

Submit 3 Copies to:
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 Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

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DEC 12 2008

HOBBSOC

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. 30-025-38936 ✓
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 140 ✓
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 <u>K</u> ; <u>1980</u> feet from the <u>South</u> line and <u>2361</u> feet from the <u>West</u> line ✓ Section 14 Township 22S Range 35E NMPM Lea County	
11. Elevation (Show whether DR, RKB, RT, GR, etc.): 3591' 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 PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPLETION <input type="checkbox"/> OTHER:	SUBSEQUENT REPORT OF: REMEDIAL WORK 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.

11-19-08: Spudded well, drilling 12-1/4" hole. Reached TD of 425'.
11-20-08: Ran 8-5/8", 24#, J55, STC, new casing @ 417'. Cemented w/375 sx Cl C + 2% CaCl. Circulated 55 sx to pit. Pressure tested to 1000# for 30 minutes - held. WOC 12 + hrs.
11-25-08: Reached total depth of 4175'.
11-26-08: Ran 5-1/2", 15.5#, J55 casing to 4181'. Cemented w/450 sx lead, 50/50 poz, Cl C, 5% salt + .125#sxcf + 3#sxlcm-1, 11.8#/gal, yield 2.45. Tailed w/300 sx 50/50 poz, Cl C, 5% salt + 3#sxlcm-1, + 4/10 fl-25, 14.2#/gal, yield 1.3. Circulated 43 sx to pit. WOC 24 + 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: 12-4-08

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

(This space for State use)

APPROVED BY [Signature] TITLE PETROLEUM ENGINEER DATE DEC 17 2008
Conditions of approval, if any: