

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 Dr., Lordsburg, NM 87540
District IV
1220 S. St. Francis Dr., Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
Revised June 10, 2003

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.
Santa Fe, NM 87505

WELL API NO. 30-025-38921 ✓
5. Indicate Type of Lease STATE X FEE ✓
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name Jalmat Field Yates Sand Unit ✓
8. Well Number 107 ✓
9. OGRID Number 184860 ✓
10. Pool name or Wildcat: Jalmat; Tansill-Yates-7 Rvrs ✓

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 X Gas Well Other ✓	7. Lease Name or Unit Agreement Name Jalmat Field Yates Sand Unit ✓
2. Name of Operator Melrose Operating Company ✓	8. Well Number 107 ✓
3. Address of Operator c/o Box 953 Midland, TX 79702	9. OGRID Number 184860 ✓
4. Well Location Unit Letter <u>B</u> ; <u>627</u> feet from the <u>North</u> line and <u>2375</u> feet from the <u>East</u> line Section 11 Township 22S Range 35E NMPM Lea County ✓	10. Pool name or Wildcat: Jalmat; Tansill-Yates-7 Rvrs ✓
11. Elevation (Show whether DR, RKB, RT, GR, etc.): 3599'GR	

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data	
NOTICE OF INTENTION TO: PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPLETION <input type="checkbox"/> OTHER:	SUBSEQUENT REPORT OF: REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS X PLUG AND ABANDONMENT <input type="checkbox"/> CASING TEST AND CEMENT JOB X OTHER:

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.

8-22-08: Spud well, drilling 12-1/4" hole.
8-23-08: Drilled to 425'; set 8-5/8", 24#, J55, STC, new casing @ 415'. Cemented w/375 sx Cl C + 2% CaCl. Circulated 33 sx to pit. WOC 12 + hrs. Pressure tested to 1000# for 30 minutes - held.
8-27-08: Reached total depth of 4185'. Circulate for 2 hrs; attempt to check pressure build-up - can't close BOP. Both generators are burned up - waiting on standby generator. Rig repaired, RIH w/drill pipe & resume circulation. Well built to 500# - bleed off pressure & open BOP & resume laying drill pipe. Water flow down to 30 BPH.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Ann E. Ritchie TITLE Regulatory Agent DATE: 10-8-08

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

(This space for State use)

APPROVED BY [Signature] TITLE PETROLEUM ENGINEER DATE OCT 23 2008
Conditions of approval, if any: