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W. THOMAS KELLAHIN*

*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

July 17, 2001

HAND DELIVERED

Ms. Lori Wrotenbery, Director
Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Re: NMOCD Case (pending)

Application of Melrose Operating Company to
expand its Artesia Unit waterflood project
and to amend Administrative Order WFX-768,
Eddy County, New Mexico

Dear Ms. Wrotenbery:

On behalf of Melrose Operating Company, please find enclosed our referenced Application which we would appreciate being set for hearing on the next available Examiner's docket now scheduled for August 9, 2001.

Very truly yours,



W. Thomas Kellahin

cc: Melrose Operating Company
Attn: Ann E. Ritchie

Case 12709

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proposed advertisement

CASE: 12709

Application of Melrose Operating Company to expand its Artesia Unit Waterflood project and amend Division Administrative Order WFX-768, Eddy County, New Mexico. Applicant seeks approval to inject water into the Queen, Grayburg and San Andres formations of the Artesia Queen-Grayburg-San Andres Pool in the following injection wells:

- Unit Well No. 2. 330 feet FSL & 330 feet FWL, Section 26, T17S, R28E
- Unit Well No. 3. 330 feet FSL & 1750 feet FWL, Section 26, T17S, R28E
- Unit Well No. 10. 330 feet FNL & 1950 feet FWL, Section 35, T17S, R28E
- Unit Well No. 11. 360 feet FNL & 360 feet FWL, Section 35, T17S, R28E
- Unit Well No. 12. 1980 feet FNL & 660 feet FWL, Section 35, T17S, R28E
- Unit Well No. 13. 1980 feet FNL & 1980 feet FWL, Section 35, T17S, R28E
- Unit Well No. 16. 1980 feet FNL & 660 feet FWL, Section 36, T17S, R28E
- Unit Well No. 18. 1980 feet FSL & 1980 feet FWL, Section 36, T17S, R28E
- Unit Well No. 19. 1980 feet FSL & 660 feet FWL, Section 36, T17S, R28E
- Unit Well No. 22. 1980 feet FSL & 1980 feet FWL, Section 35, T17S, R28E
- Unit Well No. 23. 1980 feet FSL & 660 feet FWL, Section 35, T17S, R28E
- Unit Well No. 28. 990 feet FEL & 330 feet FSL, Section 35, T17S, R28E
- Unit Well No. 44. 1980 feet FNL & 1070 feet FWL, Section 3, T17S, R28E
- Unit Well No. 46. 2310 feet FNL & 2267 feet FWL, Section 3, T18S, R28E
- Unit Well No. 54. 1654 feet FSL & 2272 feet FWL, Section 3, T18S, R28E
- Unit Well No. 57. 1570 feet FSL & 1070 feet FWL, Section 3, T18S, R28E

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE APPLICATION
OF MELROSE OPERATING COMPANY TO AUTHORIZE
THE EXPANSION OF ITS ARTESIA UNIT
WATERFLOOD PROJECT AND TO AMEND
DIVISION ADMINISTRATIVE ORDER WFX-768
EDDY COUNTY, NEW MEXICO**

CASE NO 12709

A P P L I C A T I O N

Comes now MELROSE OPERATING COMPANY ("Melrose"), by its attorneys, Kellahin & Kellahin, and pursuant to Division Rule 701(G) applies to the New Mexico Oil Conservation Division to expand its Artesia Unit Waterflood Project, amend Division Administrative Order WFX-768 and in support states:

(1) Melrose is the current operator of the Artesia Unit Waterflood Project which is approved by the Division for water injection into the Queen, Grayburg and San Andres formations of the Artesia Queen-Grayburg-San Andres Pool. See Division Orders No. R-2869, R-2876, R-3311, R-3494, R-4027 and Administrative Orders WFX-733 and WFX-768.

(2) The Project Area contains approximately 2240 acres with approximately 16 injection wells and approximately 35 producing wells within portions of Sections 25, 26 34, 35, 36 of Township 17 South, Range 28 East and Sections 2 and 3 of Township 18 South, Range 28 East, NMPM. **See Exhibit "A"**

(3) Melrose seeks to expand this Project by means of adding additional injection wells to the project. **See Exhibit "B"**.

(4) The Division orders applicable in the project area are as follows:

(1) Artesia Unit

OCD Order R-2869 dated February 11, 1965
OCD Order R-2876 dated March 5, 1965
OCD Order R-3311 dated September 11, 1967
OCD Order R-3494 dated September 12, 1968
OCD Order R-4027 dated September 10, 1970
OCD Administrative Order WFX-733 dated March 4, 1998
OCD Administrative Order WFX-768 dated November 28, 2000

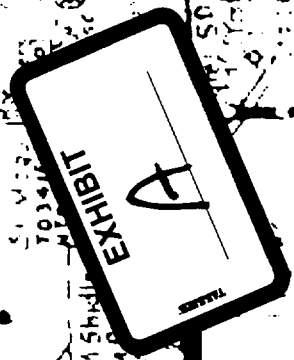
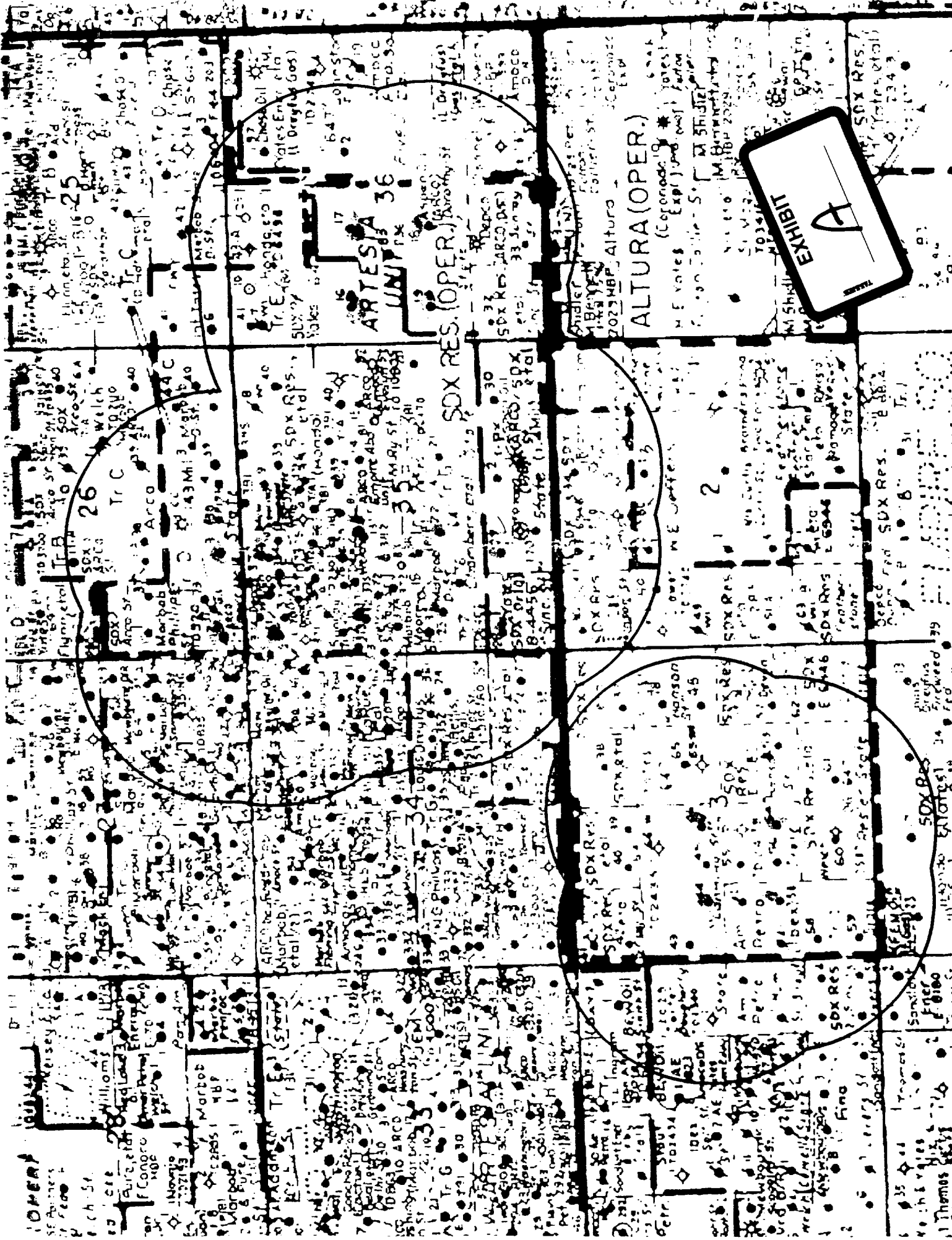
(5) Attached hereto and incorporated herein by reference is Division form C-108.
See Exhibit "C".

Wherefore, Applicant requests that this application be set for hearing and that after said hearing, the Division enter its order approving this application.

Respectfully submitted

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', with a stylized flourish at the end.

W. Thomas Kellahin
KELLAHIN & KELLAHIN
P.O. Box 2265
Santa Fe, New Mexico 87504
(505) 982-4285



Melrose Operating Company

Artesia Unit

Injection Application: 8-25-00

Well Numbers and locations:

Well #2: 330' FSL & 330' FWL, Section 26, T17S, R28E
Well #3: 330' FSL & 1750' FWL, Section 26, T17S, R28E
Well #10: 330' FNL & 1950' FWL, Section 35, T17S, R28E
Well #11: 360' FNL & 360' FWL, Section 35, T17S, R28E
Well #12: 1980' FNL & 660' FWL, Section 35, T17S, R28E
Well #13: 1980' FNL & 1980' FWL, Section 35, T17S, R28E
Well #16: 1980' FNL & 660' FWL, Section 36, T17S, R28E
Well #18: 1980' FSL & 1980' FWL, Section 36, T17S, R28E
Well #19: 1980' FSL & 660' FWL, Section 36, T17S, R28E
Well #22: 1980' FSL & 1980' FWL, Section 35, T17S, R28E
Well #23: 1980' FSL & 660' FWL, Section 35, T17S, R28E
Well #28: 990' FEL & 330' FSL, Section 35, T17S, R28E
Well #44: 1980' FNL & 1070' FWL, Section 3, T17S, R28E
Well #46: 2310' FNL & 2267' FWL, Section 3, T18S, R28E
Well #54: 1654' FSL & 2272' FWL, Section 3, T18S, R28E
Well #57: 1570' FSL & 1070' FWL, Section 3, T18S, R28E

Eddy County, New Mexico

Artesia; Queen-Grayburg-San Andres pool

