

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

RECEIVED

Form C-101
May 27, 2004

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

Submit to appropriate District Office
MAY 20 2008
☐ AMENDED REPORT

HOBBS OCD

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 Yates Sand Unit | ⁵ API Number 30-025-38944 ⁶ Well No. 141Y-247 |
| ⁹ Proposed Pool 1: Jalmat, Tansill-Yates-7 Rvrs | | ¹⁰ Proposed Pool 2 |

⁷ Surface Location

| | | | | | | | | | |
|-------------------|---------------|------------------|---------------|---------|-----------------------|---------------------------|-----------------------|-------------------------|---------------|
| UL or lot no J | Section 14 | Township 22-S | Range 35-E | Lot Idn | Feet from the 1950 | North/South line South | Feet from the 1711 | East/West /East 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 State | ¹⁵ Ground Level Elevation 3577' |
| 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"/> 6W 7 200' 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# | 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:

Chris Williams

Title: OC DISTRICT SUPERVISOR/GENERAL MANAGER

Approval Date:

MAY 23 2008

Expiration Date:

Conditions of Approval Attached ☐

Permit Expires 2 Years From Approval
Date Unless Drilling Underway

State of New Mexico

DISTRICT I

1711 N. FRENCH DR., HOBBS, NM 88240

Energy, Minerals and Natural Resources Department

Form C-102

DISTRICT II

1301 W. GRAND AVENUE, ARTESIA, NM 88210

OIL CONSERVATION DIVISION

1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505Revised October 12, 2005
Submit to Appropriate District Office
State LEase - 4 Copies
Fee LEase - 3 Copies

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

| | | |
|------------------------------|---|----------------------------------|
| API Number 30-025 - 38944 | Pool Code 33820 | Pool Name Jalmat (T-Y-7 Rvrs) |
| Property Code 25191 | Property Name JALMAT FIELD YATES SAND UNIT | Well Number 247-1411 |
| OGRID No. 184860 | Operator Name MELROSE OPERATING COMPANY | Elevation 3577' |

Surface Location

| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| J | 14 | 22-S | 35-E | | 1950 | SOUTH | 1711 | 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. |
|-----------------------|-----------------|--------------------|-----------|

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

GEODETIC COORDINATES
NAD 27 NME.
SURFACE LOCATION

Y=506944.4 N
X=808212.0 E

LAT.=32.389750° N
LONG.=103.334859° W

OPERATOR CERTIFICATION

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.

