

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

RECEIVED

Submit to appropriate District Office

MAY 20 2008

AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUG BACK 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 Yates Sand Unit	
⁵ Proposed Pool 1: Jalmat, Tansill-Yates-7 Rvrs ✓		⁶ Well No. 143X	
⁷ Surface Location		⁸ Proposed Pool 2	

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West /East	County
P	14	22-S	35-E		660	South	575	East	Lea

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 State ✓	¹⁵ Ground Level Elevation 3578'
¹⁶ Multiple No	¹⁷ Proposed Depth 4200'	¹⁸ Formation Yates	¹⁹ Contractor TBA	²⁰ Spud Date 6-2-08
Depth to Groundwater: 120'		Distance from nearest fresh water well: approx - none		Distance from nearest surface water: none
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'	375 sx	Surface
7 7/8"	5 1/2"	15 5/8#	4200'	925 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 @ 350', cementing with 375 sx CI C, slurry wt of 14.8 ppg, yield of 1.34 cf/sx, type CI C with 2% CaCl2.
Drill 7 7/8" hole to 4200', run open hole logs, set production casing string to approximately 4200', cementing with lead slurry of 600 sx, 50:50 poz CI C w/10% bentonite + Sodium Chloride + 0.2% FL, slurry weight - 11.80 ppg, yield - 2.45 cf/sx; tail w/ 325 sx, 50:50 poz CI C + 10% bentonite + Sodium Chloride + 0.2% FL, slurry weight - 14.2 ppg, yield - 1.3 cf/sx.
Will perforate, stimulate & test well.
We do not anticipate encountering any H2S intervals during the drilling of this well, based on wells drilled offsetting this location and producing wells in the unit.

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 , or an (attached) alternative OCD-approved plan .

Printed Name: Narvie N. McDonald
Title: Regulatory Agent
E-mail Address: ann.ritchie@wtor.net
Date: 5-15-08
Phone: 432 684-6381/214-762-0830

OIL CONSERVATION DIVISION	
Approved by:	<i>Chris Williams</i>
Title:	OCD DISTRICT SUPERVISOR/GENERAL MANAGER
Approval Date:	MAY 23 2008
Expiration Date:	
Conditions of Approval Attached <input type="checkbox"/>	

**Permit Expires 2 Years From Approval
Date Unless Drilling Underway**

State of New Mexico

Energy, Minerals and Natural Resources Department

DISTRICT I
575 N. FRENCH DR., HOBBS, NM 88240

DISTRICT II
1301 W. GRAND AVENUE, ARTESIA, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State LEase - 4 Copies
Fee LEase - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number 30-025 - 38938	Pool Code 33820	Pool Name Jalmat (T-Y-7 Rvrs)
Property Code 25191	Property Name JALMAT FIELD YATES SAND UNIT	Well Number 143
OGRID No. 184860	Operator Name MELROSE OPERATING COMPANY	Elevation 3578'

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	14	22-S	35-E		660	SOUTH	575	EAST	LEA

Bottom Hole Location If Different From Surface

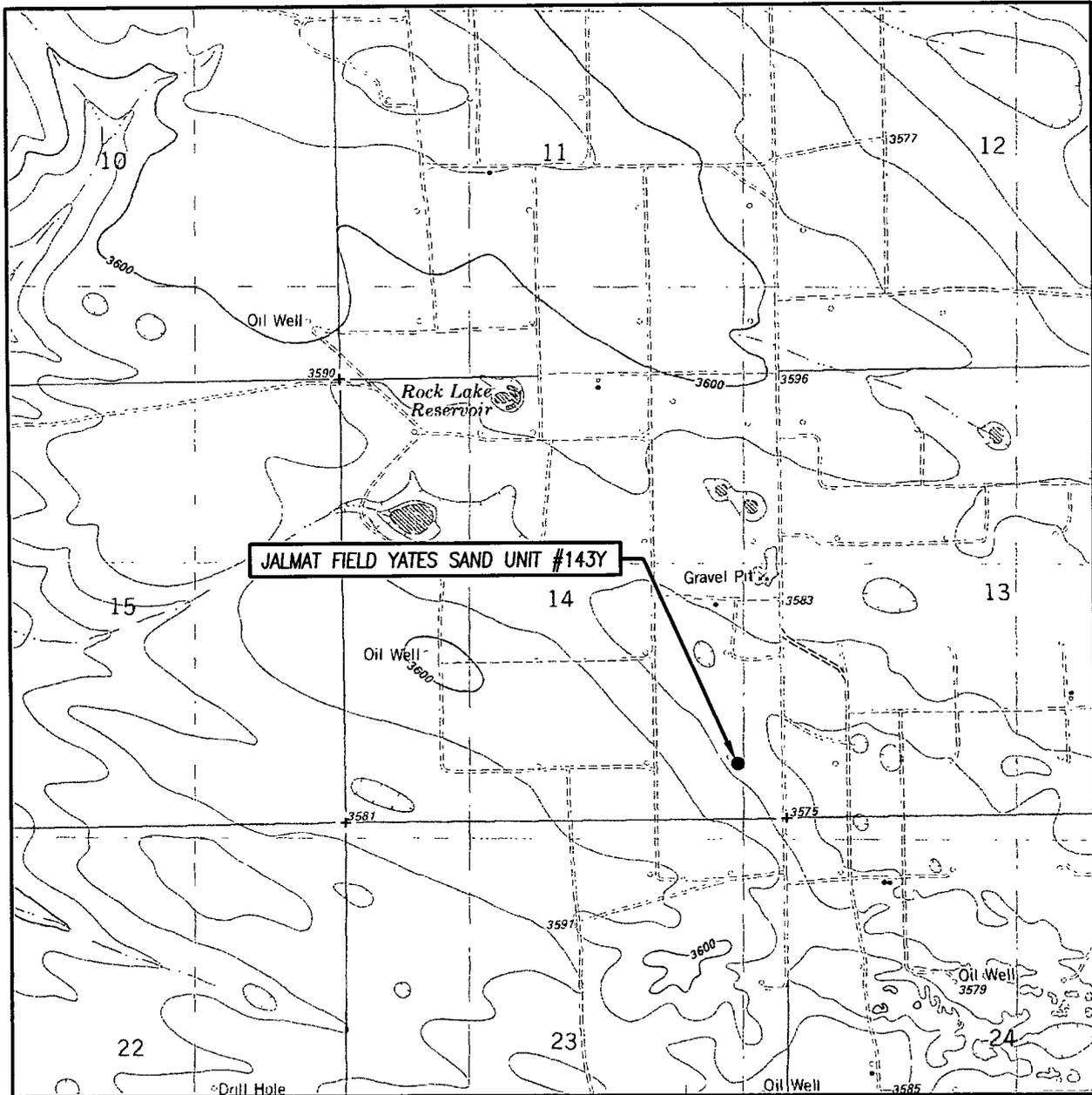
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres 40.0	Joint or Infill	Consolidation Code	Order No.
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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>GEODETIC COORDINATES NAD 27 NME. SURFACE LOCATION</p> <p>Y=505665.9 N X=809360.3 E</p> <p>LAT.=32.386206° N LONG.=103.331178° W</p>	<p>OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p> <p><i>Narvie N. McDonald</i> 5-15-08 Signature Date Narvie N. McDonald Printed Name</p>
	<p>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>APR 28 2008 Date Surveyed Signature & Seal of Professional Surveyor 3239 DSS</p> <p>GARY G. EIDSON RONALD J. EIDSON</p> <p>Certificate No. 12641 3239</p>

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL: 10'
OIL CENTER, NM

SEC. 14 TWP. 22-S RGE. 35-E

SURVEY N.M.P.M.

COUNTY LEA STATE NEW MEXICO

DESCRIPTION 660' FSL & 575' FEL

ELEVATION 3578'

