>3654'</b>                               |

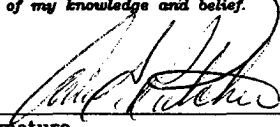
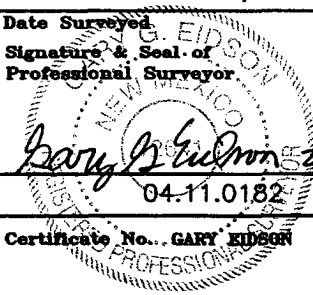
Surface Location

|                           |                     |                         |                      |         |                              |                                  |                              |                               |                       |
|---------------------------|---------------------|-------------------------|----------------------|---------|------------------------------|----------------------------------|------------------------------|-------------------------------|-----------------------|
| UL or lot No.<br><b>J</b> | Section<br><b>3</b> | Township<br><b>18 S</b> | Range<br><b>28 E</b> | Lot Idn | Feet from the<br><b>2300</b> | North/South line<br><b>SOUTH</b> | Feet from the<br><b>1385</b> | East/West line<br><b>EAST</b> | County<br><b>EDDY</b> |
|---------------------------|---------------------|-------------------------|----------------------|---------|------------------------------|----------------------------------|------------------------------|-------------------------------|-----------------------|

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<br><b>40</b> |         | Joint or Infill | Consolidation Code | Order No.<br><b>Waterflood Unit</b> |               |                  |               |                |        |

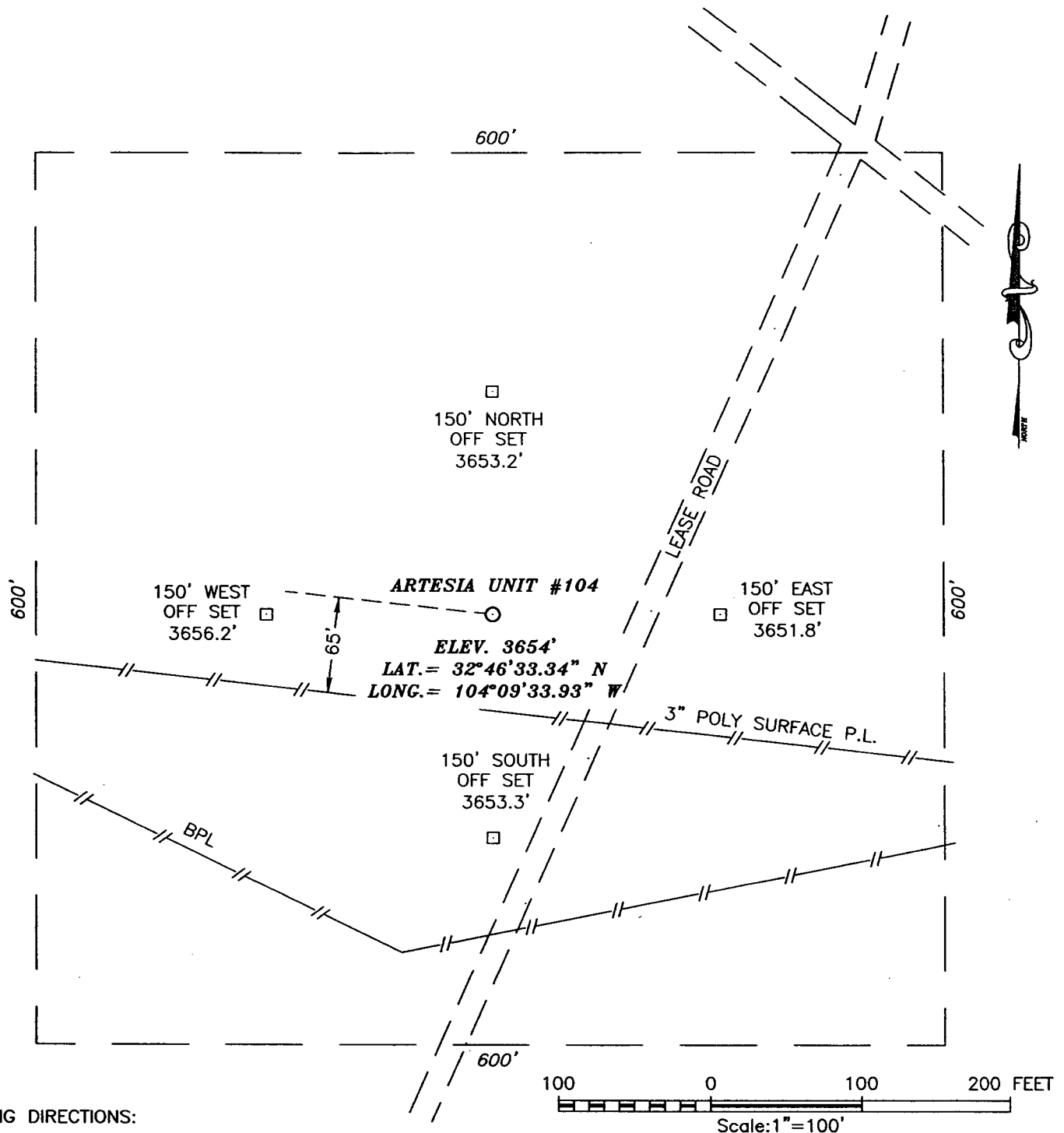
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

|  |       |       |       |
|--|-------|-------|-------|
| LOT 4  | LOT 3 | LOT 2 | LOT 1 |
| GEODETIC COORDINATES<br>NAD 27 NME<br>Y-646036.9-N<br>X-553451.8-E<br>LAT.= 32°46'33.34" N<br>LONG.= 104°09'33.93" W   |       |       |       |
| 1385'  |       |       |       |
| 2300'  |       |       |       |
| <b>OPERATOR CERTIFICATION</b><br>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.<br><br>Signature<br><b>Ann E. Ritchie</b><br>Printed Name<br><b>Regulatory Agent</b><br>Title<br><b>2-27-04</b><br>Date   |       |       |       |
| <b>SURVEYOR CERTIFICATION</b><br>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.<br><b>FEBRUARY 18, 2004</b><br>Date Surveyed<br><br>Signature & Seal of Professional Surveyor<br><b>04.11.0182</b><br>Certificate No. <b>GARY EIDSON 12641</b> |       |       |       |

# SECTION 3, TOWNSHIP 18 SOUTH, RANGE 28 EAST, N.M.P.M.,

EDDY COUNTY,

NEW MEXICO.



## DRIVING DIRECTIONS:

FROM THE INTERSECTION OF US HWY 82 AND STATE HWY 360, GO SOUTHEAST 1.6 MILES ALONG STATE HWY 360 TO AN INTERSECTION. TURN RIGHT AND GO SOUTHWEST 0.4 MILES TO A CALICHE ROAD ON THE RIGHT. GO NORTHEAST 0.2 MILES ALONG CALICHE ROAD. THIS LOCATION IS ON THE WEST SIDE OF ROAD.

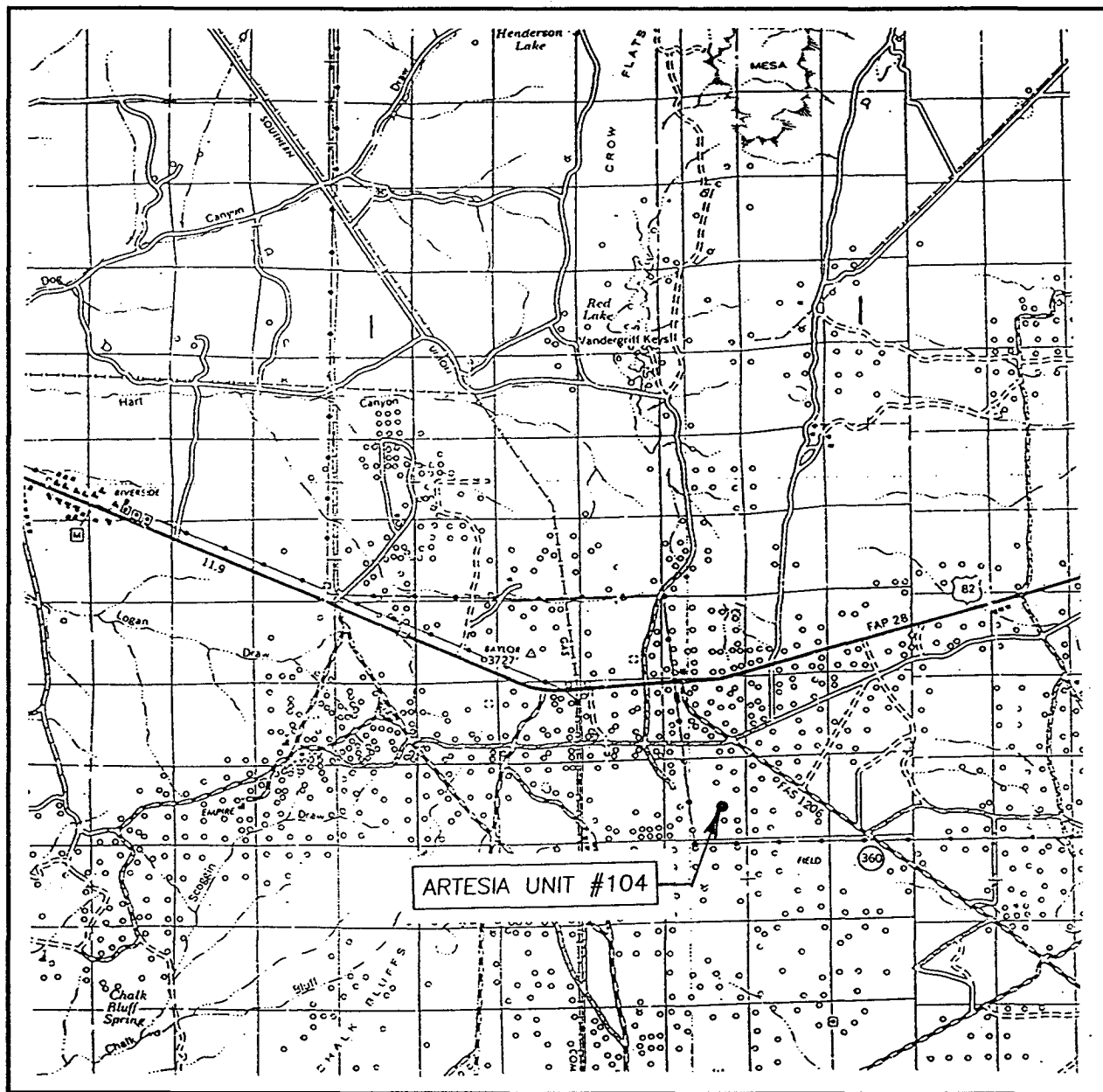
**JOHN WEST SURVEYING COMPANY**  
412 N. DAL PASO - HOBBS, NEW MEXICO - 505-393-3117

## MELROSE OPERATING COMPANY

ARTESIA UNIT #104  
LOCATED 2300 FEET FROM THE SOUTH LINE  
AND 1385 FEET FROM THE EAST LINE OF SECTION 3,  
TOWNSHIP 18 SOUTH, RANGE 28 EAST, N.M.P.M.,  
EDDY COUNTY, NEW MEXICO

|                         |                      |
|-------------------------|----------------------|
| Survey Date: 2/18/04    | Sheet 1 of 1 Sheets  |
| W.O. Number: 04.11.0182 | DRAWN BY: L. PERALES |
| Date: 2/23/04           | DISK: CD '04         |
| 04110182                | Scale: 1"=100'       |

# VICINITY MAP



SCALE: 1" = 2000'

SCALE: 1" = 2 MILES

SEC. 3 TWP. 18-S RGE. 28-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 2300' FSL & 1385' FEL

