

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. 30 015 01799
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name Artesia Unit
8. Well Number Well # 40
9. OGRID Number 184860
10. Pool name or Wildcat Artesia, Queen, Gray, SA

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 <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other (Injection) <input type="checkbox"/>	RECEIVED JAN 23 2006 OCD-ARTESIA
2. Name of Operator Melrose Operating Company	
3. Address of Operator c/o P.O. Box 953, Midland, TX 79702	
4. Well Location Unit Letter <u>C</u> <u>1070</u> feet from the <u>North</u> line and <u>1570</u> feet from the <u>West</u> line Section <u>3</u> Township <u>18S</u> Range <u>28E</u> NMPM Eddy County	
11. Elevation (Show whether DR, RKB, RT, GR, etc.)	

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data	
NOTICE OF INTENTION TO: 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 COMPLETION <input type="checkbox"/> OTHER: <input type="checkbox"/>	SUBSEQUENT REPORT OF: REMEDIAL WORK <input checked="" type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> PLUG AND ABANDONMENT <input type="checkbox"/> CASING TEST AND CEMENT JOB <input type="checkbox"/> OTHER: <input type="checkbox"/>

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.

3-16-05: Rigged up Basic Energy Services. RIH & set RBP @ 2148' & test, held. TIH to shoot squeeze holes @ 2100'.
3-18-05: Rigged up BJ Services to squeeze w/100 sx CI C poz cement.
3-19-05: TIH to tag cement, drilled & cleaned out hole.
3-21-05: Ran cement bond log - top of cement @ 1320'.
3-23 to 4-4-05: Drilled & cleaned out hole to PBTD @ 2515'.
4-7-05: Ran in hole with tubing, hung well on - pumping.

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 12-05-05

Type or print name Ann E. Ritchie E-mail address: ann.ritchie@wtor.net Telephone No. 432 684-6381
(This space for State use)

APPROVED BY Accepted for record - NMOC TITLE NMOC DATE 12-05-05
Conditions of approval, if any:

Case 13199
R-11720-A

1/18/06

Van/BRYAN; "MELROSE"

ARTESIA UNIT

I looked this over — a couple of wells still look marginal but they MAY be OK! Others look GOOD.

I saved one copy of each SUNDRY and will scan them into R-11720-A (Case 13199). The original + one copy of each + the CBL's are being mailed BACK for your SIGNATURE/Scanning.

(This is work done BY Melrose in compliance with the above ORDER on wells:)

30-015-01801	Well 54	OK
01798	Well 55	QUESTIONABLE —
01800	Well 37	QUESTIONABLE —
02541	Well 46	OK
01788	Well 53	OK
01799	Well 40	OK

RECEIVED
JAN 23 2006
OCD-ARTESIA

Many other wells require work in this ORDER.

Will Jones