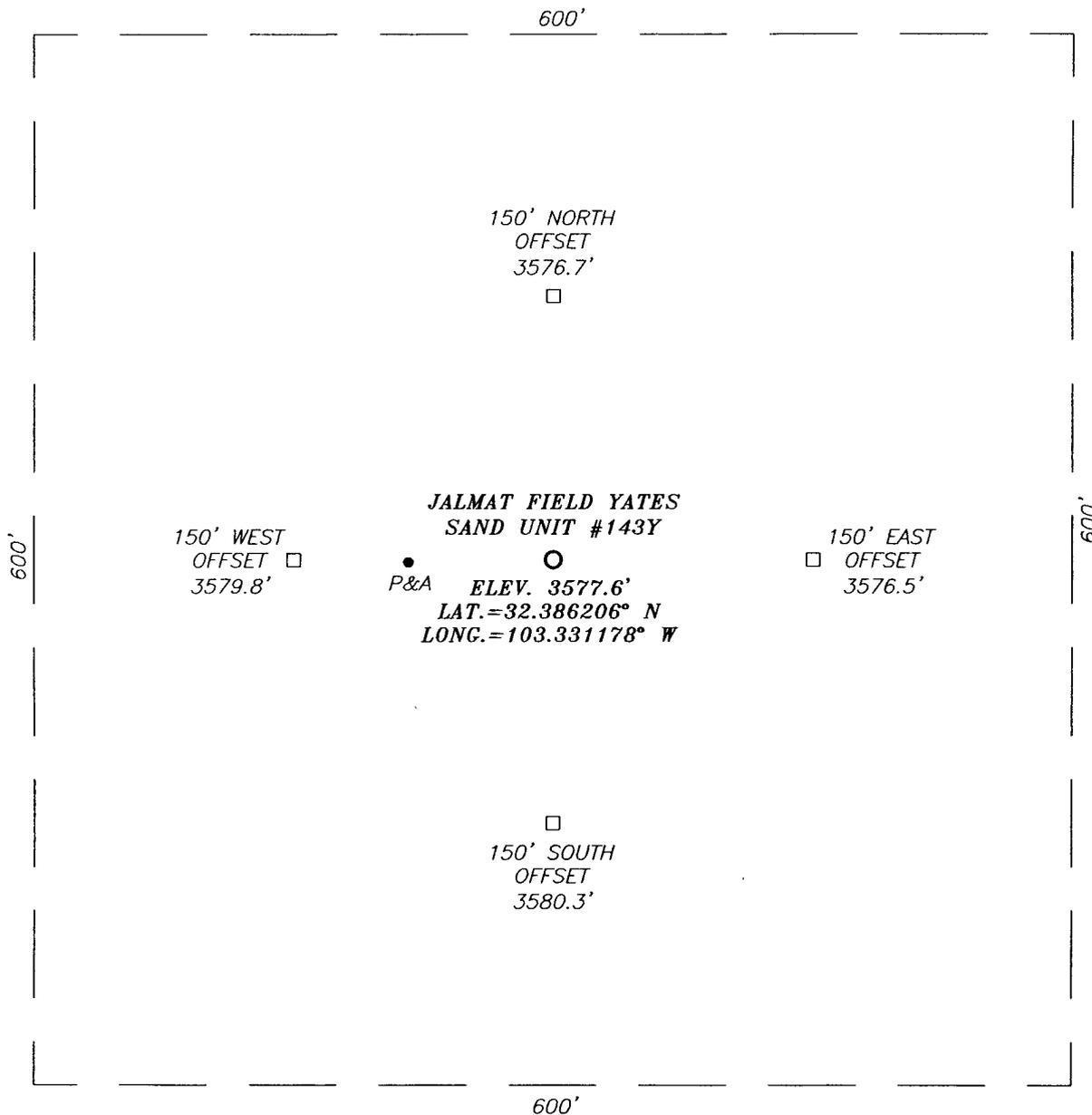
OPERATOR MELROSE
OPERATING COMPANY

LEASE JALMAT FIELD YATES SAND UNIT

U.S.G.S. TOPOGRAPHIC MAP
OIL CENTER, NM

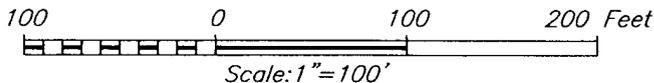
PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(505) 393-3117

SECTION 14, TOWNSHIP 22 SOUTH, RANGE 35 EAST, N.M.P.M.,
 LEA COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF COUNTY ROAD #E21 (DELAWARE BASIN ROAD) AND CALICHE ROAD (LYNX ROAD), GO WEST ON LYNX ROAD APPROX. 0.1 MILES. TURN RIGHT AND GO NORTH APPROX. 0.1 MILE. TURN LEFT AND GO WEST APPROX. 0.8 MILES. BEND RIGHT, THEN NORTHWEST APPROX. 0.25 MILES. TURN LEFT AND GO SOUTH APPROX. 0.3 MILES. THIS LOCATION IS APPROX. 560 FEET WEST.

