

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

RECEIVED

Form C-101
May 27, 2004

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit to appropriate District Office

MAY 13 2008

AMENDED REPORT

HOBBS OCD

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

Operator Name and Address: Melrose Operating Co., c/o Box 953, Midland, TX 79702		OGRID Number: 184860
Property Code 25191	Property Name Jalmat Field Yates Sand Unit	API Number 30-025 38931
Proposed Pool 1: Jalmat, Tansill-Yates-7 Rvrs		Proposed Pool 2
Well No. 239		

Surface Location

UL or lot no	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	13	22-S	35-E		2000	North	665	East	Lea

Proposed Bottom Hole Location If Different From Surface

UL or lot no	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Additional Well Information

Work Type Code N	Well Type Code O	Cable/Rotary R	Lease Type Code State	Ground Level Elevation 3595'
Multiple No	Proposed Depth 4200'	Formation Yates	Contractor TBA	Spud Date 5-20-08
Depth to Groundwater: 120'		Distance from nearest fresh water well: approx - none		Distance from nearest surface water: none
Pit: Liner: Synthetic: X 12_mils thick Clay <input type="checkbox"/>		Pit Volume: 3000_bbls		Drilling Method:
Closed-Loop System <input type="checkbox"/>		Fresh Water X Brine X Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>		

Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
12 1/4"	8 5/8"	24#	350'	375 sx	Surface
7 7/8"	5 1/2"	15 5#	4200'	925 sx	Surface

Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

Propose to drill 12 1/4" hole to 350', set 8 5/8" casing @ 350', cementing with 375 sx CI C, slurry wt of 14.8 ppg, yield of 1.34 cf/sx, type CI C with 2% CaCl2.
Drill 7 7/8" hole to 4200', run open hole logs, set production casing string to approximately 4200', cementing with lead slurry of 600 sx, 50:50 poz CI C w/10% bentonite + Sodium Chloride + 0.2% FL, slurry weight - 11.80 ppg, yield - 2.45 cf/sx; tail w/ 325 sx, 50:50 poz CI C + 10% bentonite + Sodium Chloride + 0.2% FL, slurry weight - 14.2 ppg, yield - 1.3 cf/sx.
Will perforate, stimulate & test well.
We do not anticipate encountering any H2S intervals during the drilling of this well, based on wells drilled offsetting this location and producing wells in the unit.

I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines X, a general permit <input type="checkbox"/> , or an (attached) alternative OCD-approved plan <input type="checkbox"/> .	OIL CONSERVATION DIVISION	
	Approved by:	<i>Chris Williams</i>
Printed name: Ann E. Ritchie <i>Ann E. Ritchie</i>	Title: OCD DISTRICT SUPERVISOR/GENERAL MANAGER	
Title: Regulatory Agent	Approval Date: MAY 21 2008	Expiration Date:
E-mail Address: ann.ritchie@wtor.net		
Date: 5-6-08	Phone: 432 684-6381/214-762-0830	Conditions of Approval Attached <input type="checkbox"/>

Permit Expires 2 Years From Approval Date Unless Drilling Underway

DISTRICT I
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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 Department

OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State LEase - 4 Copies
Fee LEase - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number 30-025 - 38931	Pool Code 33820	Pool Name Jalmat (T-Y-7 Rvrs)
Property Code 25191	Property Name JALMAT FIELD YATES SAND UNIT	Well Number 239
OGRID No. 184860	Operator Name MELROSE OPERATING COMPANY	Elevation 3595'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	13	22-S	35-E		2000	NORTH	665	EAST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

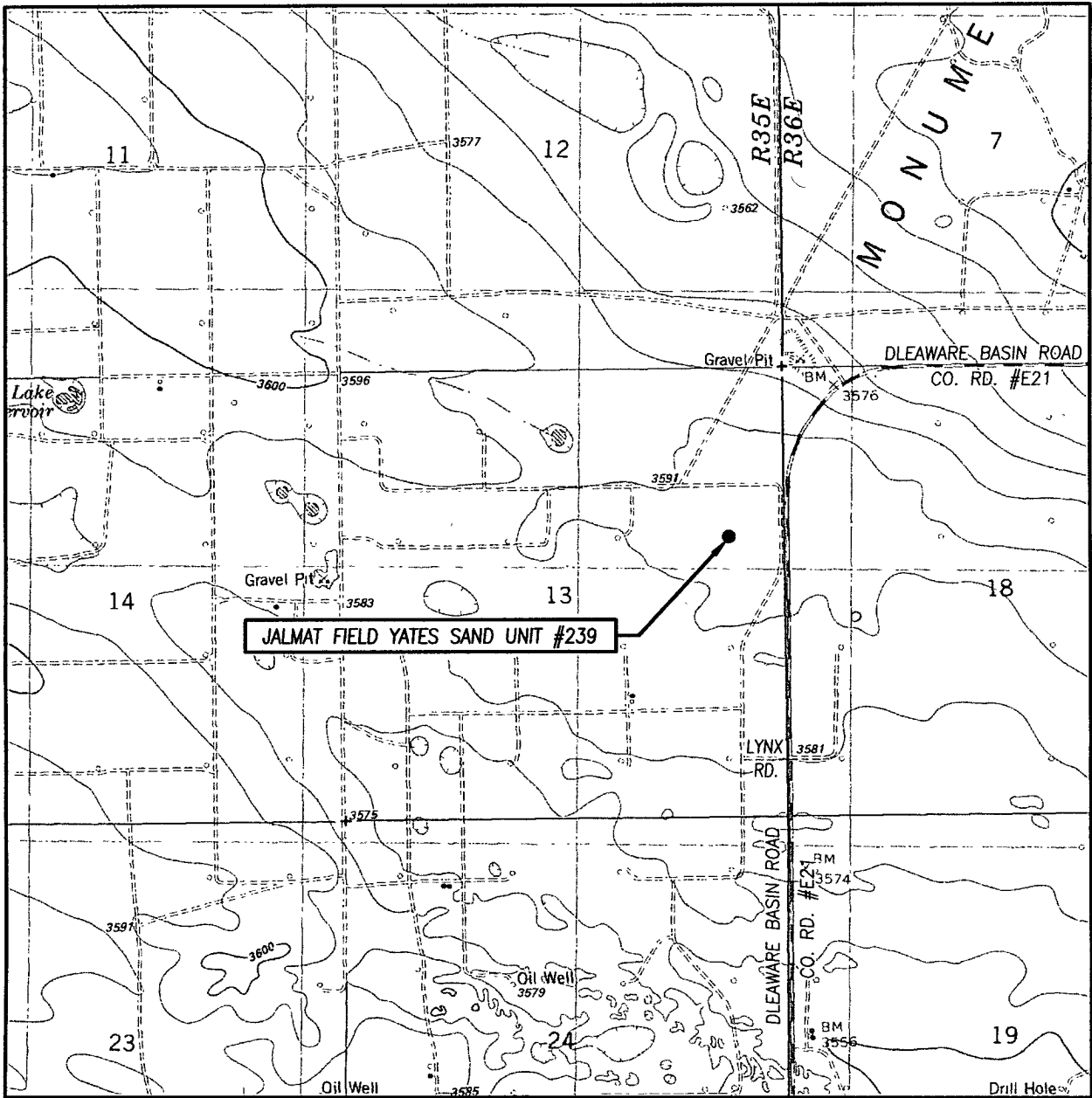
Dedicated Acres 40	Joint or Infill	Consolidation Code	Order No.
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Waterflood Unit

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p>GEODETIC COORDINATES NAD 27 NME. SURFACE LOCATION</p> <p>Y=508359.7 N X=814527.7 E</p> <p>LAT.=32.393476° N LONG.=103.314358° W</p>	<p>OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p> <p><i>Ann E. Ritchie</i> 5-6-08 Signature Date</p> <p>Ann E. Ritchie Printed Name</p>
	<p>SURVEYOR CERTIFICATION</p> <p><i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i></p> <p>APRIL 23 2008 RONALD J. EIDSON DSS</p> <p>Date Surveyed</p> <p>Signature & Seal of Professional Surveyor</p> <p><i>Ronald J. Eidson</i> 708-11-0563</p>
	<p>Certificate No. GARY G. EIDSON 12641 RONALD J. EIDSON 3239</p>

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL: 10'
OIL CENTER, NM

SEC. 13 TWP. 22-S RGE. 35-E

SURVEY _____ N.M.P.M.

COUNTY LEA STATE NEW MEXICO


DESCRIPTION 2000' FNL & 665' FEL

ELEVATION 3595'

