

Catanach, David

From: Catanach, David
Sent: Thursday, January 29, 2004 1:35 PM
To: 'WTOR1948@aol.com'
Subject: Melrose App.

Hi Ann.

I was reviewing the application you submitted for Melrose Operating, and I have a couple of comments. First, you used the wrong address for OCD in the newspaper. Our address is:

1220 South Saint Francis Drive
Santa Fe, New Mexico 87504

Please re-run the advertisement, because I think after one year, the Post Office no longer forwards mail, and forward a copy of the new ad to me.

Second comment:

I spoke with Chris Williams in our Hobbs office, and the Division is very concerned that Melrose has eighteen inactive wells within the subject waterflood (excluding the Nos. 109 & 113). Apparently, Chris has been trying to get Melrose to submit a plan to bring these wells back into compliance, but has been unable to do so. Please inquire as to what plans Melrose has for these wells.

Depending on Melrose's response, the application may be set for hearing or approved administratively with certain stipulations.

If you have any questions, please call me at (505) 476-3466.

David Catanach

Catanach, David

From: Wtor1948@aol.com
Sent: Wednesday, February 11, 2004 10:02 AM
To: DCATANACH@state.nm.us
Subject: Re: Melrose App.

I am so sorry - we have not responded to this message as this is a "dead" e-mail address, I still go in about once a month and delete whatever mail - usually 100% junk. Definatly, yours is not junk! We will pass along the info and re-run the ad.

Thank you,

Ann Ritchie

West Texas Oil Reports

for Melrose Operating Co.

ann.ritchie@wtor.net

RECEIVED

February 20, 2004

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

FEB 23 2004

Oil Conservation Division
1220 S. Saint Francis Drive
Santa Fe, NM 87505

Att: David Catanach, Engineering ✓

RE: **Melrose Operating Company**, Jalmat Field Sand Yates Unit, Wells No. 109 & 113,

Section 22, T22S, R35E, and Section 22, T22S, R35E, Lea County, New Mexico

Dear Mr. Catanach,

Please see attached the Legal Notice that was re-published due to our initial publication listing an incorrect address for the New Mexico Oil Conservation Division. We have also sent a copy of this publication to the Hobbs District Office.

Also enclosed please see a copy of the correspondence between Tony Beilman, Melrose Operating Company, and Chris Williams with the Hobbs Oil Conservation Division District Office. Melrose currently has an active drilling program in the Jalmat Field Sand Yates Unit and it is my understanding that Mr. Beilman has meet with and been in contact with Chris Williams concerning the on-going status of the Jalmat Field Sand Yates Unit.

Please let us know if you need any further information or correspondence concerning the C-108, Injection Well Application for the Jalmat Field Sand Yates Unit, Wells No. 109 and 113. Thank you.

Yours truly,



Ann E. Ritchie, Regulatory Agent
Melrose Operating Company
c/o P.O. Box 953
Midland, TX 79702
432 684-6381
432 682-1458-fax
ann.ritchie@wtor.net

attachments

cc: Tony Beilman, Melrose Operating Company

AFFIDAVIT OF PUBLICATION

State of New Mexico,
County of Lea.

I, KATHI BEARDEN

Publisher

of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, do solemnly swear that the clipping attached hereto was published once a week in the regular and entire issue of said paper, and not a supplement thereof for a period.

of 1 weeks.

Beginning with the issue dated

February 13 2004

and ending with the issue dated

February 13 2004

Publisher

Sworn and subscribed to before

me this 13th day of

February 2004

Notary Public.

My Commission expires
November 27, 2004
(Seal)

This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937, and payment of fees for said publication has been made.

LEGAL NOTICE
February 13, 2004

Notice of Application for
Fluid Injection Well Permit

Melrose Operating Company, PO Box 953, Midland, TX 79702. Contact Ann Ritchie (432) 684-6381 is seeking administrative approval from the New Mexico Oil Conservation Division to complete the following two wells for fluid injection: 1) Jalmat Field Yates Sand Unit Well #109 located in Section 11, T22S, R35E, 1980 FNL & 2310 FEL, Lea County, NM. Proposed injection interval is in the Jalmat with perforations from 3876-3972' with a maximum daily injection volume of produced formation water at 1000 bbls per day with a maximum injection pressure of 1925#. 2) Jalmat Field Yates Sand Unit Well #113 located in Section 11, T22S, R35E, 1980 FSL & 2310 FWL, Lea County, NM proposed injection interval is in the Jalmat with perforations from 3893-4018' with a maximum daily injection volume of produced formation water at 1000 bbls per day with a maximum injection pressure of 1925#. Interested parties must file objections or requests for hearing with the New Mexico Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico 87504 with 15 days of this notice.
#20428

67100851000 02568757
West Texas Oil Reports
PO Box 953
MIDLAND, TX 79702

Memo

To: Chris William, OCD
From: Tony Beilman
CC: Chris Thomas
Date: 2/12/2004
Re: Jalmat Yates Unit and Cone Yates Unit Inactive wells

Chris,

Please review the attached spread sheets that outline our plans for the Cone and Jalmat Units. We have been actively drilling the 5-spot producing wells and have submitted an injection application for two wells JYSU 109 and JYSU 113. Upon approval of this application the Patterns for waterflooding the Unit will begin to take shape. Melrose has completed its evaluation of waterflooding this unit and I am providing you a recent map outlining our plans in a graphic view. is bringing two wells. It is our intention to continue the conversion of producers to injection well and completing a pattern per month.

The Cone Unit

We have a total of 25 wells that have been listed on the in active list. As we spoke about in December Melrose was committing to repair 2 to three wells per month. Since that conversation Melrose has focus it workover efforts in that regard. We have run casing inspection logs on 4 wells (Cone 105, 107, 304 and 110). Melrose attempted to repair casing leak by cementing on the Cone 107 and 105. These wells appeared to have been successfully repaired but could not pass a MIT test . Consequently, Melrose elected to repair these wells by running a new casing string in the old one. As you are aware finding flush joint casing can be a challenged.. Melrose has purchased the casing necessary to repair Cone 105, 107 and 304. We have completed the repair on Cone 105 and it is ready to commence injection(MIT should be run next week). We will be running casing on the 107 next week and it will be completed and ready for MIT test. Cone 304 will be repaired with new casing by the end of month. By the end of this month Cone 105, 107, 304 will have been repaired and ready to move to the active list. I believe we will be able to maintain 2 or 3 wells per month until the wells are all back on. You will notice on the waterflood propose sheets we hope to convert both the Cone and Jalmat to a five spot pattern. And the work we have done is in line with that objective.

In summary I believe both the Cone and the Jalmat should be completed within 12 to 18 months. I want to thank you for giving some guidance on repairing the wells. Certainly, the best alternative is running casing.

Sincerely

Tony Beilman

Jalmat Yates Sand Unit-Proposed waterflood pattern

Pattern No	Producer	type	current	Injectors
1	171			<ul style="list-style-type: none"> 109 in active 110 active 113 in active 114 active
				Filed for OCD approval 11/2003
2	174			<ul style="list-style-type: none"> 106 in active 104 in active 111 in active 110 active
				Filed for OCD approval 11/2003
3	172			<ul style="list-style-type: none"> 107 P&A 106 in active 109 in active 110 active
				Filed for OCD approval 11/2003
4	173			<ul style="list-style-type: none"> 110 active 111 in active 112 Plugged/Redrill 113 in active
				Filed for OCD approval 11/2003
5	161			<ul style="list-style-type: none"> 108 active 109 in-active 114 active 116 active 116R may be drilled to replace 116
				Filed for OCD approval 11/2003
6	192			<ul style="list-style-type: none"> 112 plugged/should be redrilled 113 in active 122 in active 121 active
				Filed for OCD approval 11/2003

7	191	121 active 122 in active 124 in active 126 in active
8	190	126 in-active 124 in-active 138 in-active 137 P&A/should be redrilled
9	189	137 P&A/should be redrilled 138 in-active 139 P&A/should be redrilled 140 P&A/should be redrilled
10	194	137 P&A/should be redrilled 140 P&A/should be redrilled 141 P&A/should be redrilled 136 in-active
11	183	136 in-active 137 P&A/should be redrilled 126 in-active 127 P&A/should be redrilled
12	158	113 Filed for OCD approval 11/2003 114 active 121 active 120 P&A/should be redrilled
13	163	114 active 115 in-active 119 P&A/should be redrilled 120 P&A/should be redrilled
14	162	120 P&A/should be redrilled

119 P&A/should be redrilled
127 P&A/should be redrilled
129 P&A/should be redrilled

127 P&A/should be redrilled
129 P&A/should be redrilled
136 in-active
135 P&A/should be redrilled

136 in-active
135 P&A/should be redrilled
141 P&A/should be redrilled
142 P&A/should be redrilled

141 P&A/should be redrilled
142 P&A/should be redrilled
144 active
143 P&A/should be redrilled

139 P&A/should be redrilled
140 P&A/should be redrilled
145 in-active
new well new drill

Cone Yates Sand Unit-Proposed waterflood pattern

Pattern No	Producer	type	current	Injectors
1	New well			<ul style="list-style-type: none"> 105 squeezed cement/ran 4" flush casing and repaired. 1/04. Will MIT 2/15/04 103 In-active 109 plugged/should be redrilled 106 In-active
2				<ul style="list-style-type: none"> 106 in active 109 plugged/should be redrilled 107 squeezed cement 12-03, MIT failed 12/04 will run 4" flush casing 2/04 102 in active
3				<ul style="list-style-type: none"> 201 P&A 202 active 302 P&A 304 ran inspection log 12/03/will run new casing 2/04
4				<ul style="list-style-type: none"> 110 active/ fixed 12/03 filed sundry 12/03 303 in active 202 active 102 in active
5				<ul style="list-style-type: none"> 107 active 102 in-active 112 P&A 110 active/ fixed 12/03 filed sundry 12/03 <p style="text-align: center;">Filed for OCD approval 11/2003</p>
6				<ul style="list-style-type: none"> 602 in active 605 in active 604 plugged/redrill 603 in active

Cone Yates Sand Unit-Proposed waterflood pattern

Pattern No	Producer	current type	Injectors
1	New well		105 squeezed cement/ran 4"flush casing and repaired.1/04. Will M 103 In-active 109 plugged/should be redrilled 106 In-active
2		32	106 in active 109 plugged/should be redrilled 107 squeezed cement12-03, MIT failed 12/04 will run 4"flush casin 102 in active
3		36	201 P&A 202 active 302 P&A 304 ran inspection log12/03/will run new casing 2/04
4		39	110 active/ fixed 12/03 filed sundry 12/03 303 in active 202 active 102 in active
5		38	107 active 102 in-active Filed for OCD approval 11/2003 112 P&A 110 active/ fixed 12/03 filed sundry 12/03
6		34	602 in active 605 in active 604 plugged/redrill 603 in active