

Submit 3 Copies To Appropriate District Office
 District I
 1625 N. French Dr., Hobbs, NM 88240
 District II
 1301 W. Grand Ave., Artesia, NM 88210
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals and Natural Resources

Form C-103
 May 27, 2004

OIL CONSERVATION DIVISION
 1220 South St. Francis Dr.
 Santa Fe, NM 87505



WELL API NO. 30 015 02541
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name Artesia Unit
8. Well Number 46
9. OGRID Number 184860
10. Pool name or Wildcat Artesia: Queen-Gray-SA 3230

SUNDRY NOTICES AND REPORTS ON WELLS
 (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: Oil Well Gas Well Other Injection

2. Name of Operator
Melrose Operating Company

3. Address of Operator
c/o P.O. Box 953, Midland, TX 79702

4. Well Location
 Unit Letter F : 2310 feet from the North line and 2267 feet from the West line
 Section 3 Township 18S Range 28E NMPM Eddy County

11. Elevation (Show whether DR, RKB, RT, GR, etc.) GR

Pit or Below-grade Tank Application or Closure

Pit type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____

Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls: Construction Material _____

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
OTHER: <input type="checkbox"/>		OTHER: Step Rate Test	<input checked="" type="checkbox"/>

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Step Rate Test performed by Cardinal Surveys Company on January 14, 2008 attached.
 Melrose Operating Company is requesting an increase in the maximum injection pressure to 900 psi based on the results of the attached survey. The current permitted injection pressure is the standard .25/ft psi. The attached Step Rate Test verifies that we will not frac the formation in any manner at a rate of 900 psi per day at approximately 500 bbls per day.

**Accepted for record
 NMOCD**

2/19 - INFORMED MS. RITCHIE THIS MUST BE FILED USING AN "ADMIN APP FORM" AND SUBMITTED TO THE SANTA FE OCD OFFICE. RE

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines X, a general permit or an (attached) alternative OCD-approved plan .

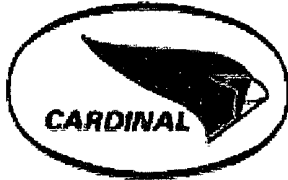
SIGNATURE *Ann E. Ritchie* TITLE Regulatory Agent DATE 2-11-08

Type or print name : Ann E. Ritchie E-mail address: ann.ritchie@wtor.net Telephone No: 432 684-6381
For State Use Only

APPROVED BY: _____ TITLE _____ DATE _____

Conditions of Approval (if any):

Step Rate Test



Cardinal Surveys Company

January 14, 2008

Melrose Operating
Artesia Unit # 46
Field:
Eddy County, NM
SC 56730
File # 18423

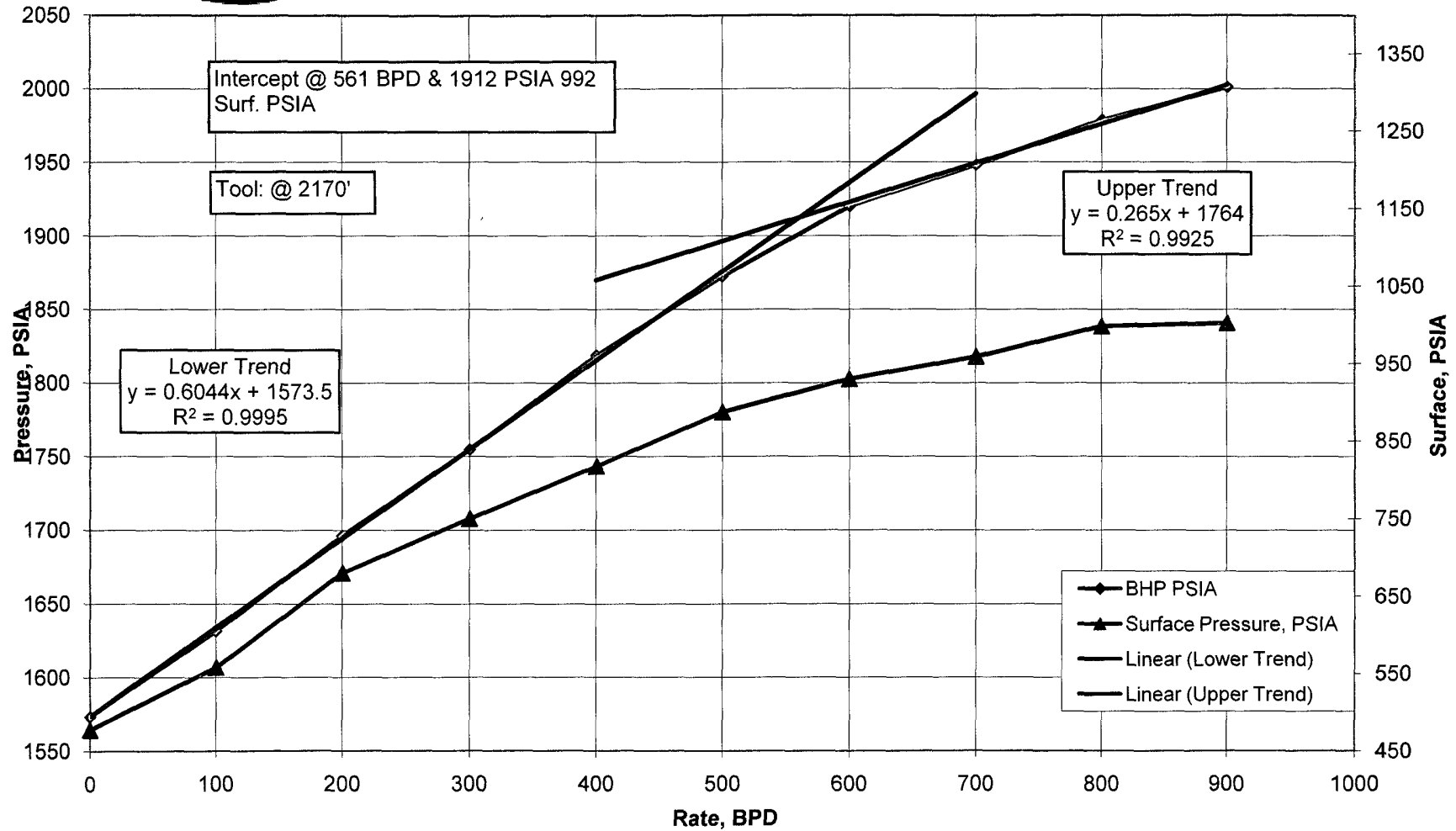
Intercept @ 561 BPD &
1912 PSIA, 992 Surf.
PSIA

