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Submit 3 Copies To Appropriate
 District Office
 District I
 1625 N. French Dr., Hobbs, NM 88240
 District II
 1301 W. Grand Ave., 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

Form C-103
 Revised June 10, 2003

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

WELL API NO. 30-025-38938 ✓
5. Indicate Type of Lease STATE X FEE
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name Jalmat Field Yates Sand Unit ✓
8. Well Number 143 ✓
9. OGRID Number 184860 ✓
10. Pool name or Wildcat: Jalmat; Tansill-Yates-7 Rvrs ✓

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

1. Type of Well: Oil Well X Gas Well Other ✓
2. Name of Operator Melrose Operating Company ✓
3. Address of Operator c/o Box 953 Midland, TX 79702
4. Well Location

Unit Letter P ; 660 feet from the South line and 575 feet from the East line ✓

Section 14 Township 22S Range 35E NMPM Lea County

11. Elevation (Show whether DR, RKB, RT, GR, etc.): 3578'GR

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

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐
 TEMPORARILY ABANDON ☐ CHANGE PLANS
 PULL OR ALTER CASING ☐ MULTIPLE COMPLETION ☐

OTHER:

SUBSEQUENT REPORT OF:

REMEDIAL WORK ALTERING CASING ☐
 COMMENCE DRILLING OPNS X PLUG AND ABANDONMENT ☐
 CASING TEST AND CEMENT JOB X

OTHER:

13. 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. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

10-29-08: Spudded well, drilling 12-1/4" hole.

10-30-08: Drilled to 425'; set 8-5/8", 24#, J55, STC, new casing @ 414'. Cemented w/375 sx Cl C + 2% CaCl. Circulated 65 sx to pit. Pressure tested to 1000# for 30 minutes - held. WOC 12 + hrs.

11-06-08: Reached total depth of 4186'. Ran 5-1/2", 15.5#, J55 casing to 4175'. Cemented w/450 sx lead, 50/50 poz, Cl C, 5% salt + .125#sxcf + 3#sxlcm-1, 11.8#/gal, yield 2.45. Tailed w/300 sx 50/50 poz, Cl C, 5% salt + 3#sxlcm-1 + 4/10 fl-25, 14.2#/gal, yield 1.3. Circulated 50 sx to pit - float held. WOC 24 + hrs. Pressure tested to 1000# for 30 minutes - held. Rig release. Waiting on completion.

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

SIGNATURE Ann E. Ritchie TITLE Regulatory Agent DATE: 12-4-08

Type or print name Ann E. Ritchie E-mail address: ann.wtor@gmail.com Telephone No. 432 684-6381

(This space for State use)

APPROVED BY [Signature] TITLE PETROLEUM ENGINEER DATE DEC 17 2008

Conditions of approval, if any: