

July 17, 2009

RECEIVED

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

2009 JUL 21 PM 1 14

Attention: Mr. William Jones

Re: Supplemental Information
Melrose Operating Company
Division Order No. WFX-850
Jalmat Field Yates Sand Unit Wells No. 106, 107, 167, 168, 178, 223, 224, 233,
234, 235, 236, 237, 240, 241, 242, 243 and 249
Jalmat (Tansill-Yates-Seven Rivers) Oil & Gas Pool
Lea County, New Mexico

Dear Mr. Jones,

On December 31, 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 the above-described wells to injection. As a result of that application, the Division issued Order No. WFX-850 dated January 27, 2009. In that application, Melrose provided injection well data for existing wells and injection well data for wells that were to be drilled. At the time the application was filed, three of the wells, the JFYSU Wells No. 236, 243 and 249 had not yet been drilled. As of this date, the JFYSU Wells No. 236 and 249 have been drilled, and the JFYSU No. 243 has not yet been drilled. Enclosed please find the well construction details for the JFYSU Wells No. 236 and 249. Please note that there is no current data with regards to the completion of the JFYSU No. 249. That information will be forwarded to the Division when it becomes available. Also, please note that the JFYSU No. 249 was originally proposed to be an injection well, however subsequent to the issuance of Order WFX-850, Melrose requested and received Division approval to change the injection pattern whereby the JFYSU No. 249 will be utilized as a producing well instead of an injection well. WT

Well construction details for the JFYSU No. 243 will be provided to the Division at such time as this well is drilled. Both the JFYSU Wells No. 236 and 249 have been cased and cemented to as to preclude the movement of fluid from the proposed injection interval.

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

Melrose Operating Company
Supplemental Data-Order No. WFX-850
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Sincerely,

A handwritten signature in black ink, appearing to read "David Catanach", with a long horizontal flourish extending to the right.

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

INJECTION WELL DATA SHEET

OPERATOR: Melrose Operating Company

WELL NAME & NUMBER: Jalmat Field Yates Sand Unit No. 236

WELL LOCATION: 1980' FNL & 990' FWL E 12 22 South 35 East
FOOTAGE LOCATION UNIT LETTER SECTION TOWNSHIP RANGE

WELLBORE SCHEMATIC

See Attached Wellbore Schematic

WELL CONSTRUCTION DATA (PROPOSED)

Surface Casing

Hole Size: 12 1/4" Casing Size: 8 5/8" @ 420'

Cement with: 375 Sx. or ft³

Top of Cement: Surface Method Determined: Circulated

Intermediate Casing

Hole Size: Casing Size:

Cement with: or ft³

Top of Cement: Method Determined:

Production Casing

Hole Size: 7 7/8" Casing Size: 5 1/2" @ 4,144'

Cement with: 750 Sx. or ft³

Top of Cement: Surface Method Determined: Circulated

Total Depth: 4,148'

Injection Interval

Perforated Interval - 3,814'-4,044'

INJECTION WELL DATA SHEET

Tubing Size: 2 3/8" Lining Material: Duo-Lined Tubing

Type of Packer: Baker AD-1 Tension Packer (IPC)

Packer Setting Depth: 3,714' or within 100' of the uppermost injection perforations.

Other Type of Tubing/Casing Seal (if applicable): None

Additional Data

1. Is this a new well drilled for injection: X Yes No

If no, for what purpose was the well originally drilled: Well was drilled primarily as an injection well. The well may be produced briefly to recover any flush production.

2. Name of the Injection Formation: Tansill-Yates-Seven Rivers

3. Name of Field or Pool (if applicable): Jalmat (Tansill-Yates-Seven Rivers) Oil & Gas Pool (33820)

4. Has the well ever been perforated in any other zone(s)? List all such perforated intervals and give plugging detail, i.e. sacks of cement or plug(s) used.

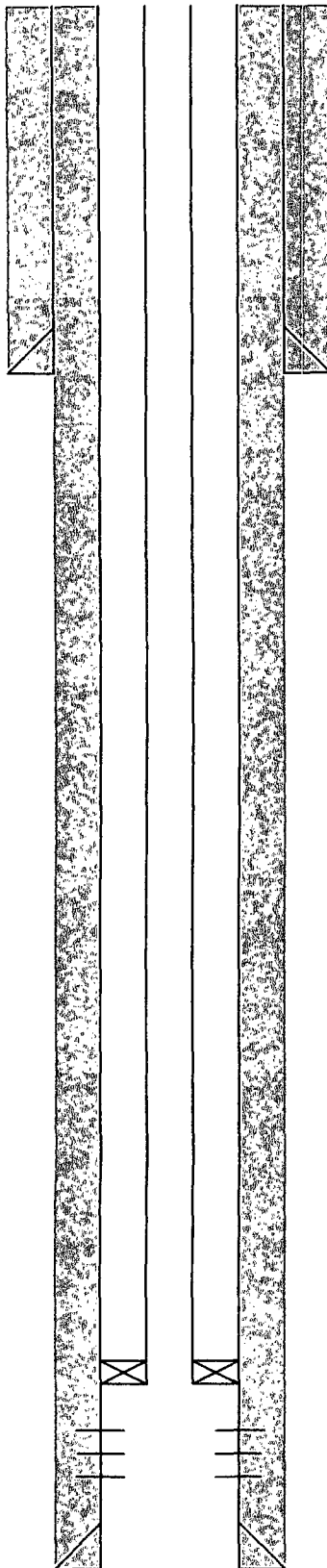
None

5. Give the name and depths of any oil or gas zones underlying or overlying the proposed injection zone in this area:

An examination of OCD records shows that within Section 12, Township 22 South, Range 35 East, NMPM, there are no oil or gas zones underlying or overlying the proposed injection zone.

Melrose Operating Company
Jalmat Field Yates Sand Unit No. 236
API No. 30-025-38929
1980' FNL & 990' FWL (Unit E)
Section 12, T-22 South, R-35 East, NMPM
Lea County, New Mexico

Date Drilled: October/2008



12 1/4" Hole; Set 8 5/8" 24# J-55 Csg. @ 420'
Cement w/ 375 Sx. Class C. Cement
circulated to surface.

2 3/8" Duo-lined tubing set in a Baker
AD-1 (IPC) Tension Packer @ 3,714'

Injection Perforations: 3,814'-4,044'

7 7/8" Hole; Set 5 1/2" 15.5# J-55 Csg. @ 4,144'
Cement w/ 750 Sx. Class C. Cement
circulated to surface.

T.D. - 4,148'

Melrose Operating Company
Jalmat Field Yates Sand Unit No. 249
API No. 30-025-38922
2030' FSL & 330' FEL (Unit I)
Section 11, T-22 South, R-35 East, NMPM
Lea County, New Mexico

Date Drilled: February, 2009

12 1/4" Hole; Set 8 5/8" 24# J-55 Csg. @ 413'
Cemented w/ 375 Sx. Class C. Cement
circulated to surface.

Note: At the time of the original waterflood expansion filing, the JFYSU No. 249 was designated to be an injection well. At that time, the well had not yet been drilled. Subsequent to the issuance of Order No. WFX-850, Melrose requested and received Division approval to change the injection pattern whereby the JFYSU No. 249 would be utilized as a producing well instead of an injection well.

Perforations: 3,700'-4,200' (Estimated)

7 7/8" Hole; Set 5 1/2" 15.5# J-55 Csg. @ 4,165'
Cemented w/700 Sx. Class C. Calculated TOC
@ surface.

T.D. - 4,165'