

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240
DISTRICT II
P.O. Drawer DD, Artesia, NM 88210
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

| |
|---|
| WELL API NO. 30 015 08591 |
| 5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/> |
| 6. State Oil & Gas Lease No. |
| 7. Lease Name or Unit Agreement Name Jalmat Field Yates Sand Unit |
| 8. Well No. 112 |
| 9. Pool name or Wildcat Artesia; QN-GR-SA |

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| 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 <input type="checkbox"/> Gas Well <input type="checkbox"/> OTHER <input checked="" type="checkbox"/> | |
| 2. Name of Operator Melrose Operating Company | |
| 3. Address of Operator c/o P.O. Box 953, , Midland, TX, 79702 | |
| 4. Well Location Unit Letter <u>DL</u> <u>1980</u> Feet From The <u>South</u> Line and <u>990</u> Feet From The <u>West</u> Line Section <u>11</u> Township <u>22S</u> Range <u>35E</u> NMPM <u>Lea</u> County | |
| 10. Elevation (Show whether DF, RKB, RT, GR, etc.) <u>3604' GR</u> | |

| | | | |
|--|---|---|---|
| 11 Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data | | | |
| NOTICE OF INTENTION TO: | SUBSEQUENT REPORT OF: | | |
| PERFORM REMEDIAL WORK <input type="checkbox"/> | PLUG AND ABANDON <input type="checkbox"/> | REMEDIAL WORK <input type="checkbox"/> | ALTERING CASING <input type="checkbox"/> |
| TEMPORARILY ABANDON <input type="checkbox"/> | CHANGE PLANS <input type="checkbox"/> | COMMENCE DRILLING OPNS. <input type="checkbox"/> | PLUG AND ABANDONMENT <input type="checkbox"/> |
| PULL OR ALTER CASING <input type="checkbox"/> | | CASING TEST AND CEMENT JOB <input type="checkbox"/> | |
| OTHER: <input type="checkbox"/> | | OTHER Status of P & A <input checked="" type="checkbox"/> | |

12. 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.
As Per NMOCD notice of 1-31-03 Melrose Operating Company will arrange to rig up on the Jalmat Field Yates Sand Unit, Well #112 to P & A according to the procedure submitted by Sundry Notice and approved by the NMOCD on 6-20-02 within the next 30 days. Remedial work failed, the well is shut-in. Melrose will notify the NMOCD 24 hours prior to the beginning of plugging operations.

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 2-28-03

TYPE OR PRINT NAME Ann E. Ritchie TELEPHONE NO. 915 684-6381

ORIGINAL SIGNED BY
(this space for State Use) GARY W. WINK
OC FIELD REPRESENTATIVE II/STAFF MANAGER

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY

MAR 06 2003



NEW MEXICO ENERGY, MINERALS and
NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

Journal of Interpersonal Violence 27(2)

¹ *Journal of the American Statistical Association*, 1990, 85, 1003-1010.

31-Jan-03

MELROSE OPERATING COMPANY

5813 NW GRAND BLVD STE B

OKLAHOMA CITY, OK 73118-

Dear Operator:

The following inspection(s) indicate one or more violations as described in the detail section below. The inspection(s) indicates that the well, equipment, location or operational status failed to meet standards of the New Mexico Oil Conservation Division. To comply with standards imposed by Rules and Regulations of the Division, corrective action must be taken immediately and the situation brought into compliance. The detail section below indicates preliminary findings and/or probable nature of the violation. This determination is based on an inspection of your well or facility by an inspector employed by the Oil Conservation Division.

Please notify the proper district office of the Division of the date corrective actions are scheduled to be made so that arrangements can be made to reinspect the well and/or facility.

INSPECTION DETAIL SECTION

JALMAT FIELD YATES SAND UNIT 112

L-11-22S-35E

30-025-08591-00-00

| Inspection Date | Type Inspection | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|-----------------|---------------------|-----------------|------------|------------------------------|---------------------------|----------------|
| 01/16/2003 | Compliance Verifica | Johnny Robinson | Yes | No | 2/31/2003 | JDR0301630697 |

Comments on Inspection: No well sign. Checked status of well failing BHT on 3/28/2002. Tbg-Casing annulus has 700 lbs. Repair well and call OCD for pressure test. Install a well sign. SECOND NOTICE OF VIOLATION.

Thank you for your prompt attention to this matter and your efforts in helping to protect our environment and the infrastructure of the oil and gas industry.

Sincerely,
Chris Williams
CHRIS WILLIAMS
OC DISTRICT SUPERVISOR/GENERAL MANAGER
Hobbs OCD District Office

*Significant Non-Compliance events are reported directly to the EPA, Region VI, Dallas, Texas.

Oil Conservation Division • 1625 N. French Drive • Hobbs, New Mexico 88240
Phone: 505-393-6161 • Fax: 505-393-0720 • <http://www.emnrd.state.nm.us>

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lobbs, New Mexico 88240
//www.cmrnd.state.nm.us

OIL CONSERVATION DIVISION

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Santa Fe, New Mexico 87504-2088

| | |
|--------------------------------------|--|
| WELL API NO. | 30 025 08591 |
| 5. Indicate Type of Lease | STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/> |
| 6. State Oil & Gas Lease No. | E 8244 |
| 7. Lease Name or Unit Agreement Name | Jalmat Field Yates Sand Unit |
| 8. Well No. | 112 |
| 9. Pool name or Wildcat | Jalmat, Tansill, Yates, Seven Rivers |

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|--|--|
| 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 <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> OTHER | |
| 2. Name of Operator Melrose Operating Co. | |
| 3. Address of Operator c/o P.O. Box 953, Midland, TX 79702 (915) 684-6381/(972) 771-6148 | |
| 4. Well Location Unit Letter PL 118' Feet From The North Line and 1310' Feet From The West Line Section 11 Township 22S Range 35E NMMPM Lea County | |
| 10. Elevation (Show whether DF, RKB, RT, GR, etc.) 3604' | |

Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data
NOTICE OF INTENTION TO: SUBSEQUENT REPORT OF:

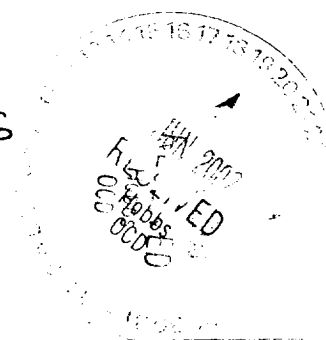
| | | | |
|--|--|--|---|
| PERFORM REMEDIAL WORK <input type="checkbox"/> | PLUG AND ABANDON <input checked="" type="checkbox"/> | REMEDIAL WORK <input type="checkbox"/> | ALTERING CASING <input type="checkbox"/> |
| TEMPORARILY ABANDON <input type="checkbox"/> | CHANGE PLANS <input type="checkbox"/> | COMMENCE DRILLING OPNS. <input type="checkbox"/> | PLUG AND ABANDONMENT <input type="checkbox"/> |
| PULL OR ALTER CASING <input type="checkbox"/> | | CASING TEST AND CEMENT JOB <input type="checkbox"/> | |
| OTHER: <input type="checkbox"/> | | OTHER: <input checked="" type="checkbox"/> P & A Procedure | |

12. 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.

Propose to P & A the Jalmat Unit, Well #112. After rigging up week of June 12, 2002 to pull tubing & packer, tubing & packer stuck, encountered junk @ 3550', ended up outside of casing, abandoned remedial work. Propose to P & A as follows:
Plug #1: CIBP @ 3500' with 35' of cement on top.
Plug #2: 1550-1450' w/25 sx cement - TS shows top of cement behind 5 1/2" @ 1500'.
Plug #3: 385-285' w/25 sx cement - 8 5/8" set @ 335' w/200 - circulated to surface.
Plug #4: 10' - surface - 5 sx. WOC. Set marker.

PERF 50' BELOW 8 5/8" SHOE 50' OUTSIDE + 50' INSIDE TAG
CEMENT @ 285'.

THE COMMISSION MUST BE NOTIFIED 24 HOURS PRIOR TO THE BEGINNING OF PLUGGING OPERATIONS FOR THE C-103 TO BE APPROVED.



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 6-17-02

TYPE OR PRINT NAME Ann E. Ritchie TELEPHONE NO. 915 684-6381

(this space for State Use)

APPROVED BY CARY W. VANK DATE JUN 20 2002

CONDITIONS OF APPROVAL, IF ANY: