

+Submit 3 Copies to Appropriate District Office

State of New Mexico Energy, Minerals and Natural Resources Department

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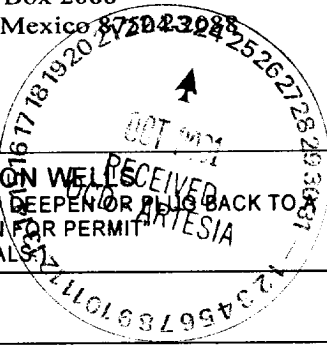
Form C 103 Revised 1-1-89

OIL CONSERVATION DIVISION

DISTRICT I P.O. Box 1980, Hobbs, NM 88240
DISTRICT II P.O. Drawer DD, Artesia, NM 88210
DISTRICT III 1000 Rio Brazos Rd., Aztec, NM 87410

P.O. Box 2088 Santa Fe, New Mexico 87504-3288

WELL API NO. 30 015 017412
5. Indicate Type of Lease STATE [] FEE [X]
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name Artesia Unit
8. Well No. Order WFX-768 for Wells #23 & 29
9. Pool name or Wildcat Artesia, Queen-Grayburg-San Andres (03230)



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

1. Type of Well: Oil Well [] Gas Well [] OTHER

2. Name of Operator Melrose Operating Company

3. Address of Operator c/o P.O. Box 953, Midland, TX 79702 915 684-6381

4. Well Location Unit Letter N 990 Feet From The S Line and 1650 Feet From The W Line
Section 35 Township 17S Range 28E NMPM Eddy County

10. Elevation (Show whether DF, RKB, RT, GR, etc.)

11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data
NOTICE OF INTENTION TO: PERFORM REMEDIAL WORK [] PLUG AND ABANDON [] TEMPORARILY ABANDON [] CHANGE PLANS [] PULL OR ALTER CASING [] OTHER []
SUBSEQUENT REPORT OF: REMEDIAL WORK [] ALTERING CASING [] COMMENCE DRILLING OPNS. [] PLUG AND ABANDONMENT [] CASING TEST AND CEMENT JOB [] OTHER Compliance as per Administrative Order WFX-768 [X]

12. 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.

As per administrative Order NO. WFX-768 - this Sundry Notice is submitted to comply with the requirement as stated: "Prior to commencing injection operations into the subject well(s)... (Order No. WFX 768 permits the Artesia Unit Well #23 and #29 for injection)..., the Empire Abo Unit G Well No. 38, located 2310 Feet from the South Line and 1650 Feet from the West Line of Section 35, Township 17 South, Range 28 East, NMPM, the operator (Melrose) shall either provide evidence that the top of cement in the 5 1/2" production casing is above approximately 1700 feet, or the operator shall cement squeeze this well to obtain such results." Please see attached the NMOCD "Miscellaneous Reports on Wells" filed by Hondo-Western-Yates for the "State A #39 which is now, after unitization of the Empire Abo Unit, the BP Amoco, Empire Abo Unit, Well #38, API # 30 015 01739. Also attached is the current wellbore diagram that reflects the top of cement at surface behind the 5 1/2" casing set @ 6378', cemented with 150 sx 2% gel incor, estimated top of incor @ 5253', calculated top of 170 sx HYS-400 cement @ surface. Data submitted with this Sundry Notice is the exact information submitted by the initial operator in compliance with NMOCD Rule 107 (107.A). Copy of Order WFX-768 attached. Initial Sundry Notice submitted on 8-29-01 in an attempt to comply with the Order stipulations as above submitted to Oil Conservation Division - Artesia, did not contain sufficient data. AS Per WFX-768- TOC must be 1700' OR Above

I hereby certify that the information above is true and complete to the best of my knowledge and belief.
SIGNATURE [Signature] TITLE Regulatory Agent DATE 10-23-01
TYPE OR PRINT NAME Ann E. Ritchie TELEPHONE NO. 915 684-6381

(this space for State Use)
APPROVED BY Denied DATE 11-13-01
CONDITIONS OF APPROVAL, IF ANY:



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

ADMINISTRATIVE ORDER NO. WFX-768

APPLICATION OF MELROSE OPERATING COMPANY TO EXPAND ITS WATERFLOOD PROJECT IN THE ARTESIA QUEEN-GRAYBURG-SAN ANDRES POOL IN EDDY COUNTY, NEW MEXICO

ADMINISTRATIVE ORDER OF THE OIL CONSERVATION DIVISION

Under the provisions of Division Orders No. R-3311, Melrose Operating Company has made application to the Division on October 16, 2000 for permission to expand its Artesia Unit Waterflood Project in the Artesia Queen-Grayburg-San Andres Pool in Eddy County, New Mexico.

