

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, 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-101
May 27, 2004

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

Submit to appropriate District Office

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address Melrose Operating Co., c/o Box 953, Midland, TX 79702		² OGRID Number: 184860
³ Property Code 25191	⁴ Property Name Jalmat Field Sand Yates Unit	⁵ API Number 30-025 - 37498
⁶ Proposed Pool 1: Jalmat (T-Y-7R)		⁷ Proposed Pool 2

⁷ Surface Location									
UL or lot no. P	Section 11	Township 22S	Range 35E	Lot Idn	Feet from the 681	North/South line South	Feet from the 631	East/West line East	County Lea

⁸ Proposed 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

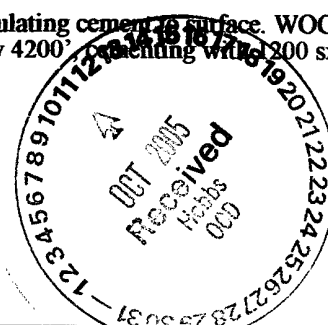
Additional Well Information				
¹¹ Work Type Code N	¹² Well Type Code O	¹³ Cable/Rotary R	¹⁴ Lease Type Code S	¹⁵ Ground Level Elevation 3600'
¹⁶ Multiple No	¹⁷ Proposed Depth 4200'	¹⁸ Formation Yates	¹⁹ Contractor United Drig.	²⁰ Spud Date 10-15-05
Depth to Groundwater: 300-350'		Distance from nearest fresh water well: over 1/4 mile		Distance from nearest surface water: none
²¹ Pit: Liner: Synthetic X 12 mils thick Clay <input type="checkbox"/> Pit Volume: 3000 bbls Drilling Method: Closed-Loop System <input type="checkbox"/> Fresh Water X Brine X Diesel Oil-based <input type="checkbox"/> Gas Air <input type="checkbox"/>				

²¹ Proposed Casing and Cement Program					
Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
12 1/4"	8 5/8"	24#	350'	250 sx	Surface
7 7/8"	5 1/2"	15 5#	4200'	1200 sx	Surface

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

Propose to drill 12 1/4" hole to 350', set 8 5/8" casing to 350', cement w/250 sx Cl C - circulating cement to surface. WOC.
Drill 7 7/8" hole to 4200', run open hole logs, set production casing string to approximately 4200' cementing with 200 sx Cl C,
circulating cement to surface.
Will perforate, stimulate & test well.
We do not anticipate encountering any H2S intervals during the drilling of this well.

Permit Expires 1 Year From Approval
Date Unless Drilling Underway



²³ 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 X, a general permit <input type="checkbox"/> , or an (attached) alternative OCD-approved plan <input type="checkbox"/> .		OIL CONSERVATION DIVISION	
Printed name: Ann E. Ritchie		Approved by:	
Title: Regulatory Agent		Title: PETROLEUM ENGINEER	
E-mail Address: ann.ritchie@wtor.net		Approval Date: OCT 12 2005	
Date: 10-5-05		Expiration Date:	
Phone: 432 684-6381		Conditions of Approval Attached <input type="checkbox"/>	

1625 N. FRENCH DR., HOBBS, NM 88240

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102

Revised JUNE 10, 2003

Submit to Appropriate District Office

State Lease - 4 Copies

Free Lease - 3 Copies

DISTRICT II

1301 W. GRAND AVENUE, ARTESIA, NM 88210

OIL CONSERVATION DIVISION

1220 SOUTH ST. FRANCIS DR.

Santa Fe, New Mexico 87505

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-025-37498	Pool Code 33820	Pool Name Jalmat (T-Y-7 Rvrs)
Property Code 25191	Property Name JYSU	Well Number 224
OGRID No. 184860	Operator Name MELROSE OPERATING COMPANY	Elevation 3600'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	11	22-S	35-E		681	SOUTH	631	EAST	LEA

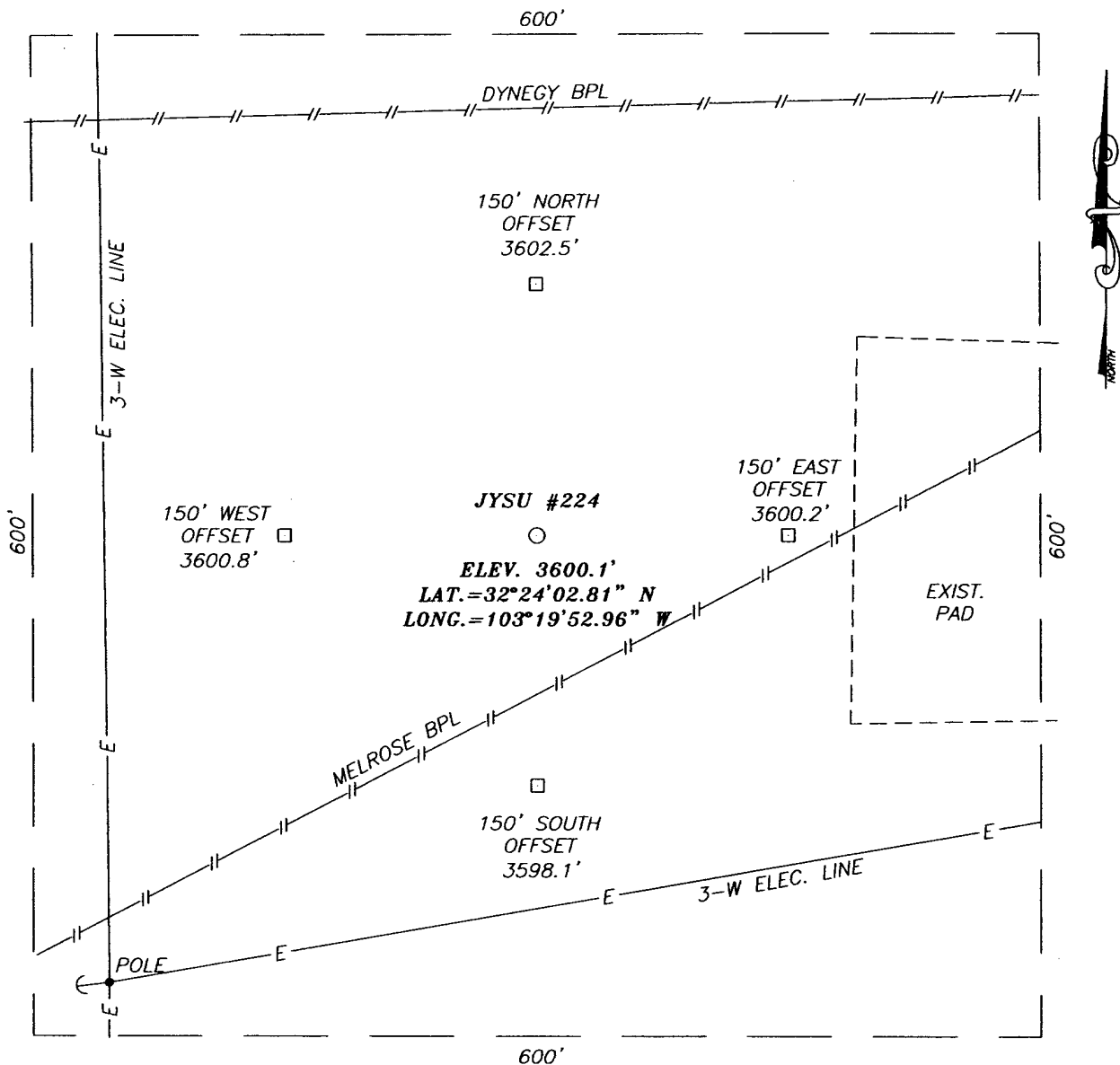
Bottom Hole Location If Different From Surface

