

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

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

1. Operator Name and Address MELROSE OPERATING COMPANY 5813 NW GRAND BLVD STE B OKLAHOMA CITY, OK 73118		2. OGRID Number 184860
		3. API Number 30-025-37719
4. Property Code 25191	5. Property Name JALMAT FIELD YATES SAND UNIT	6. Well No. 181

7. Surface Location

UL - Lot E	Section 13	Township 22S	Range 35E	Lot Idn E	Feet From 1425	N/S Line N	Feet From 90	E/W Line W	County LEA
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8. Pool Information

JALMAT,TAN-YATES-7 RVRs (OIL)	33820
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Additional Well Information

9. Work Type New Well	10. Well Type OIL	11. Cable/Rotary	12. Lease Type State	13. Ground Level Elevation 3584
14. Multiple N	15. Proposed Depth 4200	16. Formation Seven Rivers	17. Contractor	18. Spud Date 2/28/2006
Depth to Ground water 350	Distance from nearest fresh water well > 1000		Distance to nearest surface water > 1000	
Pit: Liner: Synthetic <input checked="" type="checkbox"/> 12 _____ mils thick Clay <input type="checkbox"/> Pit Volume: 4800 _____ bbls Drilling Method: Closed Loop System <input type="checkbox"/> Fresh Water <input checked="" type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>				

19. Proposed Casing and Cement Program

Type	Hole Size	Casing Type	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	12.25	8.625	24	350	250	0
Prod	7.875	5.5	15.5	4200	1200	0

Casing/Cement Program: Additional Comments

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Proposed Blowout Prevention Program

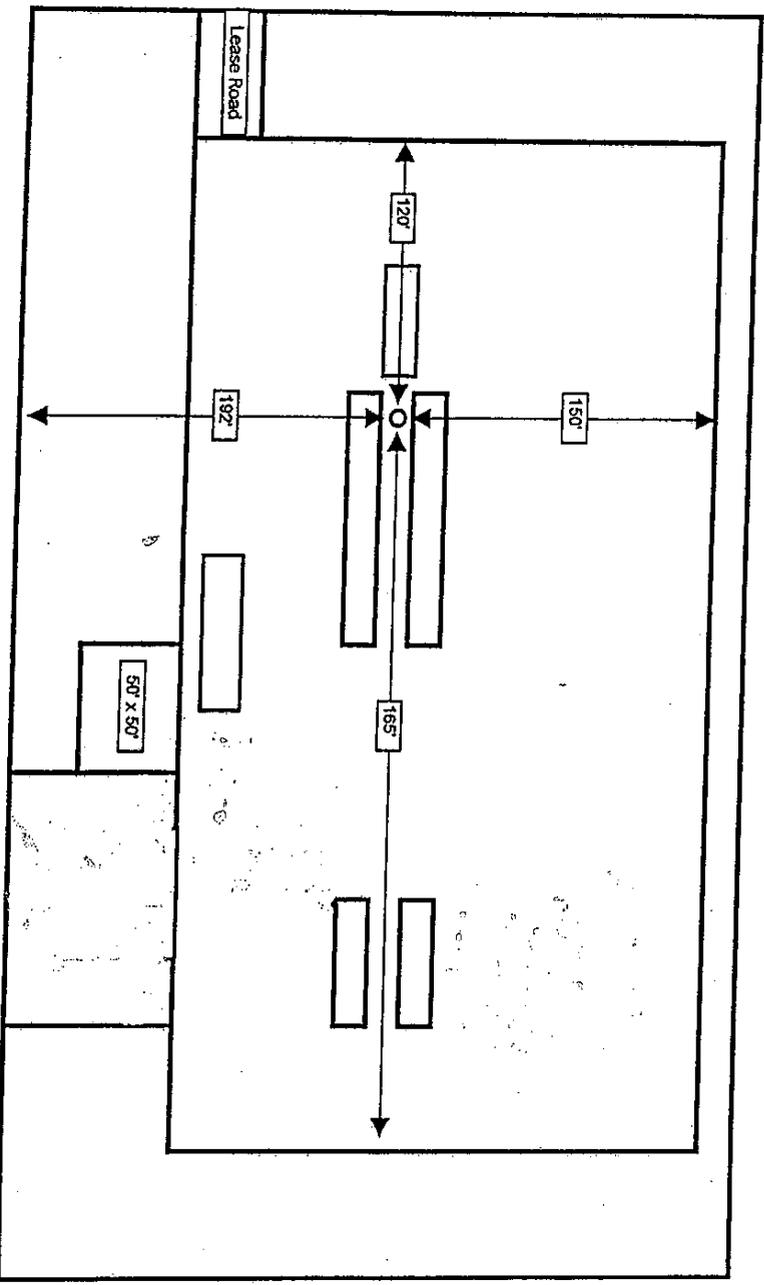
Type	Working Pressure	Test Pressure	Manufacturer
DoubleRam	3000	3000	Weatherford

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 <input checked="" type="checkbox"/> a general permit <input type="checkbox"/> , or an (attached) alternative OCB-approved plan <input type="checkbox"/> .	OIL CONSERVATION DIVISION	
	Approved By: Paul Kautz	
	Title: Geologist	
	Approved Date: 2/22/2006	Expiration Date: 2/22/2007
	Printed Name: Electronically filed by Michael Corjay Title: Manager Email Address: Mjcock@cs.com Date: 2/21/2006 Phone: 405-848-4012	
Conditions of Approval Attached		

Standard P&A
of Drilling Rig layout
Pad Schematic

Melrose Operating Company
Talmat Field Sandhates Unit
Lea County, New Mexico

(Not to Scale)



State of New Mexico

DISTRICT I
1625 N. FRENCH DR., HOBBBS, NM 86240

Energy, Minerals and Natural Resources Department

Form C-102

DISTRICT II
1301 W. GRAND AVENUE, ARTESIA, NM 88210

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

Revised JUNE 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number 30-025	Pool Code 33820	Pool Name Jalmat (T-Y-7 Rvrs)
Property Code 25191	Property Name JALMAT Yates Field Sand Unit	
OGRID No. 184860	Operator Name MELROSE OPERATING COMPANY	Well Number 181
		Elevation 3584'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	13	22-S	35-E		1425	NORTH	90	WEST	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.: * 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>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Ann E. Ritchie</i> Signature Ann E. Ritchie Printed Name Regulatory Agent Title 2-2-06 Date</p>
	<p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>JANUARY 20, 2006 Date Surveyed LA</p> <p><i>Gary A. Edson</i> Signature & Seal of Professional Surveyor 06.11.0152</p> <p>Certificate No. GARY EDSON 12641</p>

Permit Conditions of Approval

Operator: MELROSE OPERATING COMPANY , 184860

Well: JALMAT FIELD YATES SAND UNIT #181

API: 30-025-37719

OCD Reviewer	Condition
pkautz	Pit construction and closure must satisfy all requirements of your approved plan, O.C.D. Rule 19.15.2.50, and the Pit and Below-Grade Tank Guidelines
pkautz	prior to any pit construction notify Gary Wink at 505-393-6161 ext 114
pkautz	This APD is being approved, however since the operator is out of compliance with Rule 40 based on the number of inactive wells, an allowable well not be approved until the operator regains compliance with Rule 40. Refer to separate email about how to reg