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-080517

6. IF INDIAN,ALL. OR TRIBE NAME

2. OPERATOR
MERIDIAN OIL INC.

7. UNIT AGREEMENT NAME

3. ADDRESS & PHONE NO. OF OPERATOR
P O BOX 4289
FARMINGTON, NM 87499

8. FARM OR LEASE NAME
PAYNE

9. WELL NO.
221

4. LOCATION OF WELL
1860'FNL 1255'FEL

10. FIELD,POOL,OR WILDCAT
BASIN FRUITLAND COAL

11. SEC. T. R. M OR BLK.
SEC. 22 T32N R10W NMPM

14. PERMIT NO.	15. ELEVATIONS	12. COUNTY	13. STATE
	6157'GL	SAN JUAN	NM

16. SUBSEQUENT REPORT OF: Amended Application for Permit to Drill

Operator & Name Change

17. Describe proposed or completed operations

From:

Reference is made to Union Texas Petroleum's Applicaton for Permit to Drill the PAYNE 22 #1 approved 03-20-90.

Meridian Oil Inc. will operate and drill this well as the PAYNE #221 at 1860'FNL and 1255'FEL of Section 22 of Township T32N and Range R10W.

Submitted for review:

- C102
- Operations Plan
- BOP Diagrams
- Location Laydown
- Cut and Fill Diagram
- Facilities Diagram

RECEIVED
AUG 3 1990
OIL CON. DIV.
DIST. 3

18. AUTHORIZED BY: Peggy Bradfield
REGULATORY AFFAIRS

7-10-90
DATE

NOTE: THIS FORMAT IS ISSUED IN LIEU OF US BLM FORM 3160-5.

(This space for Federal or State office use)

APPROVED

APPROVED BY _____ TITLE _____ DATE JUL 24 1990

CONDITION OF APPROVAL, IF ANY:

for AREA MANAGER

dfc (3)

Submit to Appropriate
District Office
State Lease - 4 copies
Fee Lease - 3 copies

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

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

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

Form C-102
Revised 1-1-89

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator	Lease	Well No.
Meridian Oil Inc.	Payne (SF-080517)	221

Unit Letter	Section	Township	Range	County
H	22	32 North	10 West NMPM	San Juan

Actual Footage Location of Well:
1860 feet from the North line and 1255 feet from the East line

Ground level Elev.	Producing Formation	Pool	Dedicated Acreage:
6157'	Fruitland Coal	Basin	302.93 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.

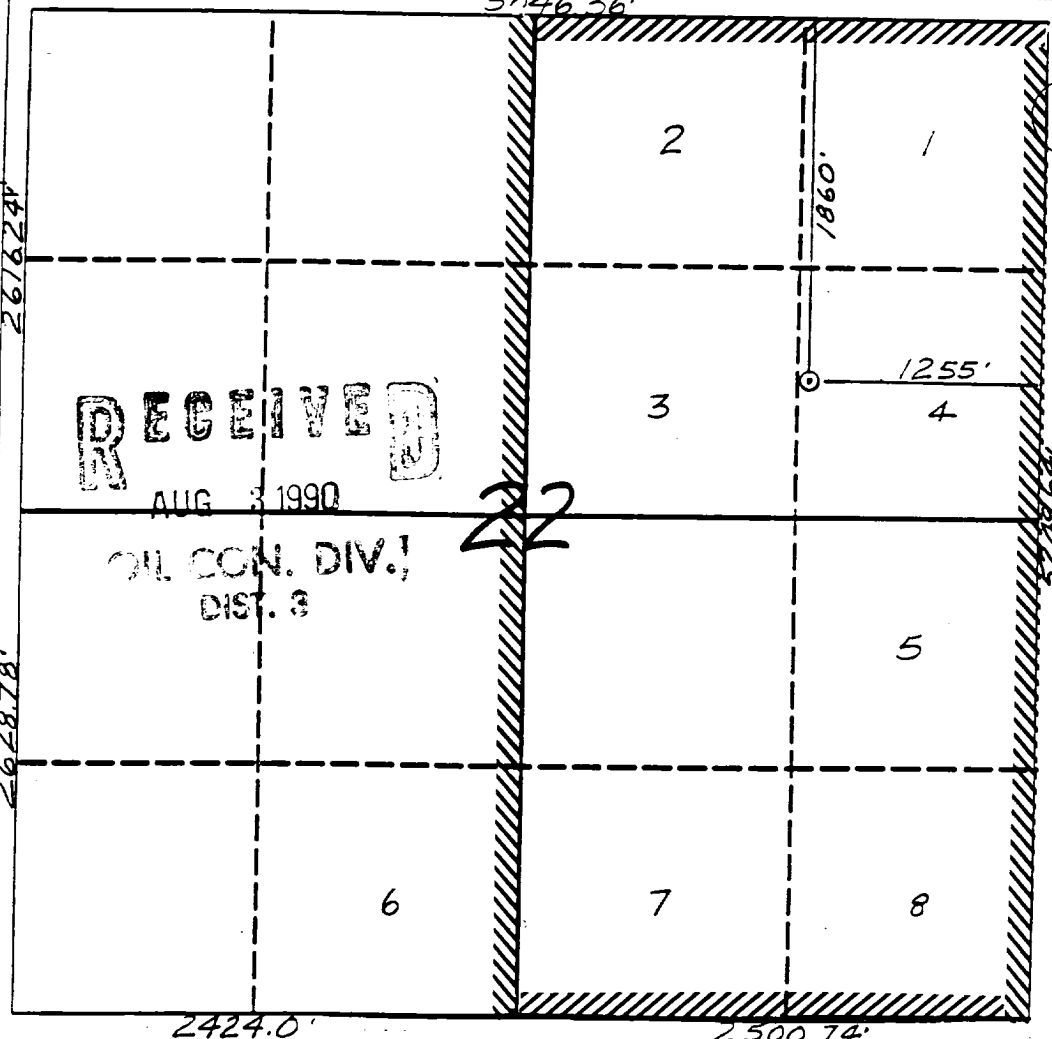
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

3. If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?

☐ Yes ☐ No If answer is "yes" type of consolidation _____

If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary. _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



RECEIVED
AUG 3 1990
OIL CON. DIV.
DIST. 3

OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature: Peggy Bradfield

Peggy Bradfield
Printed Name

Regulatory Affairs
Position

Meridian Oil Inc.
Company

7-10-90
Date

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervison, and that the same is true and correct to the best of my knowledge and belief.

7-2-90
Date Surveyed

Signature & Seal of Professional Surveyor

NEW MEXICO 6857 REGISTERED LAND SURVEYOR

6857
Certificate No.

Neale C. Edwards

OPERATIONS PLAN

DATE: JUL 10,1990

Well Name: 221 PAYNE
Sec. 22 T32N R10W
BASIN FRUITLAND COAL

1860'FNL 1255'FEL
SAN JUAN NEW MEXICO
Elevation 6157'GL

Formation tops:
Surface- NACIMENTO
Ojo Alamo- 1273
Kirtland- 1288
Fruitland- 2492
Fruitland Coal Top- 2688
Fruitland Coal Base- 2942
Pictured Cliffs- 2961

Intermediate TD- 2668
Total Depth- 2944

Logging Program: Mud logs from intermediate to total depth.

Mud Program:	Interval	Type	Weight	Visc.	Fl. Loss
	0 - 350	Spud	8.4 - 8.9	40-50	no control
	350 - 2668	Non-dispersed	8.4 - 9.1	30-60	no control
	2668 - 2944	Formation Water	8.4		no control

Casing Program:	Hole Size	Depth Interval	Csg. Size	Weight	Grade
	12 1/4"	0 - 350	9 5/8"	32.3#	H-40
	8 3/4"	0 - 2668	7"	20.0#	K-55
	6 1/4"	2618 - 2944	5 1/2"	15.5#	K-55
Tubing Program:		0 - 2944	2 7/8"	6.5#	J-55

Float Equipment: 9 5/8" surface casing - saw tooth guide shoe. Centralizers will be run in accordance with Onshore Order #2.

7" intermediate casing - guide shoe and self-fill insert float valve. Three centralizers run every other joint above shoe. Run insert float one joint above the guide shoe. Two turbolizing type centralizers - one below and one into the base of the Ojo Alamo @ 1288' . Standard centralizers thereafter every fourth joint up to the base of the surface pipe.

5 1/2" production casing - float shoe on bottom and a pre-drilled liner run to the 7" casing with a minimum 50' overlap. Liner hanger is a double slip grip type.

Wellhead Equipment: 9 5/8" x 7" x 2 7/8" x 11" 3000 psi xmas tree assembly.

Cementing:
9 5/8" surface casing - cement with 279 sacks of class "B" cement with 1/4# flocele/sack and 3% calcium chloride (329 cu ft. of slurry, 200% excess to circulate to surface). WOC 12 hours. Test casing to 600 psi for 30 minutes.

7" intermediate casing - lead with 384 sacks of 65/35 class "B" poz with 6% gel, 2% calcium chloride and 1/2 cu ft. Perlite/sack (10.3 gallons of water/sack) tail with 100 sacks of class "B" with 2% calcium chloride. 860 cu ft. of slurry, 110% excess to circulate to surface. If hole conditions permit, a 600 ft spacer will be run ahead of the cement slurry to avoid mud contamination of the cement. WOC 12 hours. If cement does not circulate to surface, a temperature log will be run after 8 hours to determine TOC.

5 1/2" liner - do not cement.

BOP and Tests:

Surface to intermediate TD - 11" 2000 psi(minimum) double gate BOP stack (Reference Figure #1). Prior to drilling out surface casing, test rams to 600 psi for 30 minutes.

Intermediate TD to TD - 7 1/16" 2000 psi(minimum) double gate BOP stack (Reference Figure #2). Prior to drilling out intermediate casing, test blind rams and casing to 2500 psi for 30 minutes; all pipe rams and casing to 2500 psi for 30 minutes each.

From surface to TD - choke manifold (Reference Figure #3).

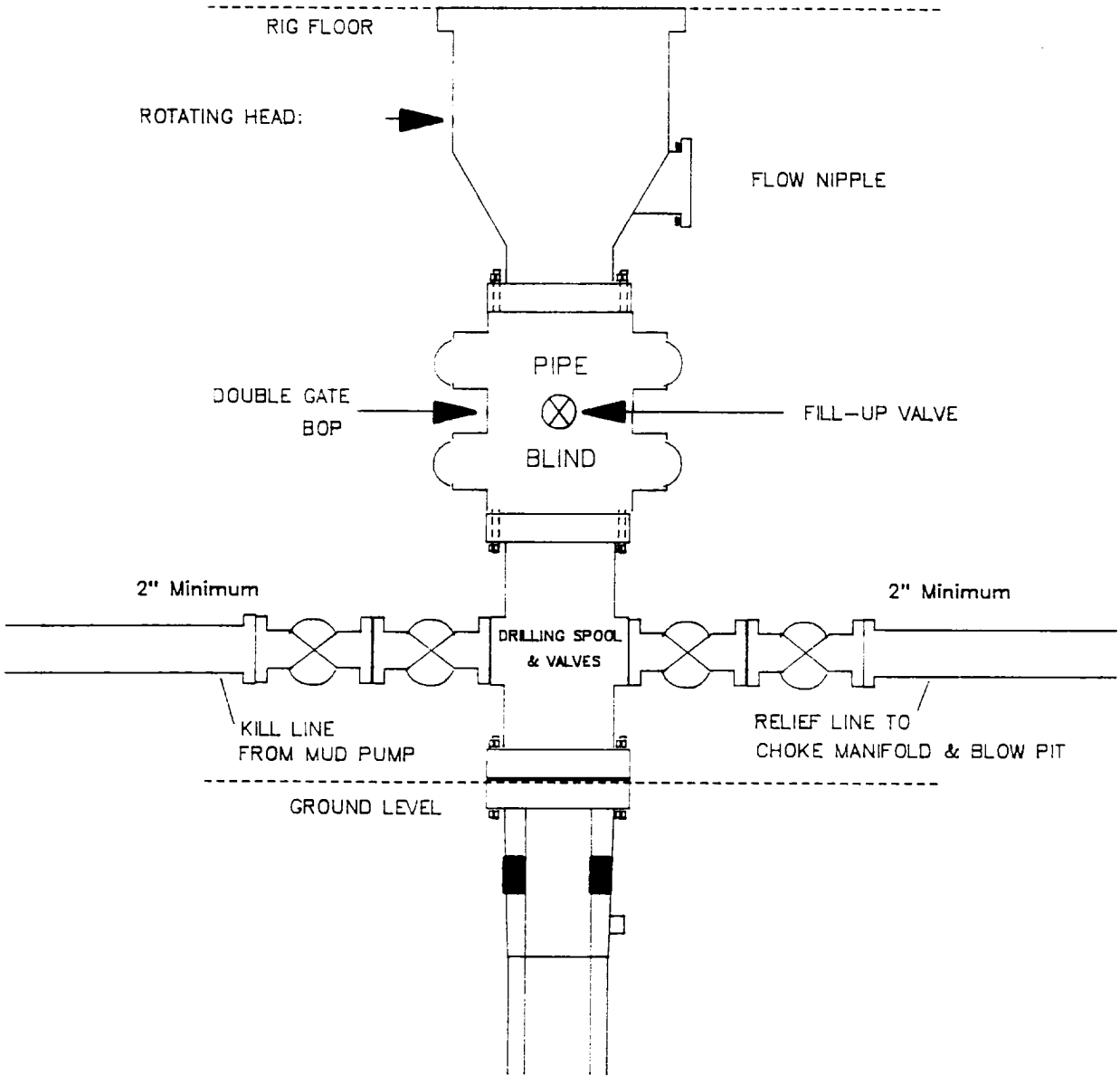
Pipe rams will be actuated at least once each day and blind rams actuated once each trip to test proper functioning. An upper kelly cock valve with handle and drill string safety valves to fit each drill string will be maintained and available on the rig floor.

Additional Information:

* The Fruitland coal formation will be completed.
* Anticipated Fruitland pore pressure is 1553 psi.
* This gas is dedicated.
* The E/2 of Section 22 is dedicated to this well.
* New casing will be utilized.
* Cementing Contractor will provide the BLM with a chronological log including the pump rate and pressure, and the slurry density and volume for all cement jobs.
* Pipe movement (either rotation or reciprocation) will be done if hole conditions permit.

MERIDIAN OIL INC.

Drilling Rig
BOP Configuration

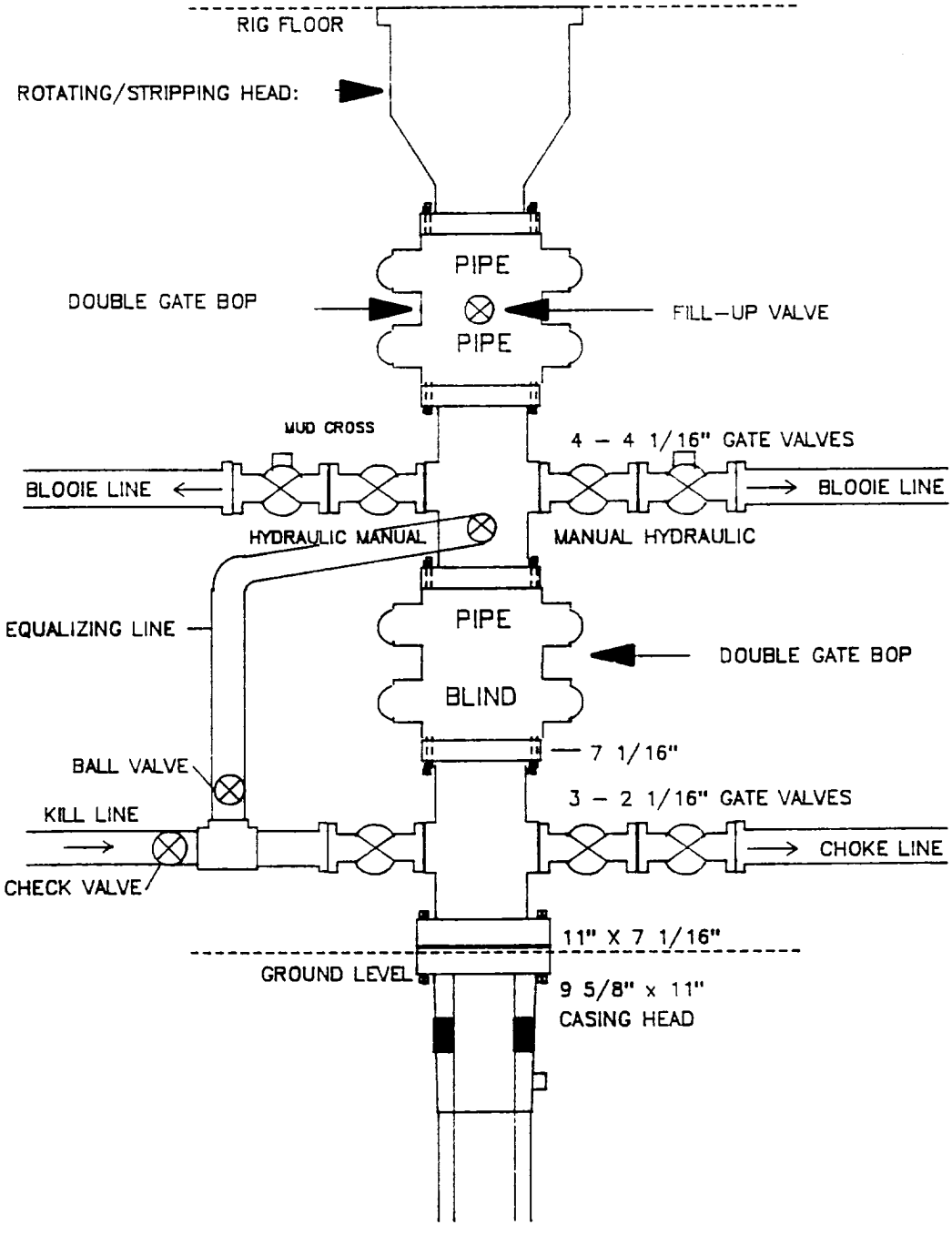


Minimum BOP installation for a typical Fruitland Coal well from surface to Intermediate casing point. 11" Bore (10" Nominal), 2000psi minimum working pressure double gate BOP to be equipped with blind and pipe rams. A Schaffer Type 50 equivalent rotating head to be installed on the top of BOP. All equipment is 2000psi working pressure/or greater.

Figure #1

AMS/02-05-90

MERIDIAN OIL INC.
Completion Rig
BOP Configuration



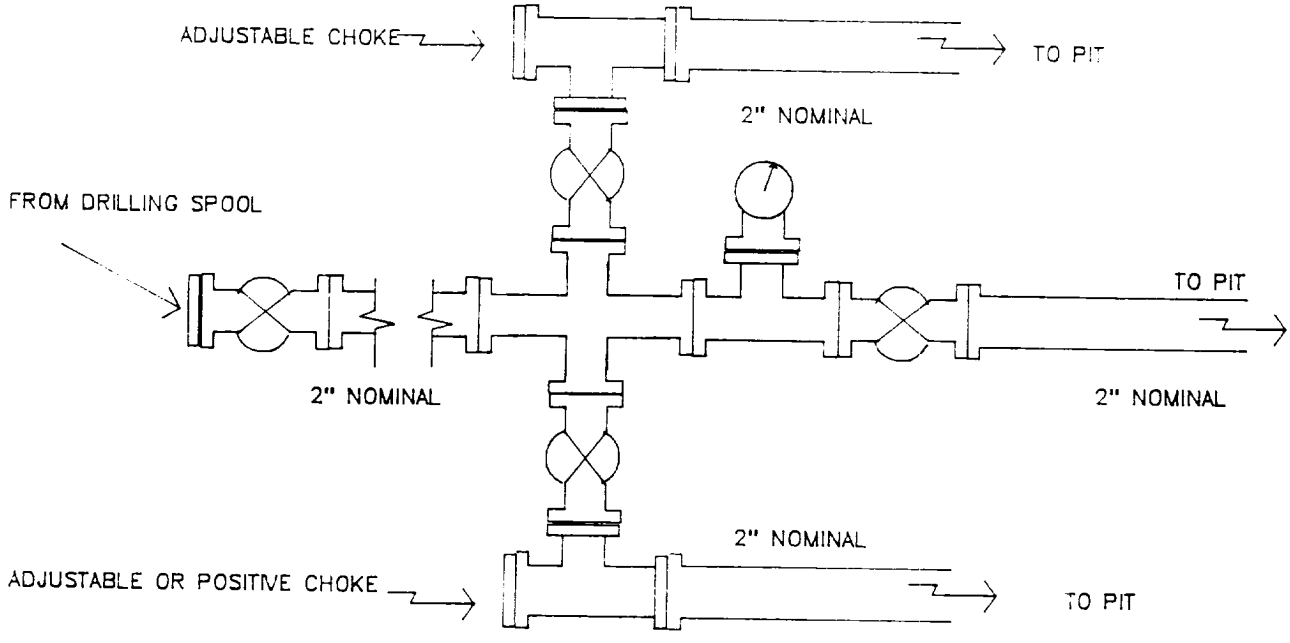
Minimum BOP installation for a typical open-hole Fruitland Coal well from intermediate TD to TD. 7 1/16" Bore (6" Nominal), 2000psi working pressure/ or greater double stack double gate BOP equipped with three pipe and one blind ram.

Figure #2

AMS/02-05-90

MERIDIAN OIL INC.

Typical Fruitland Coal Well
Choke Manifold Configuration



Minimum choke manifold installation for a typical Fruitland Coal well from surface to Total Depth. 2", 2000psi working pressure equipment with two chokes.