OPERATOR MELROSE
OPERATING COMPANY

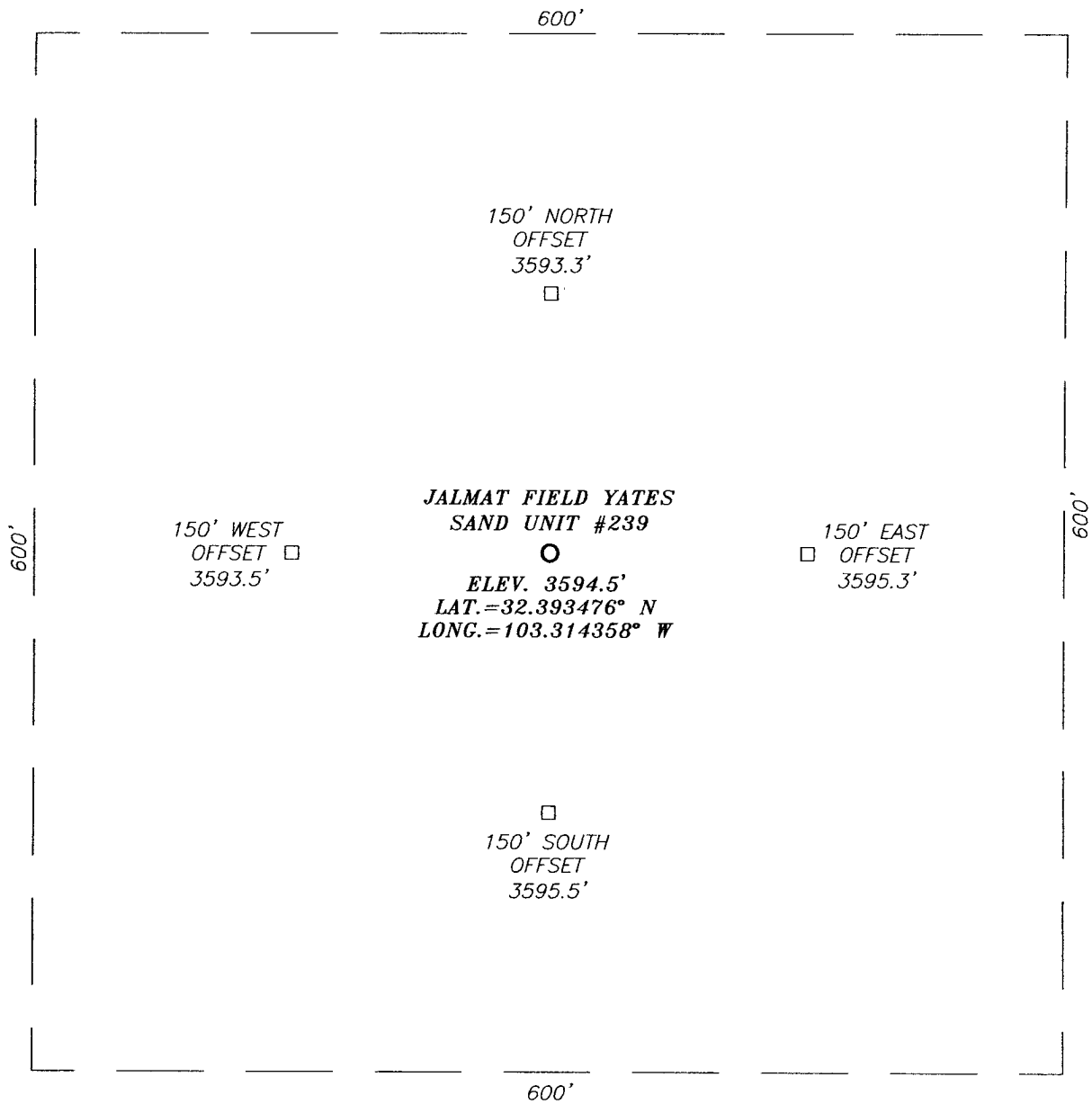
LEASE JALMAT FIELD YATES SAND UNIT

U.S.G.S. TOPOGRAPHIC MAP
OIL CENTER, NM



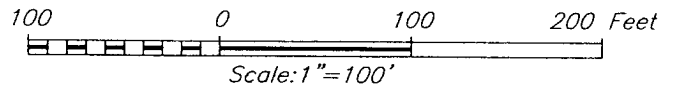
PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(505) 393-3117

SECTION 13, TOWNSHIP 22 SOUTH, RANGE 35 EAST, N.M.P.M.,
 LEA COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF COUNTY ROAD #E21 (DELAWARE BASIN ROAD) AND CALICHE ROAD (LYNX ROAD), GO WEST ON LYNX ROAD APPROX. 0.1 MILE. TURN RIGHT AND GO NORTH APPROX. 0.5 MILES. THIS LOCATION IS APPROX. 650 FEET WEST.