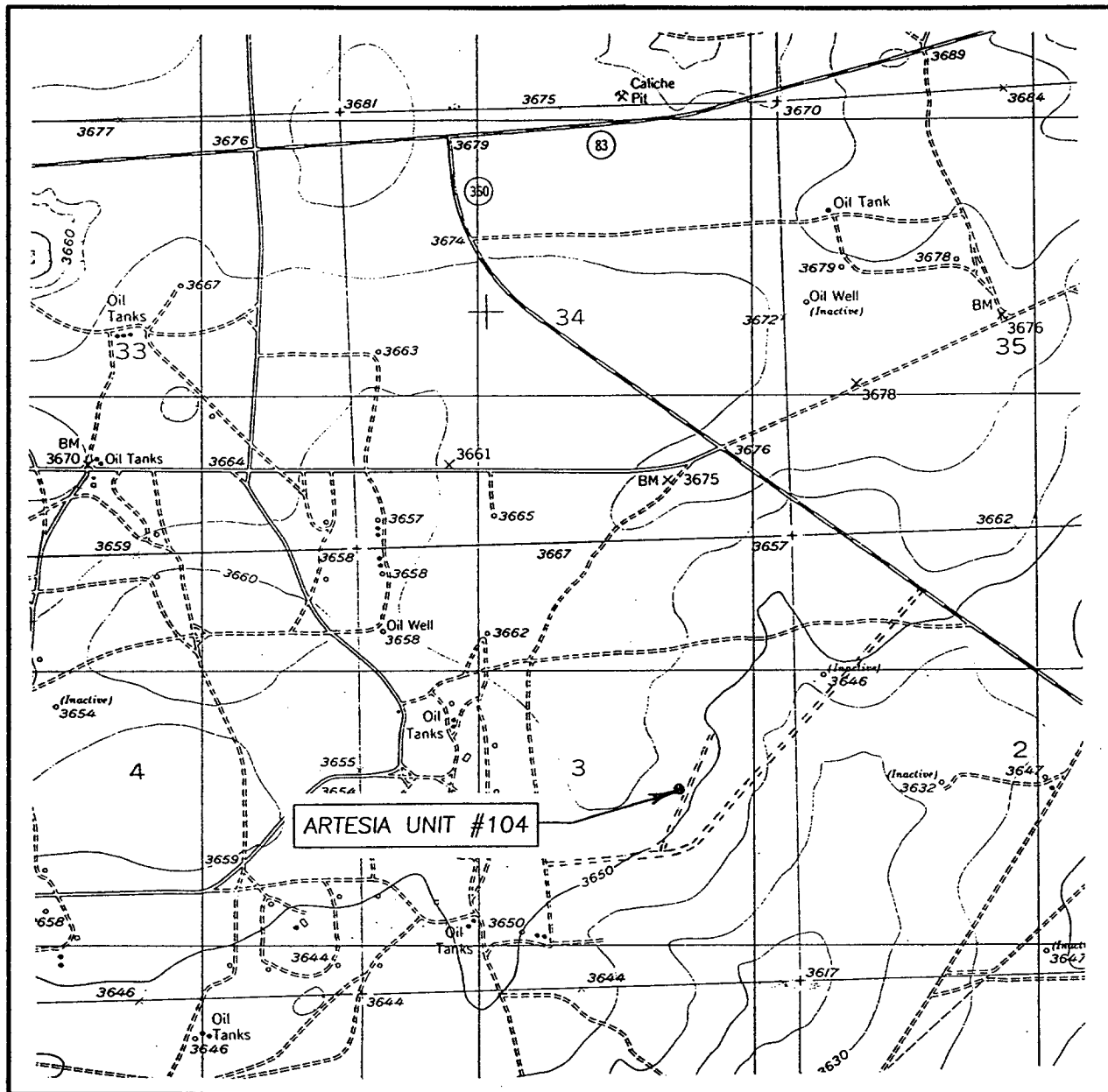
ELEVATION 3654'

OPERATOR MELROSE  
OPERATING COMPANY

LEASE ARTESIA UNIT

JOHN WEST SURVEYING  
HOBBS, NEW MEXICO  
(505) 393-3117

# LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:  
RED LAKE, N.M. - 20'

SEC. 3 TWP. 18-S RGE. 28-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 2300' FSL & 1385' FEL

ELEVATION 3654'

MELROSE  
OPERATOR OPERATING COMPANY

LEASE ARTESIA UNIT

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

JOHN WEST SURVEYING  
HOBBS, NEW MEXICO  
(505) 393-3117

3025 Rochelle Rd  
Rockwall, TX 75032  
972) 771-6717

**Melrose Operating  
Company**

# Memo

**To:** Tim Gumm, OCD

**From:** Tony Beilman

**CC:** Chris Thomas

**Date:** 3/09/04

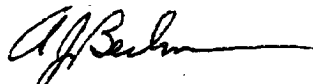
**Re:** Application to Drill the Artesia Unit Wells 100, 101, 102, 103, 104

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**Mr. Gumm,**

Please accept this letter as my affidavit attesting that the H<sub>2</sub>S concentration on these proposed wells are below 100 ppm. Rule 118 requires that I provide this data to you. I had contracted WTOR Ann Ritchie to file the APD and she had alerted me of this requirement. At that time I thought the correspondence was sent. I apologize for any delays that I may have caused you for an incomplete APD.

Sincerely I remain



Anthony J Beilman, P.E.

Artesia Unit #104  
3-18-28  
2300 S/1385 E