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. * Water Flood 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**

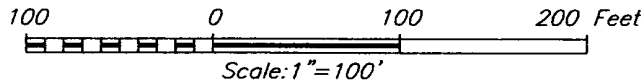
<p align="center">OPERATOR CERTIFICATION</p> <p><i>I hereby certify the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p align="right"><i>[Signature]</i></p> <hr/> <p>Signature _____</p> <p><i>Ann E. Ritchie</i></p> <hr/> <p>Printed Name _____</p> <p><i>Regulatory Agent</i></p> <hr/> <p>Title _____</p> <p><i>10-6-05</i></p> <hr/> <p>Date _____</p>	
<p align="center">SURVEYOR CERTIFICATION</p> <p><i>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.</i></p> <p align="center">GARY G. EIDSON SEPTEMBER 23, 2005 STATE OF TEXAS REGISTERED PROFESSIONAL SURVEYOR</p> <p>Date Surveyed _____ LA</p> <p>Signature & Seal of Professional Surveyor _____</p> <p><i>Gary G. Eidson</i> 2073/05</p>	
<p>Certificate No. GARY EIDSON 12641</p>	

SECTION 11, TOWNSHIP 22 SOUTH, RANGE 35 EAST, N.M.P.M.,
 LEA COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

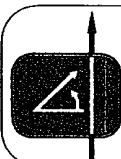
FROM THE INTERSECTION OF DELAWARE BASIN RD. AND WEAVER RD. GO WEST ON DELAWARE BASIN RD. APPROX. 0.8 MILES. TURN RIGHT AND GO WEST APPROX. 1.1 MILES. TURN LEFT AND GO SOUTH APPROX. 250 FEET TO THE JYSU #119 WELL. TURN RIGHT AND GO WEST PAST DRY HOLE APPROX. 300 FEET TO THIS LOCATION.



