

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.

30-025-38928

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

235

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

2. Name of Operator

Melrose Operating Company

3. Address of Operator

c/o Box 953 Midland, TX 79702

4. Well Location

Unit Letter A ; 627 feet from the North line and 1060 feet from the East line

Section 11 Township 22S Range 35E NMPM Lea County

11. Elevation (Show whether DR, RKB, RT, GR, etc.): 3582'GR

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

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐TEMPORARILY ABANDON ☐ CHANGE PLANSPULL OR ALTER CASING ☐ MULTIPLE COMPLETION ☐

OTHER:

SUBSEQUENT REPORT OF:

REMEDIAL WORK ALTERING CASING ☐COMMENCE DRILLING OPNS X PLUG AND ABANDONMENT ☐

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.

8-29-08: Spud well, drilling 12-1/4" hole.

8-30-08: Drilled to 425'; set 8-5/8", 24#, J55, STC, new casing @ 415'. Cemented w/375 sx Cl C + 2% CaCl. Circulated 60 sx to pit. WOC 12 + hrs. Pressure tested to 1000# for 30 minutes - held.

9-06-08: Reached total depth of 4188'. Ran 5-1/2", 15.5#, J55 casing to 4175'. Cemented w/400 sx lead, 50/50 poz, Cl C, 5% salt + .125#sxcf + 3#sxlcm-1, 11.8#/gal, yield 2.45. Tailed w/400 sx 50/50 poz, Cl C, 5% salt + 3#sxlcm-1 + 4/10 fl-25, 14.2#/gal, yield 1.3. WOC, 12+/hrs. Pressure tested to 1000# for 30 minutes - held. Rig release.

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: 10-8-08Type or print name Ann E. Ritchie E-mail address: ann.ritchie@wtor.net Telephone No. 432 684-6381

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APPROVED BY [Signature] TITLE PETROLEUM ENGINEER DATE OCT 23 2008

Conditions of approval, if any: