

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 30-015-35192
4. Property Code 26081	5. Property Name ARTESIA UNIT	6. Well No. 108

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
D	2	18S	28E	4	965	N	339	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 3655
14. Multiple N	15. Proposed Depth 3500	16. Formation San Andres Formation	17. Contractor	18. Spud Date 4/5/2006
Depth to Ground water 400		Distance from nearest fresh water well > 1000		Distance to nearest surface water > 1000

Pit: Liner: Synthetic ☒ 12 _____ mils thick Clay ☐ Pit Volume: 4000 _____ bbls Drilling Method:
 Closed Loop System ☐ Fresh Water ☐ Brine ☒ Diesel/Oil-based ☐ Gas/Air ☐

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

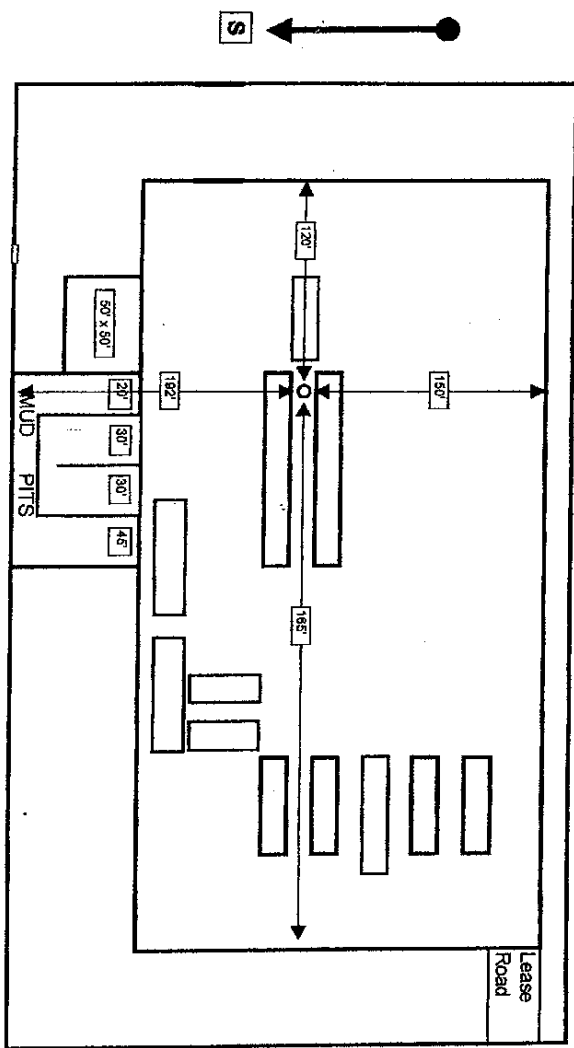
Sending BOP diagram, H2S exception request, vicinity & location verification map.

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 OCB-approved plan <input type="checkbox"/> .	OIL CONSERVATION DIVISION
Printed Name: Electronically filed by Michael Corjay	Approved By: Bryan Arrant
Title: Manager	Title: Geologist
Email Address: Mjcokc@cs.com	Approved Date: 10/19/2006 Expiration Date: 10/19/2007
Date: 10/17/2006 Phone: 405-848-4012	Conditions of Approval Attached

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



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

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV

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

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 30-015	Pool Code 03230	Pool Name Artesia, Queen-Grayburg-SA
Property Code 26081	Property Name ARTESIA UNIT	Well Number 108
GRID No. 184860	Operator Name MELROSE OPERATING COMPANY	Elevation 3655'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
4	2	18-S	28-E		965	NORTH	330	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 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

LOT 4	LOT 3	LOT 2	LOT 1
965'			
330'			
<p>GEODETTIC COORDINATES NAD 27 NME</p> <p>Y=648099.7 N X=555166.6 E</p> <p>LAT.=32°46'53.72" N LONG.=104°09'13.80" W</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 27, 2006</p> <p>Date Surveyed MR Signature & Seal of Professional Surveyor <i>Gary A. Edson</i> 3/10/06 06.11.0391 Certificate No. GARY EDSON 12541</p>			

Permit Conditions of Approval

Operator: MELROSE OPERATING COMPANY , 184860

Well: ARTESIA UNIT #108

API: 30-015-35192

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	As noted, operator to drill surface hole with 'fresh water' mud.
BArrant	Please notify OCD time of spud and time to witness the cementing to surface of all casing strings.