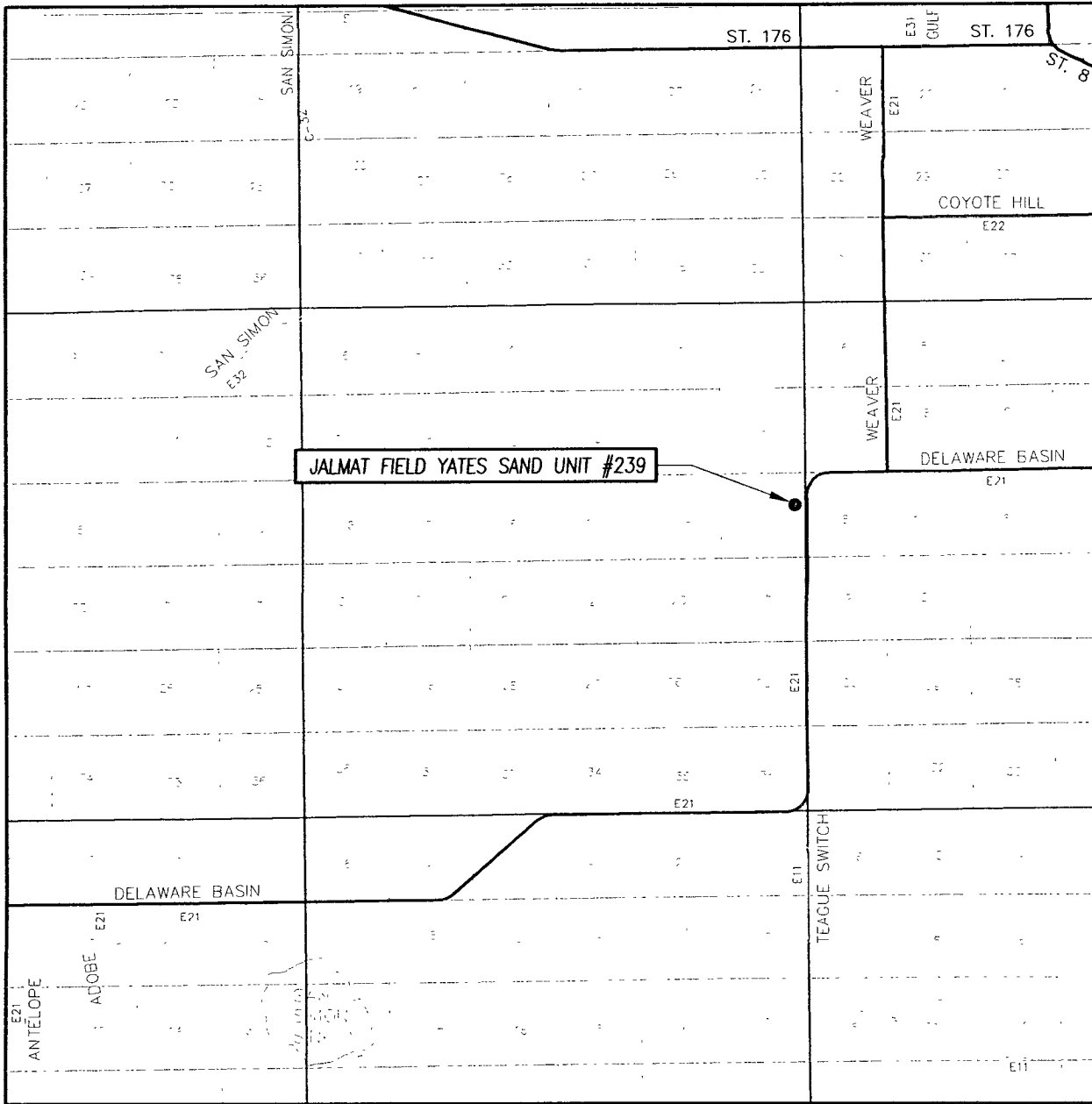
MELROSE OPERATING COMPANY

JALMAT FIELD YATES SAND UNIT #239 WELL
 LOCATED 2000 FEET FROM THE NORTH LINE
 AND 665 FEET FROM THE EAST LINE OF SECTION 13,
 TOWNSHIP 22 SOUTH, RANGE 35 WEST, N.M.P.M.,
 LEA COUNTY, NEW MEXICO.

PROVIDING SURVEYING SERVICES
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Survey Date: 4/23/08	Sheet 1 of 1 Sheets		
W.O. Number: 08.11.0563	Dr By: DSS	Rev 1:N/A	
Date: 4/29/08	08110563	Scale: 1"=100'	

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 13 TWP. 22-S RGE. 35-E

SURVEY N.M.P.M.

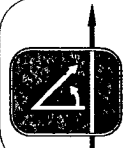
COUNTY LEA STATE NEW MEXICO

DESCRIPTION 2000' FNL & 665' FEL

ELEVATION 3595'

OPERATOR MELROSE OPERATING COMPANY

LEASE JALMAT FIELD YATES SAND UNIT



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