MELROSE OPERATING COMPANY

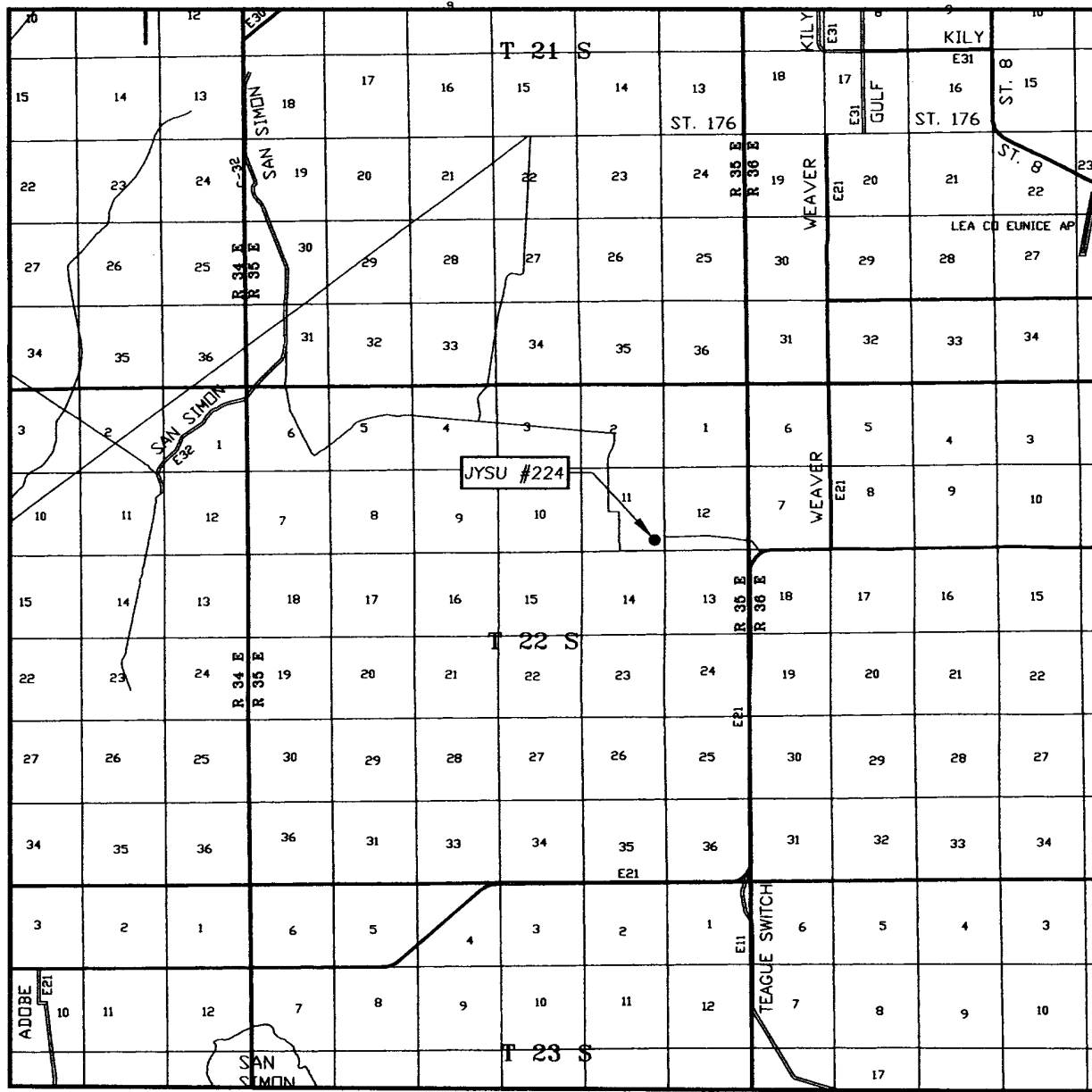
JYSU #224 WELL
 LOCATED 681 FEET FROM THE SOUTH LINE
 AND 631 FEET FROM THE EAST LINE OF SECTION 11,
 TOWNSHIP 22 SOUTH, RANGE 35 EAST, N.M.P.M.,
 LEA COUNTY, NEW MEXICO.

Survey Date: 9/23/05		Sheet 1 of 1 Sheets	
W.O. Number: 05.11.1490		Dr By: LA	Rev 1:N/A
Date: 9/29/05	Disk: CD#4	05111490	Scale: 1"=100'



PROVIDING SURVEYING SERVICES
 SINCE 1948
JOHN WEST SURVEYING COMPANY
 412 N. DAL PASO
 HOBBS, N.M. 88240
 (505) 383-3117

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 11 TWP. 22-S RGE. 35-E

SURVEY N.M.P.M.