Figure #3

AMS/01-31-90

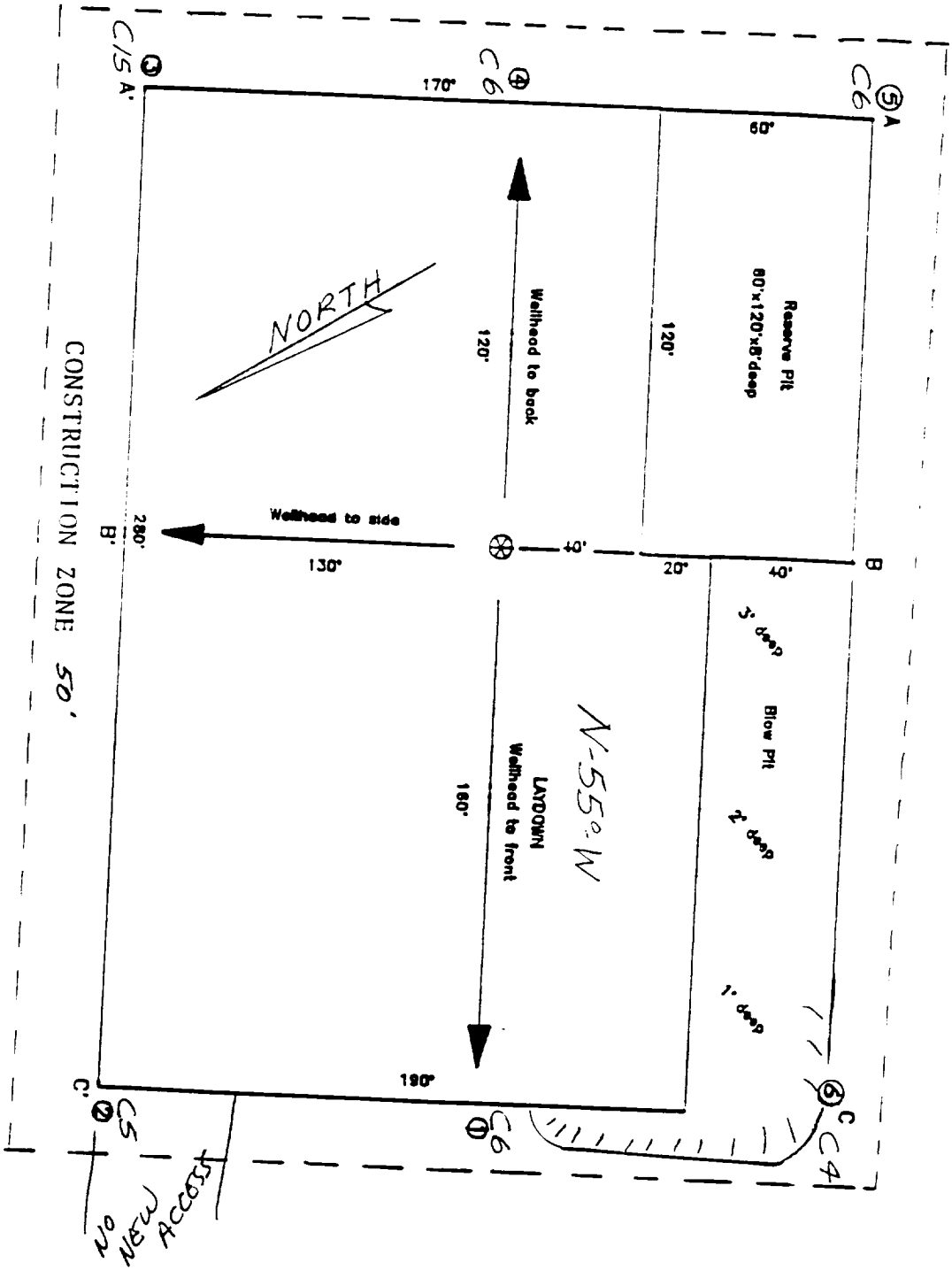


EXHIBIT: _____

Name: MOI Payne # 221

Footage: 1860' FNL, 1255' FEL,

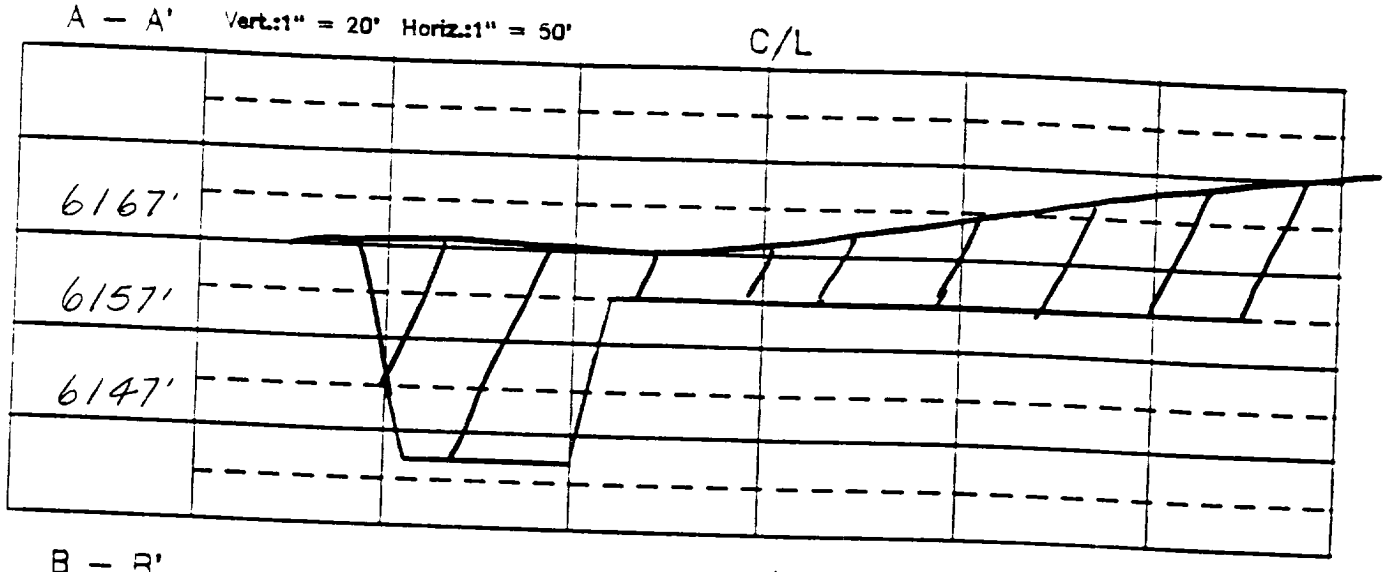
Sec 22 T- 32 -N, R- 10 -W NMPM

Co. San Juan St. N.M.

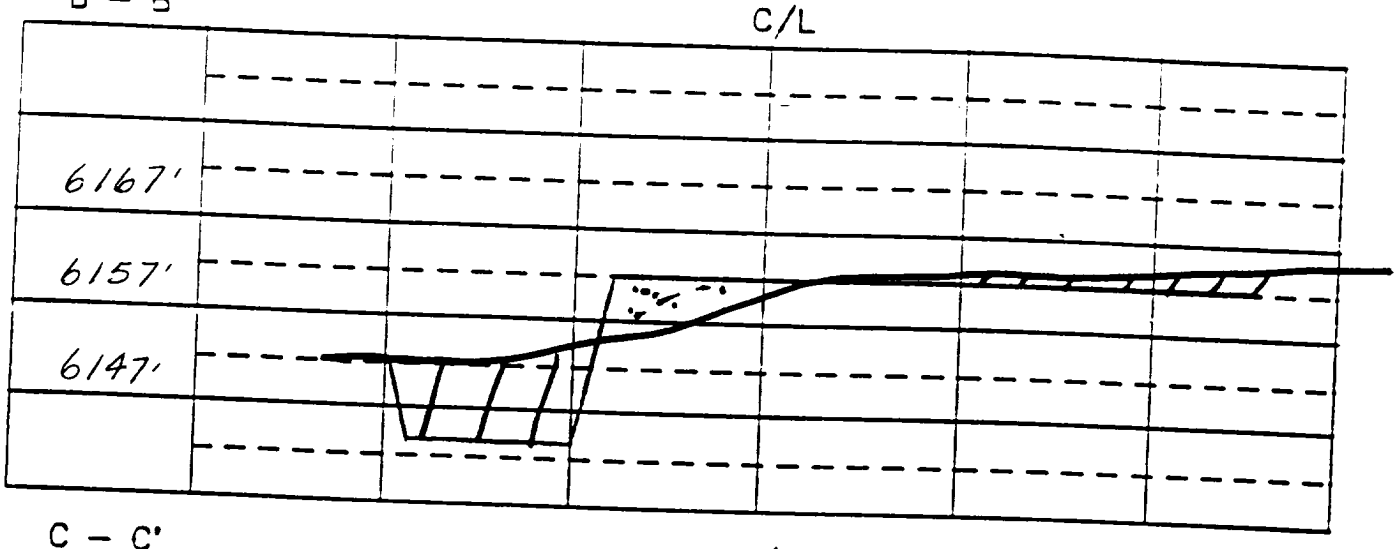
Elevation: 6157' Date: 7-2-90

Plat 2
2/3/90

A – A' Vert.:1" = 20' Horiz.:1" = 50'



B – B'



C – C'

