

State of New Mexico

Energy, Minerals and Natural Resources

Form C-103

Revised June 10, 2003

RECEIVED

DEC 22 2008

HOBBSD

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

WELL API NO.

30-025-38939 ✓

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

146 ✓

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 B ; 660 feet from the North line and 1700 feet from the East lineSection 23 Township 22-S Range 35-E NMPM Lea County

11. Elevation (Show whether DR, RKB, RT, GR, etc.): 3587'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.

12-09-08: Reached total depth of 4160'.

12-10-08: Ran 5-1/2", 15.5#, J55 casing to 4159'. Cemented w/400 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 45 sx to pit – float held. 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: 12-17-08Type or print name Ann E. Ritchie E-mail address: ann.wtor@gmail.com Telephone No. 432 684-6381

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APPROVED BY [Signature] TITLE PETROLEUM ENGINEER DATE DEC 22 2008

Conditions of approval, if any: