

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPLICATE*
(Other instructions on reverse side)

FORM APPROVED
OMB NO. 1004-0136
Expires February 28, 1995

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 # 41	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface 1980' FNL & 1650' FWL, Unit Letter F			9. API WELL NO. 30-025-35387	
At proposed prod. zone Same			10. FIELD AND POOL, OR WILDCAT Jalmat (TN-YT-7R)	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 12 miles SE of Eunice, New Mexico			11. SEC., T R., M OR BLK. AND SURVEY OR AREA Sec. 19, T-22S, R-36E	
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE FT. (Also to nearest drilg. unit line, if any) 1650'		16. NO. OF ACRES IN LEASE 1640	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'		19. PROPOSED DEPTH 3900'	20. ROTARY OR CABLE TOOLS Rotary	
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 3560' Ground Level			22. APPROX. DATE WORK WILL START* 1st quarter, 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' * 1535	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 casg. to 350' & cement to surface w/ 325 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:

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

Surface Use Plan
Drilling Program
H2S Operations Plan
Letter of Responsibility

OPER. GRID NO. 184860
PROPERTY NO. 25185
POOL CODE 33820
EXP. DATE 2-1-01
WELL NO. 30-025-35387

ROYAL SUBJECT TO
FEDERAL 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 preventer program, if any.

24. SIGNED Ann C. Rutledge 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:

Acting

APPROVED BY _____ TITLE _____ DATE _____

*See Instructions On Reverse Side

Handwritten initials and marks.

