

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 30-015-34700
4. Property Code 26081	5. Property Name ARTESIA UNIT	6. Well No. 106

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
M	3	18S	28E	M	259	S	789	W	EDDY

8. Pool Information

ARTESIA;QUEEN-GRAYBURG-SAN ANDRES	3230
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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 3649
14. Multiple N	15. Proposed Depth 3500	16. Formation San Andres Formation	17. Contractor	18. Spud Date 4/20/2006
Depth to Ground water 400		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: 4000 _____ bbls Drilling Method: Closed Loop System <input type="checkbox"/> Fresh Water <input type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input checked="" 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	450	300	0
Prod	7.875	5.5	15.5	3500	600	0

Casing/Cement Program: Additional Comments

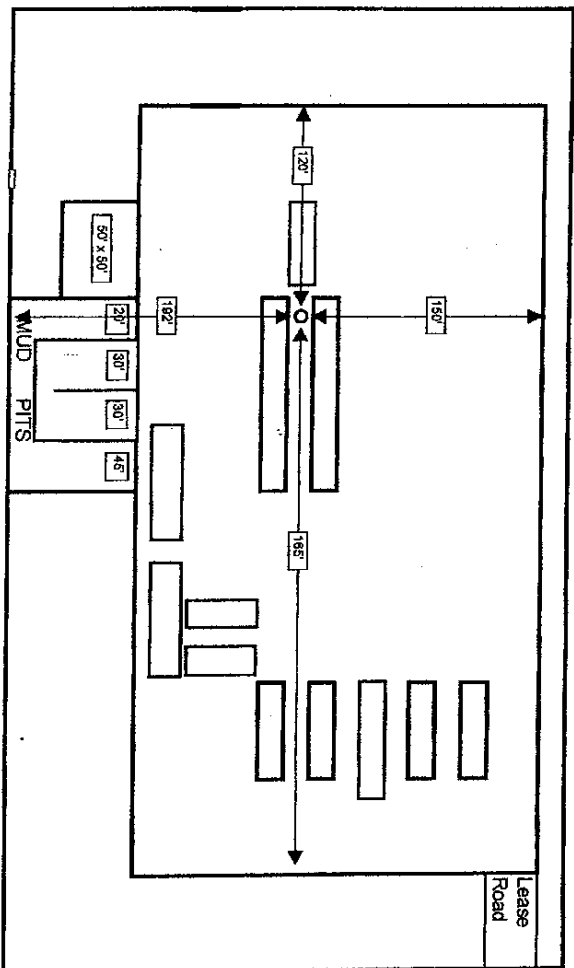
Sending BOP diagram, H2S exception request, vicinity & location verification map.

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 OCD-approved plan <input type="checkbox"/> . Printed Name: Electronically filed by Michael Corjay Title: Manager Email Address: Mjcokc@cs.com Date: 3/22/2006	OIL CONSERVATION DIVISION	
	Approved By: Bryan Arrant	
	Title: Geologist	
	Approved Date: 3/23/2006	Expiration Date: 3/23/2007
	Conditions of Approval Attached	

Drilling Rig Pad Schematic
United Drig-Standard
 County, New Mexico
 Wellbore is 40' North of the pit



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DISTRICT I

1625 N. FRENCH DR., HOBBS, NM 88240

State of New Mexico

Energy, Minerals and Natural Resources Department

DISTRICT II

1301 W. GRAND AVENUE, ARTESIA, NM 88210

OIL CONSERVATION DIVISION

1220 SOUTH ST. FRANCIS DR.

Santa Fe, New Mexico 87505

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 30-015		Pool Code 03230	Pool Name Artesia, Queen-Grayburg-SA
Property Code 26081	Property Name ARTESIA UNIT		Well Number 106
GRID No. 184860	Operator Name MELROSE OPERATING COMPANY		Elevation 3649'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	3	18-S	28-E		259	SOUTH	789	WEST	EDDY

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	Joint or Infill	Consolidation Code	Order No.						

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

LOT 4	LOT 3	LOT 2	LOT 1
<p>GEODETIC COORDINATES NAD 27 NME</p> <p>Y=643934.9 N X=550425.4 E</p> <p>LAT.=32°46'12.58" N LONG.=104°10'09.41" W</p>			
<p>789'</p> <p>259'</p>			
<p>OPERATOR CERTIFICATION</p> <p>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.</p> <p><i>Ann E. Ritchie</i> 3-17-06 Signature Date Ann E. Ritchie, Agent Printed Name</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>FEBRUARY 23, 2006</p> <p>Date Surveyed MR Signature & Seal of Professional Surveyor <i>Gary E. Edson</i> 3/10/06 06.11-0389 Certificate No. GARY EDSON 12641</p>			

Permit Conditions of Approval

Operator: MELROSE OPERATING COMPANY , 184860

Well: ARTESIA UNIT #106

API: 30-015-34700

OCD Reviewer	Condition
BArrant	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
BArrant	Please notify OCD time of spud and time to witness the cementing to surface of all casing strings.