CONDITION OF APPROVAL, IF ANY:

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

| Sundry Notices and Reports on | Wells |
|--|--|
| 1. Type of Well GAS | 5. Lease Number SF-078508 6. If Indian, All.or Tribe Name 7. Unit Agreement Name |
| 2. Name of Operator Meridian Oil Inc. | · · · · · · · · · · · · · · · · · · · |
| 3. Address & Phone No. of Operator Box 4289, Farmington, NM 87499 (505)326-9700 | 8. Well Name & NumberTeel #1A9. API Well No. |
| 4. Location of Well, Footage, Sec, T, R, M. 1565'S, 1760'E Sec.13, T-31-N, R-9-W, NMPM | 10.Field and Pool Blanco Mesa Verde 11.County and State San Juan County, NM |
| Notice of Intent Abandonment Recompletion Subsequent Report Plugging Back Casing Repair | f Action |
| 13. Describe Proposed or Completed Operations Reference is made to Union Texas Petroleum's per | emit to drill the Teel #1A |
| submitted 5-24-90 and approved 6-29-90. Meridian Oil Inc. will operate and drill this we 1565' FSL and 1760'FEL, Section 13, T-31-N, R-9- | |
| Submitted for review are: - plat | RECEIVED |
| operations planBOP diagramslaydown diagram w/cut and fill diagram | MAY3 1 1991. |
| | OIL CON. DIV. DIST. 3 |
| 14. I hereby certify that the foregoing is true Signed Will Title Regulatory | |
| (This space for Federal or State office use) | AS AMENDED |
| APPROVED BYTITLE | MAY 2 9 1991 |

General Well Data:

Well Name & Number--- Teel #1A

Location----- NE/SE/4 Sec.13,T31N,R09W

Surveyed Footages--- 1565'FSL - 1760'FEL County, State---- San Juan County, NM Field----- Blanco Mesaverde

Formation---- Mesaverde Surveyed Elevation-- 6484 'GL

Formation Tops:

| San Jose | Surf | Chacra | 4118 | , |
|-----------------|--------|-----------------|------|---|
| Ojo Alamo | 2234 ′ | Mesaverde | 4882 | , |
| Kirtland | 2351 ′ | Menefee | 5262 | , |
| Fruitland | 3016 ′ | Point Lookout | 5594 | , |
| Pictured Cliffs | 3356 ′ | Intermediate TD | 3800 | , |
| Lewis | 3601 ′ | Total Depth | 6100 | , |

BOP Specifications and Tests:

Surface to Intermediate TD -

11" 2000 psi minimum Double Gate BOP Stack (Reference Figure #1). After nipple-up prior to drilling out Surface Casing, Rams and Casing will be tested to 600 psi for 30 minutes.

Intermediate TD to Total Depth -

11" 2000 psi minimum Double Gate BOP Stack (Reference Figure #1). After nipple-up prior to drilling out Intermediate Casing, Rams and and Casing will be tested to 1500 psi for 30 minutes.

Surface to Total Depth -

2" nominal, 2000 psi minimum Choke Manifold (Reference Figure #3).

Completion Operations -

6" 3000 psi Double Gate BOP Stack (Reference Figure #2).

After nipple-up prior to Completion, Pipe Rams, Casing and Liner
Top will be tested to 3000 psi for 15 minutes.

Wellhead -

9 5/8" X 7" X 2 3/8" X 3000 psi Tree Assembly

General -

- * Pipe Rams will be actuated once each day and Blind Rams will be actuated once each trip to test proper functioning.
- * An Upper Kelly Cock Valve and Drill String Safety Valves to fit each drill string will be available on the rig floors at all times.
- * A BOP Pit Level Drill will be conducted weekly for each drilling crew.
- * All of the BOP Tests and Drills will be recorded in the Daily Drilling Reports.
- * Blind and Pipe Rams will be equipped with extension hand wheels.

<u>Proposed Program for Casing, Cementing and Drilling Operations:</u> Casing and Cementing Program:

| Interval(ft) | Hole Size | Csg. Size | Weight | Grade | Thread | Cond |
|--------------|--------------|--------------|--------|-------|----------|------|
| ======== | ====== | ====== | ===== | ===== | ======= | ==== |
| 0 - 200 | 12 1/4" | 9 5/8" | 36.0# | HC80 | 8rd LT&C | New |
| 0 - 3800 | 8 3/4" | 7" | 23.0# | K-55 | 8rd LT&C | New |
| 3650 - 6100 | 6 1/4" | 4 1/2" | 10.5# | J-55 | 8rd ST&C | New |

Surface Casing - 9 5/8"

Cement to Surface with 160 sacks of Class "B" Cement with 3% Calcium Cloride and 1/4# Cellophane Flakes per sack. WOC 12 hours prior to drilling out Surface Casing.

Slurry volume: 188 ft^3. Excess slurry: 200%.

Saw Tooth Guide Shoe on bottom. Bowspring Centralizers on bottom and one every fourth joint to surface.

Intermediate Casing - 7"

Cement to Surface. Lead with 690 sacks of 65/35 Class "B" Pozmix Cement with 6% Gel, 2% Calcium Chloride, 5# Gilsonite per sack and 1/4# Cellophane Flakes per sack. Tail with 100 sacks of Class "B" Cement with 2% Calcium Chloride. WOC a minimum of 12 hours prior to drilling out Intermediate Casing. A Temperature Log will be run in eight (8) hours if cement does not circulate. Slurry volume: 1343 ft^3. Excess slurry: 135%.

Cement Nose Guide Shoe on bottom with Float Collar spaced on top of shoe joint. Three Bowspring Centralizers spaced every other joint off bottom. Two Turbolating Centralizers spaced at the base of the Ojo Alamo 2351 '. Bowspring Centralizers spaced every fourth joint from the base of the Ojo Alamo to the base of the Surface Casing.

Production Liner - 4 1/2"

Cement to circulate Liner Top with 350 sacks of 50/50 Class "B" Pozmix Cement with 2% Gel, 0.6% Fluid Loss Additive, 6 1/4# Gilsonite per sack and 1/4# Cellophane Flakes per sack. WOC a minimum of 18 hours prior to completing. Slurry volume: 440 ft^3. Excess slurry: 75%.

Cement Nose Guide Shoe on bottom with Float Collar spaced on top of shoe joint. Bowspring Centralizers spaced every other joint 9 joints off bottom to the top of the Mesaverde or above. The Liner Hanger will have a Rubber Packoff.

General -

- * If hole conditions permit, an adequate water spacer will be pumped ahead of each cement job to prevent cement/mud contamination or cement hydration.
- * The pipe will be rotated and/or reciprocated, if hole conditions permit.
- * The Cementing Contractor will provide the BLM with a chronological log of the pump rate, pump pressure, slurry density and volume for all cement jobs.

Page 3 OPERATIONS PLAN Date: 04/29/91

Special Drilling Operations (Gas/Mist Drilling):

The following equipment will be operational while gas/mist drilling.

- * An anchored Blooie Line will be utilized to discharge all cuttings and circulating medium to the blow pit a minimum of 100' from the wellhead.
- * The Blooie Line will be equipped with an Automatic Igniter or Pilot Light.
- * Compressors will be located a minimum of 100' from the wellhead in the opposite direction from the Blooie Line.
- * Engines will have Spark Arresters or Water Cooled Exhaust.
- * Deduster Equipment will be utilized.
- * The Rotating Head will be properly lubricated and maintained.
- * A Float Valve will be utilized above the bit.
- * Mud Circulating Equipment, Water, and Mud Materials will be sufficient to maintain control of the well.

Mud Program:

| | | | Visc | |
|-------------------------|----------|-------------|--------|------------|
| <pre>Interval(ft)</pre> | Type | Weight(ppg) | (s/qt) | Fluid Loss |
| ========= | ======= | ========== | ====== | ========= |
| 0 - 200 | Spud | 8.4 - 8.9 | 40-50 | No Control |
| 200 - 3800 | Non-Disp | 8.4 - 10.2 | 30-60 | No Control |
| 3800 - 6100 | Gas/Mist | N/A | N/A | N/A |

General -

* Pit Levels will be visually monitered to detect Gain or Loss of circulating fluid volume.

Logging/Coring/DST Program:

Openhole Wireline Logging -

@ Intermediate TD : None
@ Total Depth : CNL/DIL/LDT/Temp/GR/FMS

Mud Logs/Coring/DST -

Mud Logs - None Coring - None DST -None

Anticipated Abnormal Temperature, Pressure, or Hazards:

- * No Abnormal Temperatures or Hazards are anticipated.
- * Abnormal Bottom-Hole Pressures are anticipated as follows: Fruitland Coal 1600 psi or 9.6 ppg

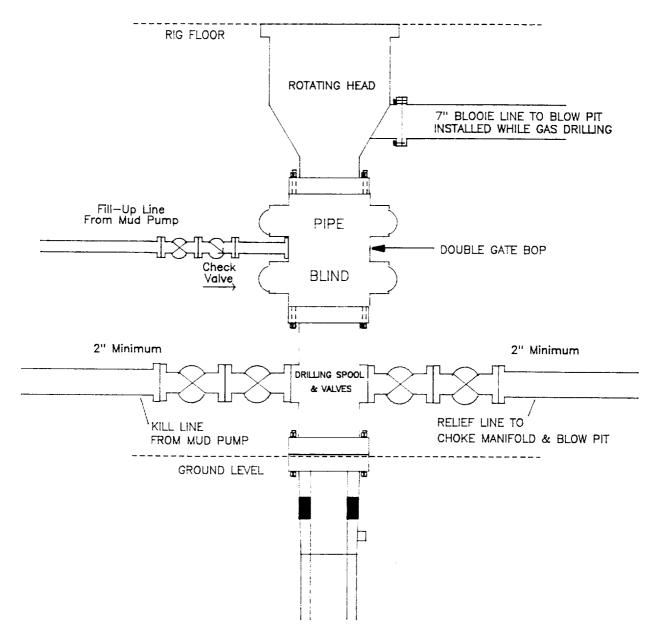
No other Abnormal Bottom-Hole Pressures are anticipated.

Additional Information:

- * The Mesaverde formation will be completed.
- * The E/2 of Sec.13,T31N,R09W is dedicated to this well.
- * This gas is dedicated.
- * Tubing: 6100 ' of 2 3/8" 4.7# J-55

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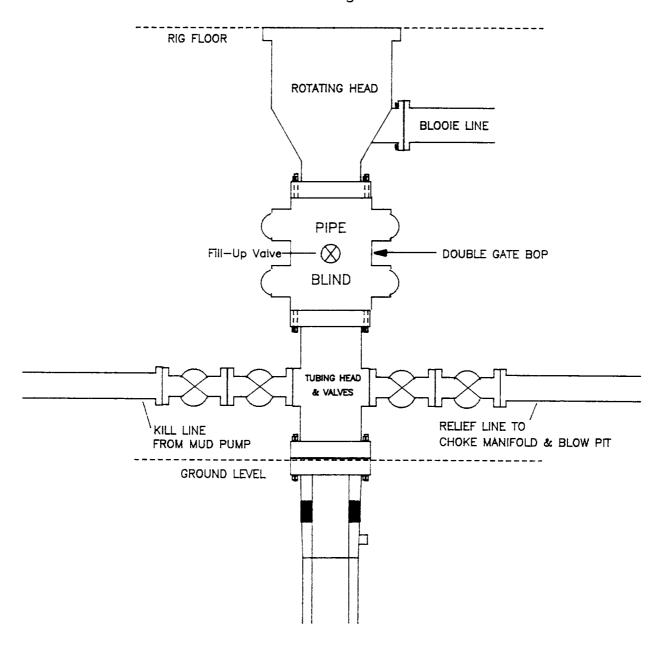
Mesaverde Well BOP Configuration



Minimum BOP installation for a Mesaverde well from Surface to Total Depth. 11" Bore, 2000psi minimum working pressure double gate BOP to be equipped with blind and pipe rams. A Schaffer Type 50 or equivalent rotating head to be installed on the top of the BOP. All equipment is 2000psi working pressure or greater.

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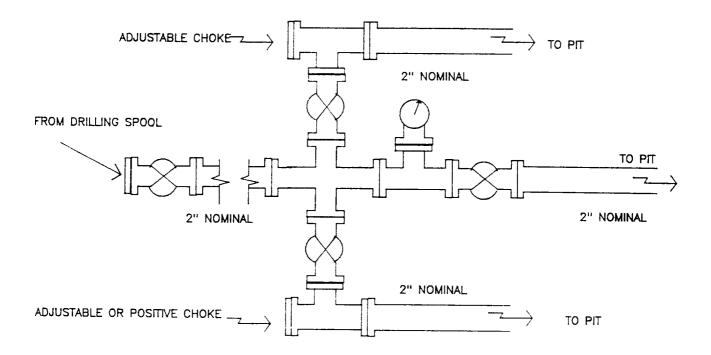
Mesaverde Well — Completion Rig BOP Configuration



Minimum BOP installation for Completion Operations. 7 1/16" Bore (6" Nominal), 3000psi minimum working pressure double gate BOP to be equipped with blind and pipe rams.

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Mesaverde Well Choke Manifold Configuration



Minimum choke manifold installation from surface to Total Depth. 2" minimum, 2000psi working pressure equipment with two chokes.