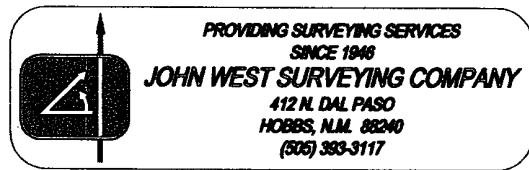
COUNTY LEA

DESCRIPTION 681' FSL & 631' FEL

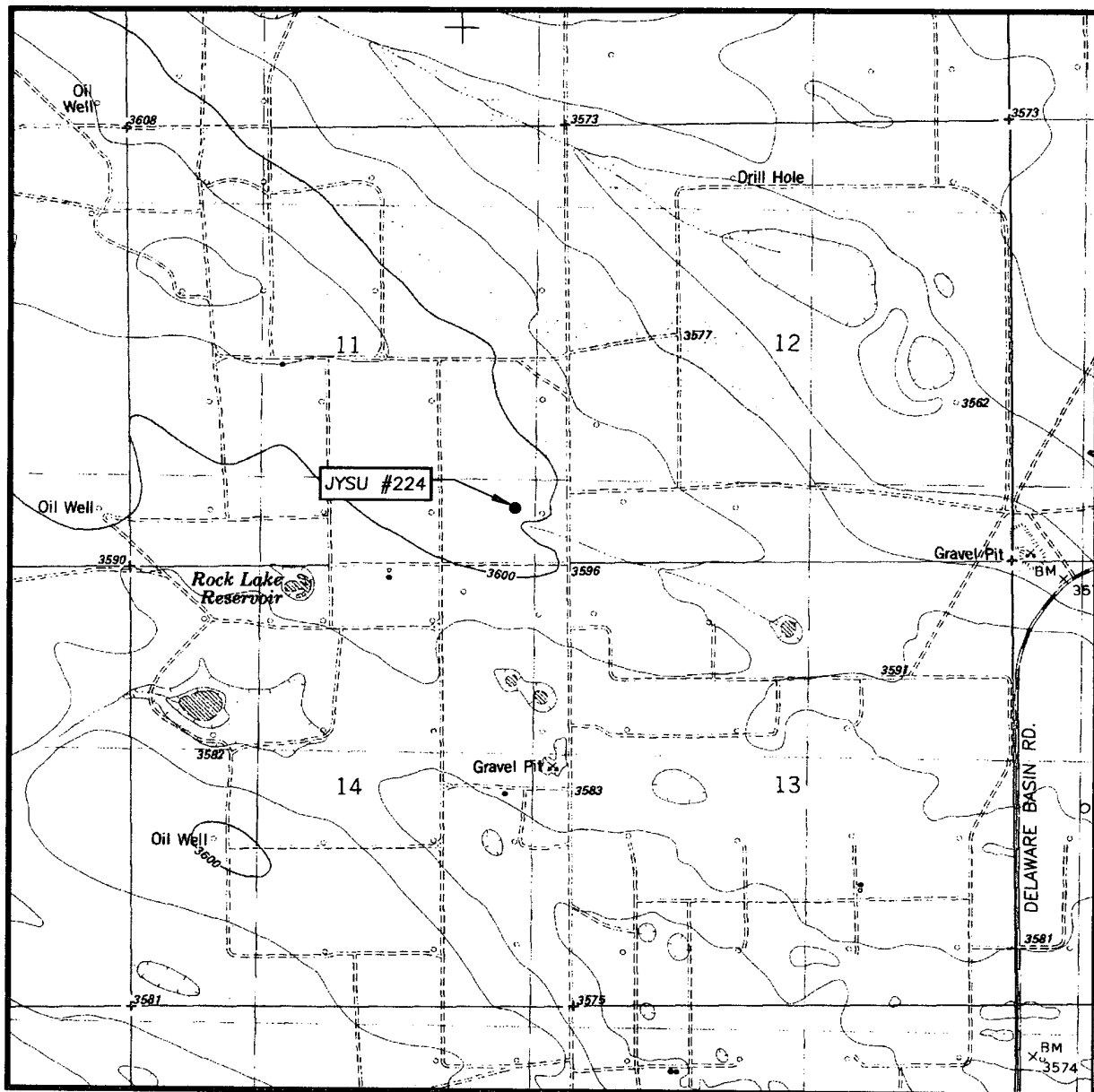
ELEVATION 3600'

OPERATOR MELROSE OPERATING COMPANY

LEASE JYSU



LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
OIL CENTER, N.M. - 10'

SEC. 11 TWP. 22-S RGE. 35-E

SURVEY N.M.P.M.

COUNTY LEA

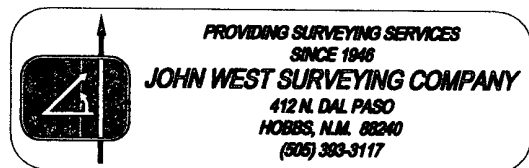
DESCRIPTION 681' FSL & 631' FEL

ELEVATION 3600'

OPERATOR MELROSE OPERATING COMPANY

LEASE JYSU

U.S.G.S. TOPOGRAPHIC MAP
OIL CENTER, N.M.



Melrose Operating Co.

Drilling Rig Pad Schematic
 JFSYU # 224
 Lea County, New Mexico
 Wellbore is 40' North of the pit

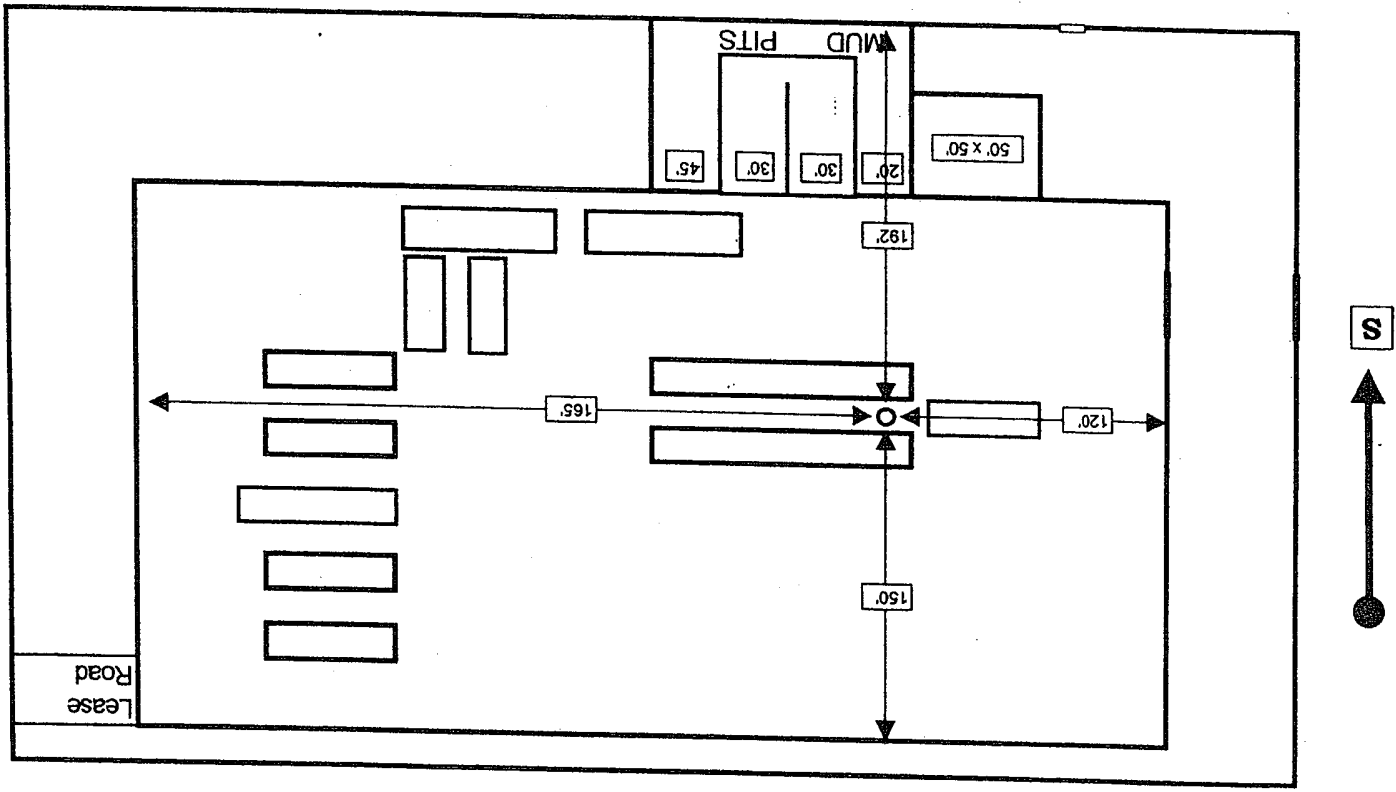
