

July 15, 2009

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Energy, Minerals and Natural Resources Department  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

Attention: Mr. William Jones

Re: Supplemental Information  
Melrose Operating Company  
Division Order No. WFX-841  
Jalmat Field Yates Sand Unit Wells No. 179, 185, 195, 222 and 250  
Jalmat (Tansill-Yates-Seven Rivers) Oil & Gas Pool  
Lea County, New Mexico

Dear Mr. Jones,

On September 23, 2008 Melrose Operating Company ("Melrose") filed an application to expand its Jalmat Field Yates Sand Unit Waterflood Project in the Jalmat (Tansill-Yates-Seven Rivers) Oil & Gas Pool by converting its JFYSU Wells No. 179, 185, 195, 222 and 250 to injection. As a result of that application, the Division issued Order No. WFX-841 dated October 18, 2008. In that application, Melrose provided area-of-review well data in compliance with Division rules. At the time the application was filed, nine of the AOR wells had not yet been drilled by Melrose, as they were to be part of the expanded waterflood project. As of this date, eight of these wells have been drilled and six have been completed. Only one well has not yet been drilled. Enclosed please find the current drilling and completion data for the subject AOR wells. All of the eight wells have been drilled, cased and cemented so as to preclude the movement of fluid from the proposed injection interval.

Melrose will provide further updates to the AOR well data table when this data becomes available.

If you have any questions, please contact me at (505) 690-9453.

Sincerely,



Mr. David Catanach  
Regulatory Agent  
Melrose Operating Company  
1000 W. Wilshire, Suite 223  
Oklahoma City, Oklahoma 73116

Xc: OCD-Hobbs  
Via E-mail-Mr. Tony Beilman

MELROSE OPERATING COMPANY  
SUPPLEMENTAL AOR WELL DATA  
ORDER NO. WFX-841 DATED 10/18/2009

API NUMBER	OPERATOR	LEASE NAME	WELL NO	WELL TYPE	STATUS	FTG. N/S	FTG. EW	EM/UNIT	SEC	TSHR	RNG	DATE DRILLED	TOTAL DEPTH	HOLE SIZE	CSG. SIZE	SET AT	SX. CMT.	CMT. TOP	MTD.	HOLE SIZE	CSG. SIZE	SET AT	SX. CMT.	CMT. TOP	MTD.	COMPLETION	REMARKS		
30-025-38935	Melrose Operating Co.	JFYSU	137	Inj.	SI	1980'	N	2360'	W	F	14	22S	35E	Dec-08	4,171'	12 1/4"	8 5/8"	418'	375	Surface	Calc.	7 7/8"	5 1/2"	4,171'	700	437'	Calc.	3,836-4,048'	
30-025-38937	Melrose Operating Co.	JFYSU	142	Inj.	SI	1980'	S	660'	E	I	14	22S	35E	Oct-08	4,185'	12 1/4"	8 5/8"	423'	375	Surface	Circ.	7 7/8"	5 1/2"	4,175'	800	Surface	Circ.	3,818-3,992'	
30-025-38944	Melrose Operating Co.	JFYSU	247	Inj.	SI	1950'	S	1711'	E	J	14	22S	35E	Nov-08	4,185'	12 1/4"	8 5/8"	418'	375	Surface	Circ.	7 7/8"	5 1/2"	4,183'	750	Surface	Circ.	3,815-4,040'	
30-025-38868	Melrose Operating Co.	JFYSU	159	Inj.	SI	2026'	N	1860'	W	F	13	22S	35E	Jun-08	4,160'	12 1/4"	8 5/8"	380'	350	Surface	Circ.	7 7/8"	5 1/2"	4,156'	580'	Well File	3,668-3,768'		
30-025-38916	Melrose Operating Co.	JFYSU	127	Inj.	SI	1970'	S	2062'	E	J	13	22S	35E	Feb-09	4,040'	12 1/4"	8 5/8"	409'	375	Surface	Circ.	7 7/8"	5 1/2"	4,032'	700	Surface	Circ.		Not Yet Completed
30-025-38931	Melrose Operating Co.	JFYSU	239	Inj.	SI	2000'	N	665'	E	H	13	22S	35E	Jan-09	3,997'	12 1/4"	8 5/8"	416'	375	Surface	Circ.	7 7/8"	5 1/2"	3,973'	700	Surface	Circ.		Not Yet Completed
30-025-38923	Melrose Operating Co.	JFYSU	168	Inj.	SI	620'	S	723'	W	M	12	22S	35E	Sep-08	4,175'	12 1/4"	8 5/8"	410'	375	Surface	Circ.	7 7/8"	5 1/2"	4,160'	950	Surface	Circ.	3,808-4,098'	
30-025-38924	Melrose Operating Co.	JFYSU	178	Inj.	SI	528'	S	1869'	W	N	12	22S	35E	Sep-08	4,180'	12 1/4"	8 5/8"	413'	375	Surface	Circ.	7 7/8"	5 1/2"	4,178'	800	Surface	Circ.	3,724-3,852'	
30-025-38945	Melrose Operating Co.	JFYSU	248	Inj.	NYD	625'	N	1040'	W	D	14	22S	35E		4,200'	12 1/4"	8 5/8"	350'	375	Surface		7 7/8"	5 1/2"	4,200'	925	Surface		Proposed Casing Design	