



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



May 26, 2009

Mr. Tony Beilman
Melrose Operating Company
1000 W. Wilshire, Suite 223
Oklahoma City, OK 73116

Re: Administrative Order WFX-852

Jalmat Field Yates Sand Unit
AOR Repair Requirements

Division administrative order WFX-852 was issued by the Division granting Melrose Operating Company permission to expand its Jalmat Field Yates Sand Unit by the addition of 23 injection wells. This order also requires the Cone Jalmat Yates Pool Unit ("CJYPU") Well No. 9 (API No. 30-025-08609) located 660 feet from the South line and 1980 feet from the West line, Unit N of Section 13, Township 22 South, Range 35 East, NMPM, Lea County, New Mexico, to be properly plugged prior to any injection into any of the approved injection wells.

Attempts to re-enter that well have failed and the well has been plugged from approximately 800 feet deep. Melrose has agreed to maintain the CJYPU Well No. 130, located on the same well pad as is Well No. 9, as a production well thereby forming a pressure sink next to this CJYPU Well No. 9 and protecting formations up-hole from vertical fluid movement. Well No. 130 was approved as an injection well, pending the successful plugging of Well No. 9, in Division administrative Order No. WFX-853, but will not be converted to injection.

A review of the map shows only two of the approved injection wells in WFX-852 (Well No. 159 in Unit F of Section 13 and Well No. 143 in Unit P of Section 14) may be within ½ mile of this well. In fact, these two wells are just on the edge of this ½ mile radius and each of these wells has four production wells located between the injection well location and the CJYPU Well No. 9 location – these are expected to form adequate diversionary pressure sinks. Order No WFX-852 does not need the requirement to plug the CYJSU Well No. 9 and it should be withdrawn.



The requirement within WFX-852 to plug and abandon the CJYPU Well No. 9 is hereby withdrawn.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark E. Fesmire", with a long horizontal flourish extending to the right.

MARK E. FESMIRE, P.E.
Director

cc: Oil Conservation Division – Hobbs
Administrative Order file: WFX-852
Well Files: API No. 30-025-38938 JFYSU Well No. 143
API No. 30-025-38868 JFYSU Well No. 159
API No. 30-025-08609 CJYPU Well No. 9