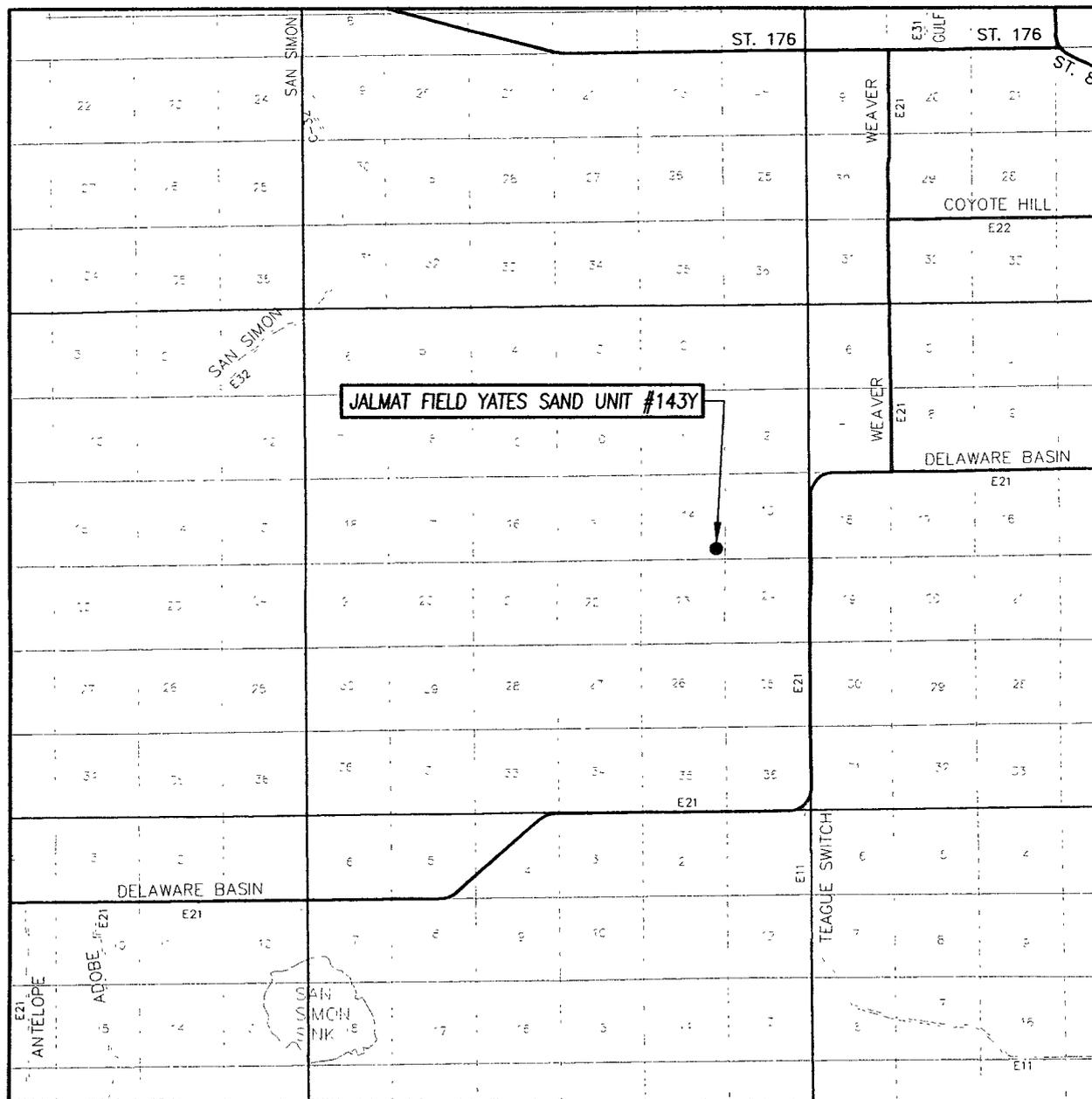


MELROSE OPERATING COMPANY		
JALMAT FIELD YATES SAND UNIT #143Y WELL LOCATED 660 FEET FROM THE SOUTH LINE AND 575 FEET FROM THE EAST LINE OF SECTION 14, TOWNSHIP 22 SOUTH, RANGE 35 WEST, N.M.P.M., LEA COUNTY, NEW MEXICO.		
Survey Date: 4/28/08	Sheet 1 of 1 Sheets	
W.O. Number: 08.11.0568	Dr By: DSS	Rev 1:N/A
Date: 5/1/08	08110568	Scale: 1"=100'



PROVIDING SURVEYING SERVICES
 SINCE 1946
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 412 N. DAL PASO
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VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 14 TWP. 22-S RGE. 35-E
 SURVEY N.M.P.M.
 COUNTY LEA STATE NEW MEXICO
 DESCRIPTION 660' FSL & 575' FEL
 ELEVATION 3578'
 OPERATOR MELROSE
 OPERATING COMPANY
 LEASE JALMAT FIELD YATES SAND UNIT



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