THE DIVISION DIRECTOR FINDS THAT:

- (1) The application has been filed in due form.
- (2) Satisfactory information has been provided that all offset operators have been duly notified of the application.
- (3) No objection has been received within the waiting period as prescribed by Rule 701(B).
- (4) The proposed injection well(s) are eligible for conversion to injection under the terms of Rule 701.
- (5) The proposed expansion of the above referenced Waterflood Project will not cause waste nor impair correlative rights.
- (6) The application should be approved.

IT IS THEREFORE ORDERED THAT:

The applicant, Melrose Operating Company be and the same is hereby authorized to inject water into the Queen, Grayburg and San Andres formations at approximately 2,082 feet to approximately 2,467 feet through 2 3/8-inch plastic lined tubing set in a packer located within 100 feet of the uppermost injection perforations in the following described well(s) for purposes of secondary recovery to wit:

Artesia Unit Well No. 23

API No. 30-015-01746

1980 FSL & 660 FWL, Unit 'L', Section 35

Township 17 South, Range 28 East, NMPM

Injection Interval: 2,082 feet to 2,378 feet (Perforated)

Maximum Injection Pressure: (.2 psi/ft) 416 psig

Artesia Unit Well No. 29

API No. 30-015-01742

990 FSL & 1650 FWL, Unit 'N', Section 35

Township 17 South, Range 28 East, NMPM

Injection Interval: 2,454 feet to 2,467 feet (Perforated)

Maximum Injection Pressure: (.2 psi/ft) 491 psig

Eddy County, New Mexico.

IT IS FURTHER ORDERED THAT:

Prior to commencing injection operations into the subject well(s), the Artesia Unit Well No. 12, located 1980 feet from the North line and 660 feet from the West line of Section 35, Township 17 South, Range 28 East, NMPM, the operator shall cement squeeze the production casing from the top of cement, as determined by a cement bond log, to the surface.

Prior to commencing injection operations into the subject well(s), the Artesia Unit Well No. 13, located 1980 feet from the North line and 1980 feet from the West line of Section 35, Township 17 South, Range 28 East, NMPM, the operator shall either provide evidence that the surface casing is adequately cemented so as to effectively isolate and protect fresh water, or cement squeeze the production casing from the top of cement, as determined by a cement bond log, to the surface.

Prior to commencing injection operations into the subject well(s), the Empire Abo Unit G Well No. 38, located 2310 Feet from the South Line and 1650 Feet from the West Line of Section 35, Township 17 South, Range 28 East, NMPM, the operator shall either provide evidence that the top of cement in the 5 ½ production casing is above approximately 1700 feet, or the operator shall cement squeeze this well to obtain such results.

The Division's Artesia District Office shall be notified of the date and time that the cement bond logs are to be run. Copies of the logs shall be submitted to the Artesia District Office.

The operator shall take all steps necessary to ensure that the injected water enters only the proposed injection interval and is not permitted to escape to other formations or onto the surface.

Prior to commencing injection operations into the well(s), the casing shall be pressure tested from the surface to the packer setting depth to assure the integrity of said casing.

The casing-tubing annulus shall be loaded with an inert fluid and equipped with a pressure gauge at the surface or left open to the atmosphere to facilitate detection of leakage in the casing, tubing or packer.

The injection well(s) or systems shall be equipped with a pressure limiting device which will limit the wellhead pressure on the injection well(s) to .2 psi per foot of depth to the uppermost injection perforation.

The Director of the Division may authorize an increase in injection pressure upon a proper showing by the operator of said well(s) that such higher pressure will not result in migration of the injected fluid from the Queen, Grayburg and San Andres formations. Such proper showing shall consist of a valid step-rate test run in accordance with and acceptable to this office.

The operator shall notify the supervisor of the Artesia district office of the Division of the date and time of the installation of injection equipment and of the mechanical integrity tests so that the same may be inspected and witnessed.

The operator shall immediately notify the supervisor of the Artesia district office of the Division of the failure of the tubing, casing or packer in said well(s) and shall take such steps as may be timely and necessary to correct such failure or leakage.

The subject well(s) shall be governed by all provisions of Division Orders No. R-3311 and Rules 702-706 of the Division Rules and Regulations not inconsistent herewith.

PROVIDED FURTHER THAT, jurisdiction is retained by the Division for the entry of such further orders as may be necessary for the prevention of waste and/or protection of correlative rights or upon failure of the operator to conduct operations (1) to protect fresh water or (2) consistent with the requirements in this order, whereupon the Division may, after notice and hearing, terminate the injection authority granted herein.

The injection authority granted herein shall terminate one year after the effective date of this order if the operator has not commenced injection operations into the subject well(s), provided however, the Division, upon written request by the operator, may grant an extension thereof for good cause shown.

NEW MEXICO OIL CONSERVATION COMMISSION

MISCELLANEOUS REPORTS ON WELLS

(Submit to appropriate District Office as per Commission Rule 1106)

RECEIVED

AUG 29 1961 FORM C-103 (Rev 3-55)

D. C. C. ARTESIA OFFICE

Name of Company Hondo-Western-Yates		Address Box 129, Artesia, New Mexico			
Lease State 'A'	Well No. 39	Unit Letter K	Section 35	Township 17-S	Range 28-E
Date Work Performed	Pool Empire Abo	County Eddy			

THIS IS A REPORT OF: (Check appropriate block)

Beginning Drilling Operations
 Casing Test and Cement Job
 Other (Explain):
 Plugging
 Remedial Work

Detailed account of work done, nature and quantity of materials used, and results obtained.

8-9-61 Ran 757' of 8-5/8" OD 28# used casing, set and cemented with 350 sks.

8-23-61 Ran 6378' of 5-1/2" casing as follows:
 821' of 5-1/2" OD 17# N-80
 2100' of 5-1/2" OD 17# J-55
 3457' of 5-1/2" OD 15.5# J-55
 Cemented casing with 170 Units of HYS 400 plus 150 sks.
 2% gel Incore.

8-23-61 Ran 6170' of 2" EUE 4.70# J-55 smls. tubing.
 Packer set at 6170
 Perforations: 6297 - 6308 2/ft.
 Treated formation thru perforations with 1000 gallons
 15% regular acid with DS-50 added.

G-
EAL #38

Witnessed by A. J. Deans	Position Dist. Prod. Supt.	Company Hondo Oil & Gas Company
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FILL IN BELOW FOR REMEDIAL WORK REPORTS ONLY

ORIGINAL WELL DATA

D F Elev.	T D	P B T D	Producing Interval	Completion Date
Tubing Diameter	Tubing Depth	Oil String Diameter	Oil String Depth	
Perforated Interval(s)		Producing Formation(s)		
Open Hole Interval				

RESULTS OF WORKOVER

Test	Date of Test	Oil Production BPD	Gas Production MCFPD	Water Production BPD	GOR Cubic feet/Bbl	Gas Well Potential MCFPD
Before Workover						
After Workover						

OIL CONSERVATION COMMISSION		I hereby certify that the information given above is true and complete to the best of my knowledge.	
Approved by <i>M L Armstrong</i>	Name <i>A. J. Deans by Emburyson</i>	8-24-61	
Title OIL AND GAS INSPECTOR	Position Dist. Prod. Supt.		
Date 2116 30 1961	Company Hondo Oil & Gas Company		

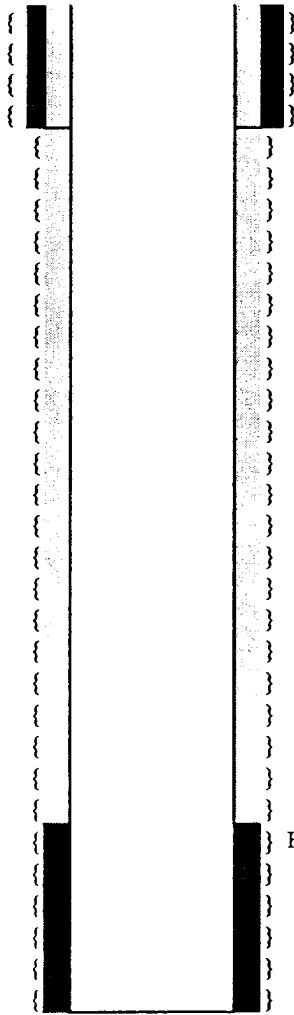
BP Amoco
**ARCO PERMIAN OPERATING
 CURRENT CONFIGURATION**

WELL: EMPIRE ABO UNIT G-38
 FIELD: EMPIRE ABO
 INTERVAL: ABO
 COMP: 8/21/61
 IP: 130 BOPD
 SPUDDED: 8/9/61

LOCATION:
 2310' FSL & 1650' FWL
 SEC 35, T-17-S, R-28-E
 EDDY COUNTY, NM
 API #: 30-015-01739

ELEVATION: 3677' GL

DEPTH
 0'
 1000'
 2000'
 3000'
 4000'
 5000'
 6000'
 7000'



TD= 6378'

ESTIMATED TOP OF HYS-400 FOR 5 1/2" CSG. @ SURFACE

> 757'

SURFACE CASING:

RAN 757' 28# 8 5/8" CSG, SET @ 757' CMT W/350SXS
 ESTIMATED TOC @ SURFACE

PRESENT COMPLETION INTERVAL:

ABO PERFS 6297-6308'

ESTIMATED TOP OF INCOR CMT=5235'

PRODUCTION CASING:

RAN 6378' OF 17# & 15.5# J-55 & N-80 5 1/2" CSG, SET @ 6378'.
 CMT W/ 150 SXS 2% GEL INCOR, ESTIMATED TOP @ 5253'- CALC
 & 170 SXS HYS-400, ESTIMATED TOP @ SURFACE- CALC

2% INCOR YIELD= 1.73 cu. Ft/Sack

HYS-400 YIELD= 7.3 cu Ft/Sack