

Submit 3 Copies To Appropriate

District Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., Artesia, NM 88201
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-103
Revised June 10, 2003

WELL API NO. 30-025-38923
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> X FEE <input type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name Jalmat Field Yates Sand Unit <input checked="" type="checkbox"/>
8. Well Number 168 <input checked="" type="checkbox"/>
9. OGRID Number 184860 <input checked="" type="checkbox"/>
10. Pool name or Wildcat: Jalmat; Tansill-Yates-7 Rvrs <input checked="" type="checkbox"/>
11. Elevation (Show whether DR, RKB, RT, GR, etc.): 3597'GR

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 ☐

2. Name of Operator
Melrose Operating Company ☒

3. Address of Operator
c/o Box 953 Midland, TX 79702

4. Well Location
Unit Letter M ; 620 feet from the South line and 723 feet from the West line
Section 12 Township 22S Range 35E NMPM Lea County

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

<p>NOTICE OF INTENTION TO:</p> <p>PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/></p> <p>TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/></p> <p>PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPLETION <input type="checkbox"/></p> <p>OTHER:</p>	<p>SUBSEQUENT REPORT OF:</p> <p>REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/></p> <p>COMMENCE DRILLING OPNS <input checked="" type="checkbox"/> X PLUG AND ABANDONMENT <input type="checkbox"/></p> <p>CASING TEST AND CEMENT JOB <input checked="" type="checkbox"/> X</p> <p>OTHER:</p>
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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.

9-10-08: Spud well, drilling 12-1/4" hole.
9-11-08: Drilled to 425'; set 8-5/8", 24#, J55, STC, new casing @ 410'. Cemented w/375 sx CI C + 2% CaCl. Circulated 50 sx to pit. WOC 12 + hrs. Pressure tested to 1000# for 30 minutes - held.
9-18-08: Reached total depth of 4175'. Ran 5-1/2", 15.5#, J55 casing to 4160'. Cemented w/650 sx lead, 50/50 poz, CI C, 5% salt + .125#sxcf + 3#sxlcm-1, 11.8#/gal, yield 2.45. Tailed w/300 sx 50/50 poz, CI C, 5% salt + 3#sxlcm-1 + 4/10 fl-25, 14.2#/gal, yield 1.3. Circulated 50 sx to pit - floats held. WOC, 12+hrs. Pressure tested to 1000# for 30 minutes - held. Rig release. Waiting on completion.

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.