Narvie N. McDonald 5-15-08
Signature Date

Narvie N. McDonald
Printed Name

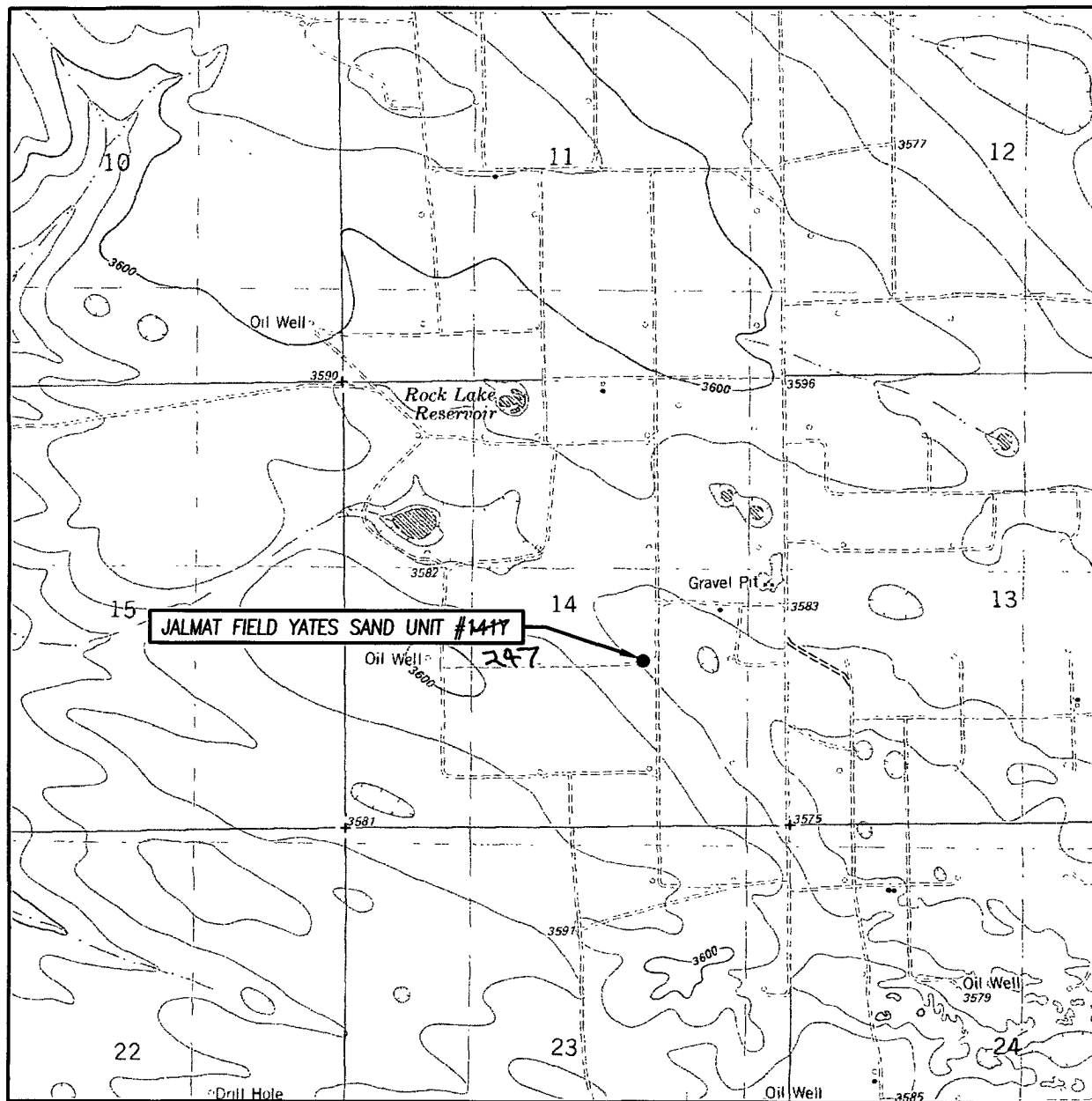
SURVEYOR CERTIFICATION

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.

RONALD J. EIDSON
APRIL 29 2008
NEW MEXICO
DSS
Date Surveyed
Signature & Seal of Professional Surveyor
3239
0801100506

Certificate No. GARY G. EIDSON 12641
RONALD J. EIDSON 3239

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

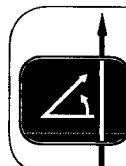
DESCRIPTION 1950' FSL & 1711' FEL

ELEVATION 3577'

OPERATOR MELROSE
OPERATING COMPANY

LEASE JALMAT FIELD YATES SAND UNIT

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

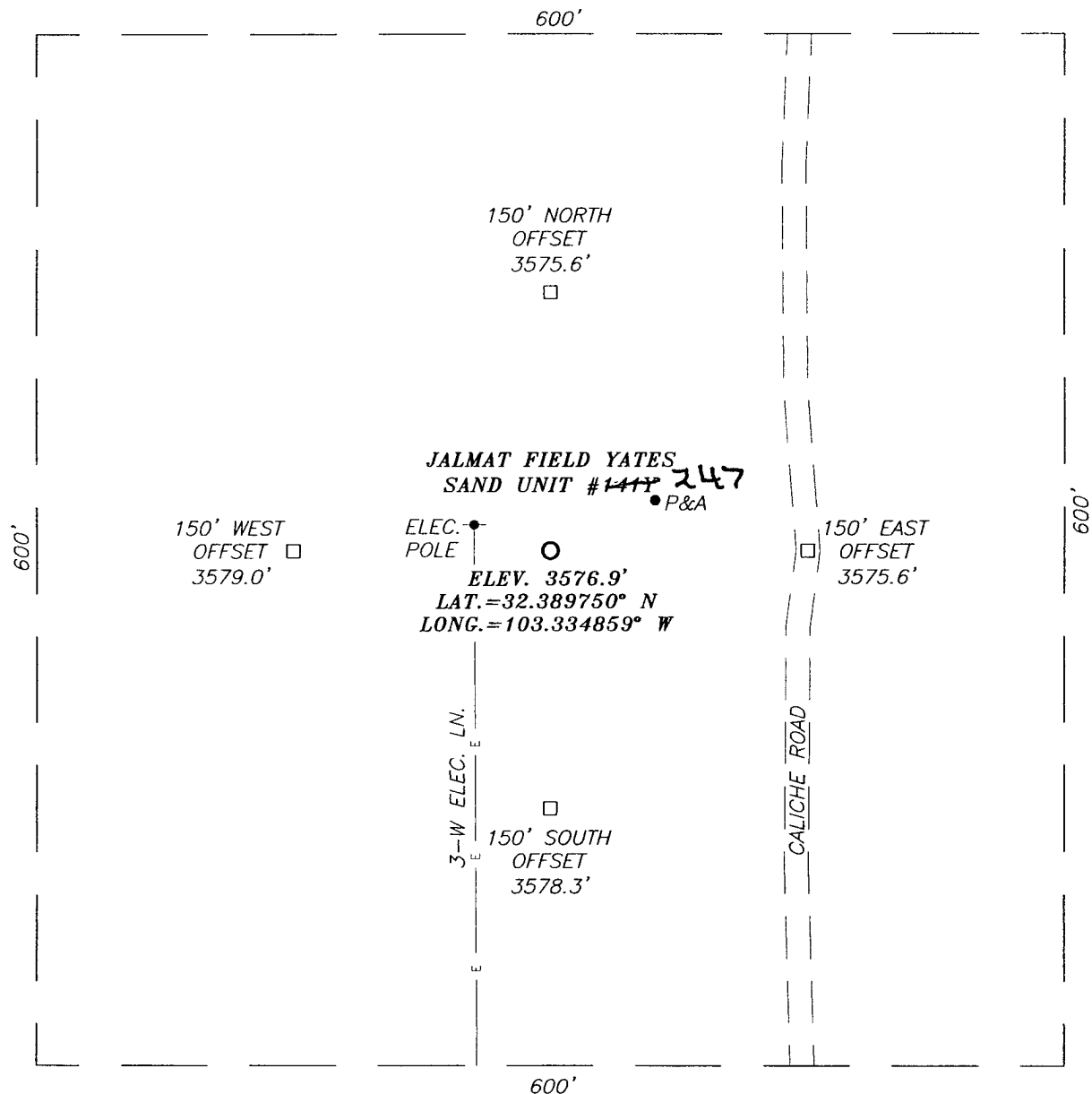


PROVIDING SURVEYING SERVICES
SINCE 1946

JOHN WEST SURVEYING COMPANY

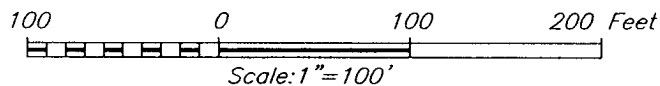
412 N. DAL PASO
HOBBS, N.M. 88240
(505) 393-3117

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 RIGHT AND GO NORTH APPROX. 0.1 MILE. TURN LEFT AND GO WEST APPROX. 0.3 MILES. TURN LEFT AND GO SOUTH APPROX. 700 FEET. THIS LOCATIONS IS APPROX. 150 FEET WEST.



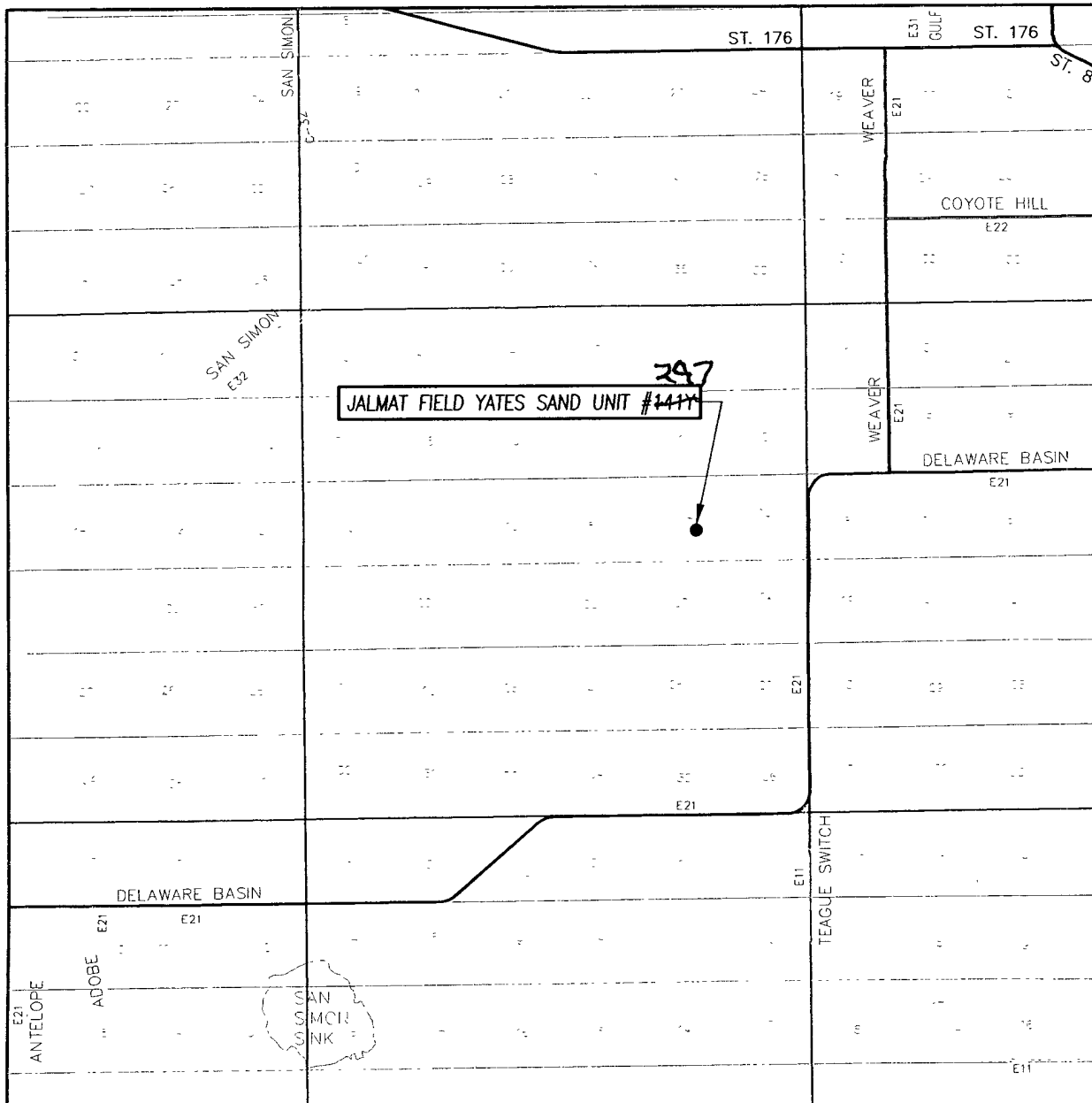
MELROSE OPERATING COMPANY

JALMAT FIELD YATES SAND UNIT #141Y WELL
 LOCATED 1950 FEET FROM THE SOUTH LINE
 AND 1711 FEET FROM THE EAST LINE OF SECTION 14,
 TOWNSHIP 22 SOUTH, RANGE 35 WEST, N.M.P.M.,
 LEA COUNTY, NEW MEXICO.

| | |
|-------------------------|---------------------|
| Survey Date: 4/29/08 | Sheet 1 of 1 Sheets |
| W.O. Number: 08.11.0566 | Dr By: DSS |
| Date: 5/1/08 | Rev 1:N/A |
| 08110566 | Scale: 1"=100' |

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

VICINITY MAP



SCALE: 1" = 2 MILES

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

SURVEY N.M.P.M.

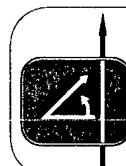
COUNTY LEA STATE NEW MEXICO

DESCRIPTION 1950' FSL & 1711' FEL

ELEVATION 3577'

OPERATOR MELROSE OPERATING COMPANY

LEASE JALMAT FIELD YATES SAND UNIT



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