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MAY 25 2010

HOBBSOCD

Submit One Copy 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

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

Form C-103
March 18, 2009

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|---|--|---|
| <p>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.)</p> | | <p>WELL API NO. 30-025-08611 ✓</p> |
| <p>1. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other ✓</p> | | <p>5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/> ✓</p> |
| <p>2. Name of Operator MELROSE OPERATING CO. ✓</p> | | <p>6. State Oil & Gas Lease No. 25191 ✓</p> |
| <p>3. Address of Operator 20333 State Highway 249, Suite 310, Houston TX 77077</p> | | <p>7. Lease Name or Unit Agreement Name Jalmat Field Yates Sand Unit</p> |
| <p>4. Well Location Unit Letter <u>G</u> : <u>1980</u> feet from the <u>NORTH</u> line and <u>1983</u> feet from the <u>EAST</u> line ✓ Section <u>13</u> Township <u>22S</u> Range <u>35E</u> NMPM County <u>LEA</u></p> | | <p>8. Well Number #132 ✓</p> |
| <p>11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3594' GL</p> | | <p>9. OGRID Number 184860 ✓</p> |
| <p>12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data</p> | | <p>10. Pool name or Wildcat Jalmat, Tan-Yates, 7 Rivers ✓</p> |

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|--|--|---|--|
| <p>NOTICE OF INTENTION TO:</p> <p>PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPL <input type="checkbox"/></p> | | <p>SUBSEQUENT REPORT OF:</p> <p>REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> P AND A <input type="checkbox"/> CASING/CEMENT JOB <input type="checkbox"/></p> | |
| <p>OTHER: <input type="checkbox"/></p> | | <p><input checked="" type="checkbox"/> Location is ready for OCD inspection after P&A</p> | |

X All pits have been remediated in compliance with OCD rules and the terms of the Operator's pit permit and closure plan.
 X Rat hole and cellar have been filled and leveled. Cathodic protection holes have been properly abandoned.
 X A steel marker at least 4" in diameter and at least 4' above ground level has been set in concrete. It shows the

OPERATOR NAME, LEASE NAME, WELL NUMBER, API NUMBER, QUARTER/QUARTER LOCATION OR UNIT LETTER, SECTION, TOWNSHIP, AND RANGE. All INFORMATION HAS BEEN WELDED OR PERMANENTLY STAMPED ON THE MARKER'S SURFACE.

- X The location has been leveled as nearly as possible to original ground contour and has been cleared of all junk, trash, flow lines and other production equipment.
 X Anchors, dead men, tie downs and risers have been cut off at least two feet below ground level.
☐ If this is a one-well lease or last remaining well on lease, the battery and pit location(s) have been remediated in compliance with OCD rules and the terms of the Operator's pit permit and closure plan. All flow lines, production equipment and junk have been removed from lease and well location.
 X All metal bolts and other materials have been removed. Portable bases have been removed. (Poured onsite concrete bases do not have to be removed.)
 X All other environmental concerns have been addressed as per OCD rules.
 X Pipelines and flow lines have been abandoned in accordance with 19.15.35.10 NMAC. All fluids have been removed from non-retrieved flow lines and pipelines.

When all work has been completed, return this form to the appropriate District office to schedule an inspection.

SIGNATURE Cam Robbins TITLE Forman DATE 5-18-10

TYPE OR PRINT NAME Cam Robbins E-MAIL: maximum@valornet.com PHONE: 575-390-4666
 For State Use Only

APPROVED BY: Mark Whitman TITLE Compliance Officer DATE 06/16/2010
 Conditions of Approval (if any):

Cement Plug
100' to Surface

Jalmat #132
CURRENT WELLBORE DIAGRAM
Melrose Operating Company

SU-T-R 13-22S-36E **API #:** 30-025-08611
POOL: JALMAT;TAN-YATES-7 RVRS (PRO GAS)
CO, ST: LEA, NEW MEXICO **LAND TYPE:** STATE
STATUS: SI **ACREAGE** 40.12
LATEST RIG WORKOVER:
DIAGRAM REVISED:

LOG ELEVATION: N/R
GROUND ELEVATION: '

Cement Plug 1660' - 1760'

8 5/8 @ 1730
Cmt w/ 1200 sx

| | CASING | LINER TUBING | |
|--------|--------|--------------|-------------|
| Hole | | | |
| Pipe | 8 5/8 | 5 1/2 | 4 1/2 |
| Weight | | | |
| Grade | | | |
| Thread | | | |
| Depth | 1730 | 3,654 | 3565'-3880' |
| Cmt | 1200 | 300 | 650 |

LOGS

TAN-YATES-7 RVRS ZONE HISTORY

Spud. Initial Completion
Perforated **Open Hole**

Treatment: acid frac
nr 6000
IP: Oil Water Gas
nr nr 3426
Comments

Cement Plug 3450' - 3715'

5 1/2" @ 3654'
Cmt w/ 300 sx

Perfs: 3748' - 3878'

4 1/2" Liner @ 3565' -3880'
Cmt w/ 650 sx

TD 3880'

SALT TOP
1734'

YATES TOP
3550'