Downhole PSI Tool Ser. No.
Surface PSI Gauge Ser. No.
Tool @ 2170'

	Start Time	End Time	Rate BPD	Comments
1	9:48 AM	10:15 AM	0	
2	10:15 AM	10:45 AM	100	
3	10:45 AM	11:15 AM	200	
4	11:15 AM	11:45 AM	300	
5	11:45 AM	12:15 PM	400	
6	12:15 PM	12:45 PM	500	
7	12:45 PM	1:15 PM	600	
8	1:15 PM	1:45 PM	700	
9	1:45 PM	2:15 PM	800	
10	2:15 PM	2:45 PM	900	
11	2:45 PM	3:00 PM	0	



Melrose Operating Artesia Unit # 46 Step Rate Test 01-14-2008



Step Rate Test

Melrose Operating
 Artesia Unit # 46
 Field:
 Eddy Co. NM



	S Time	E Time	D Time Min	Last Rate BPD	Step BPD	B. H. Pressure PSIA	Surf PSIA	Cum BBL	Delta BBL	Avg. BPD	Lower Trend	Upper Trend
1	9:48 AM	10:15 AM	27	0	0	1573.5	477.5	0	0	0	1573.5	
2	10:15 AM	10:45 AM	30	100	100	1631.6	558.5	2.7	2.7	130	1631.6	
3	10:45 AM	11:15 AM	30	200	100	1696.3	679.9	7.2	4.5	216	1696.3	679.9
4	11:15 AM	11:45 AM	30	300	100	1754.8	750.4	13.2	6	288	1754.8	750.4
5	11:45 AM	12:15 PM	30	400	100	1818.7	817.8	21.7	8.5	408	1818.7	817.8
6	12:15 PM	12:45 PM	30	500	100	1872.6	887.5	32.3	10.6	509	1872.6	887.5
7	12:45 PM	1:15 PM	30	600	100	1920.2	930.1	45.1	12.8	614		
8	1:15 PM	1:45 PM	30	700	100	1948.2	958.7	58	12.9	619		1948.2
9	1:45 PM	2:15 PM	30	800	100	1978.7	998.4	74.6	16.6	797		1978.7
10	2:15 PM	2:45 PM	30	900	100	2001.2	1002.6	92.4	17.8	854		2001.2
	2:45 PM	3:00 PM	15	0	-900	1978.4	981.2	92.4	0	0		1002.6

0.6044 1573.5 0.6902 542.33
 0.265 1764 0.042 964.8

int point: 561.28462 BPD 651.758716 BPD
 1912.7404 Psia 992.173866 Psia



Melrose Operating Artesia Unit # 46
Step Rate Test 01-14-2008