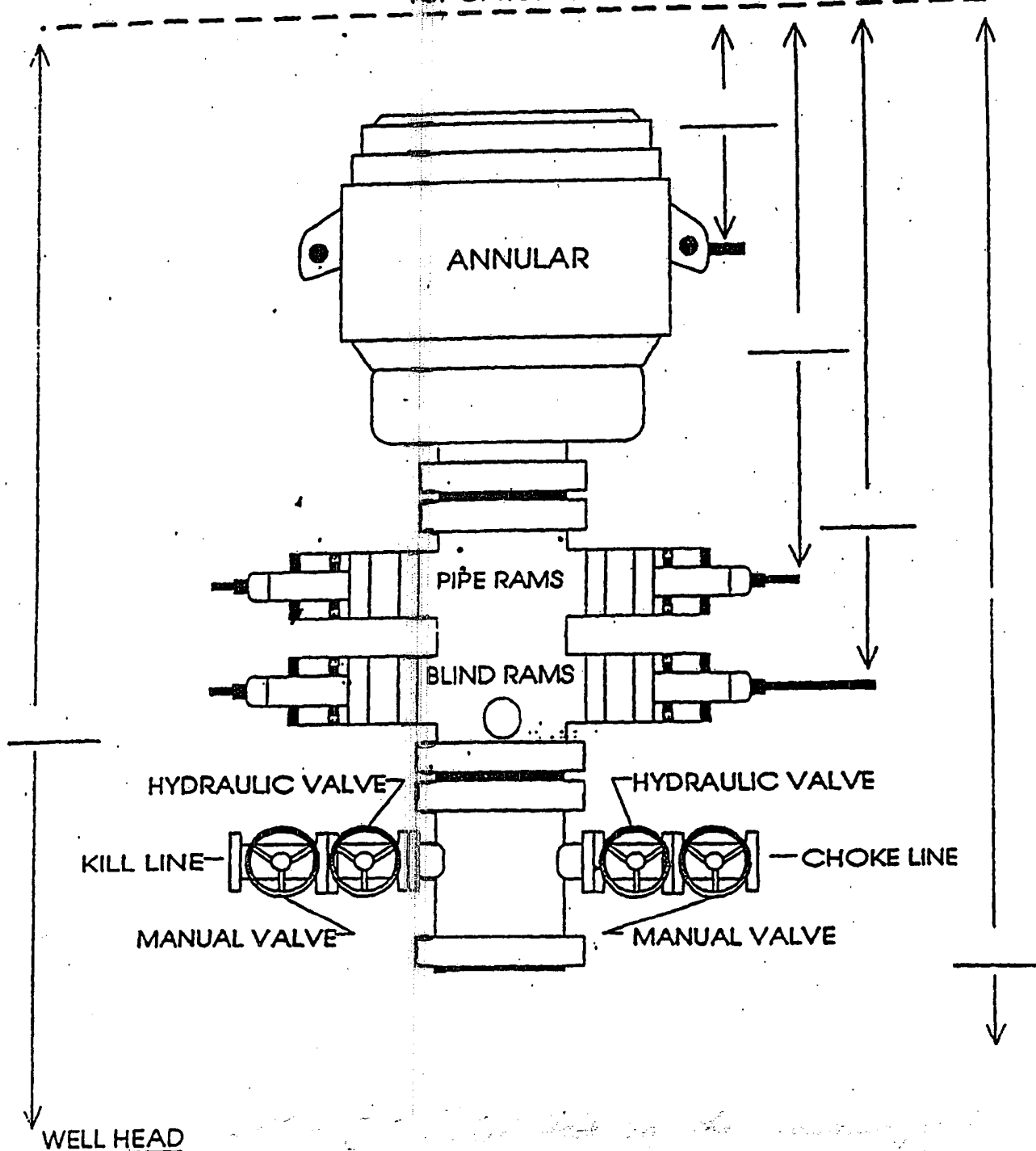


EXHIBIT A

B.O.P. STACK SPACING

SIZE: 3000#

TOP OF ROTARY



WELL Jalmat # 224

CONTRACTOR United Drilg.