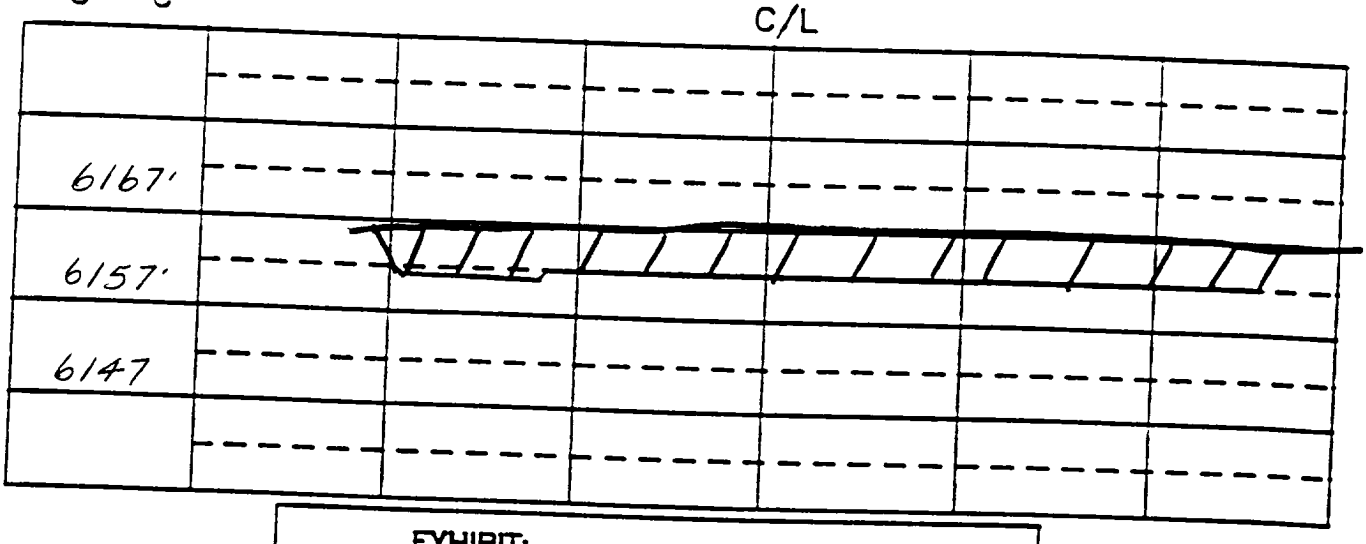


EXHIBIT: _____

Name: MOI Payne # 221

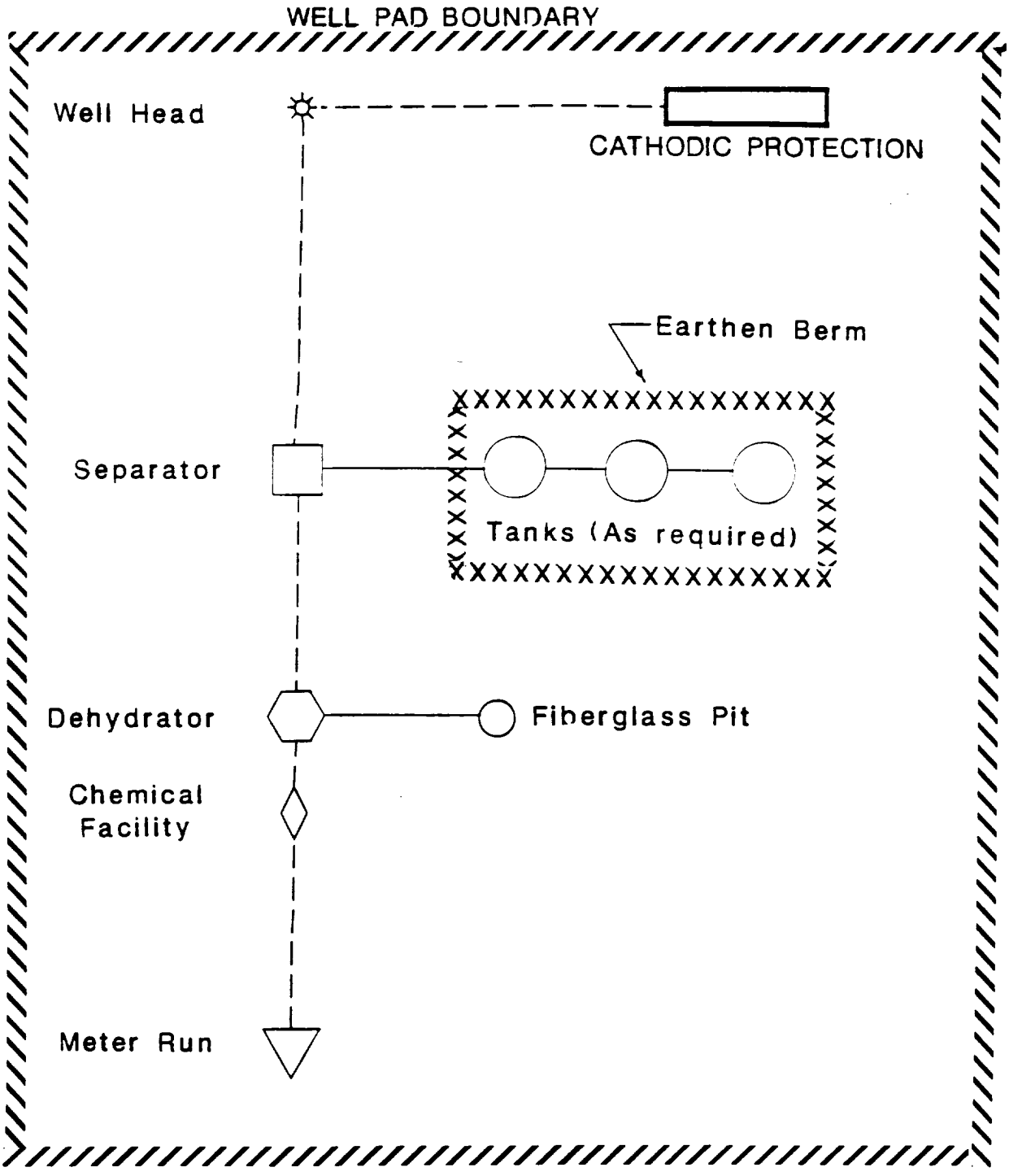
Footage: 1860' FNL, 1255' FEL,

Sec 22 T- 32 -N,R- 10 -W NMPM

Co. San Juan St. N.M.

Elevation: 6157' Date: 7-2-90

Plat XC
2/4/90



PLAT #1

MERIDIAN OIL

ANTICIPATED PRODUCTION FACILITIES FOR A FRUITLAND WELL

KFR 2/90