

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/>			5. LEASE DESIGNATION AND SERIAL NO. NMLC-030132B	
b. TYPE OF WELL OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>			6. IF INDIAN, ALLOTTEE OR TRIBE NAME	
2. NAME OF OPERATOR Melrose Operating Company			7. UNIT AGREEMENT NAME	
3. ADDRESS AND TELEPHONE NO. P.O. Box 5061, Midland, Texas 79704			8. FARM OR LEASE NAME, WELL NO. Closson B Federal # 40	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface 660' FNL & 1650' FWL, Unit Letter C At proposed prod. zone Same			9. API WELL NO. 30-025-35386	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 12 miles SE of Eunice, New Mexico			10. FIELD AND POOL, OR WILDCAT Jalmat (TN-YT-7R)	
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE FT. (Also to nearest drilg. unit line, if any) 660'			11. SEC., T R., M OR BLK. AND SURVEY OR AREA Sec. 19, T-22S, R-36E	
16. NO. OF ACRES IN LEASE 1640			12. COUNTY OR PARISH 13. STATE Lea N.M.	
17. NO. OF ACRES ASSIGNED TO THIS WELL 40				
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL DRILLING COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 1320'			20. ROTARY OR CABLE TOOLS Rotary	
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 3572' Ground Level			22. APPROX. DATE WORK WILL START* January 15, 2001	

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4"	8-5/8" J-55	24#	400' *	375 sx
7-7/8"	4-1/2" J-55	9.5# or 10.5#	TD	700 sx

Plan to drill a 12-1/4" hole to 400' & set 8-5/8" surface cas. to 400' & cement to surface w/ 375 sx Class "C" cement. Drill a 7-7/8" hole to 3900' and run 4-1/2" production casing and cement to surface w/ 300 sx of Class "C" & 400 sx of Lite "C" with 6# salt/sx and 1/4# floccle. Will complete in the 7R/YT formation & stimulate as necessary for optimum production.

Exhibits:

1. Survey Plat
2. BOP Diagram
- 3A-D Area, Topo, Access & Lease Maps
4. 1 mile Radius Map
5. Drill Site Layout

Surface Use Plan
Drilling Program
H2S Operations Plan
Letter of Responsibility

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS

* As per NMOGA E-Mail dated 10/26/00 3:43pm(attached)

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout prevention program, if any.

24. SIGNED [Signature] TITLE Agent 915 6846381 DATE December 8, 2000

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY _____ TITLE _____ DATE _____

*See Instructions On Reverse Side

MP

