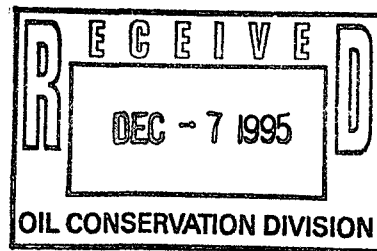


December 6, 1995

Sent Federal Express

Mr. William LeMay
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505



Re: McConnell #500
1780'FNL, 2180'FEL Section 13, T-26-N, R-9-W - San Juan County, New Mexico
API # 30-045-(not yet assigned)

Dear Mr. LeMay:

Meridian Oil Inc. is applying for administrative approval of a non-standard location for the above location in the Basin Fruitland Coal formation. This application for the referenced location is due to terrain as shown on the topographic map, the presence of extensive archaeology and an endangered plant specie.

The following attachments are for your review:

1. Application for Permit to Drill.
2. Completed C-102 at referenced location.
3. Offset operators/owners plat.
4. 7.5 minute topographic map showing the orthodox windows, and enlargement of the map to define topographic features.

A copy of this application is being submitted to all offset owners/ operators by certified mail with a request that they furnish you with a Waiver of Objection, and return one copy to this office.

Sincerely,


Peggy Bradfield
Regulatory/Compliance Representative
encs.

WAIVER

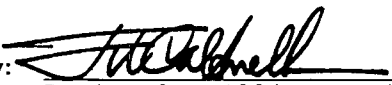
_____ hereby waives objection to Meridian Oil's application for a non-standard location for their McConnell #500 as proposed above.

By: _____ Date: _____

xc: Margaret Doris McConnell
O.J. Lilly
Barbara Ann Bruss
Barbara I. McConnell

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

| | |
|---|---|
| 1a. Type of Work DRILL | 5. Lease Number NM-09840 Unit Reporting Number |
| 1b. Type of Well GAS | 6. If Indian, All. or Tribe |
| 2. Operator MERIDIAN OIL | 7. Unit Agreement Name |
| 3. Address & Phone No. of Operator PO Box 4289, Farmington, NM 87499 (505) 326-9700 | 8. Farm or Lease Name McConnell 9. Well Number 500 |
| 4. Location of Well 1780' FNL, 2180' FEL Latitude 36° 29.1, Longitude 107° 44.3 | 10. Field, Pool, Wildcat Basin Ft Coal 11. Sec., Twn, Rge, Mer. (NMPM) Sec 13, T-26-N, R-9-W API # 30-045- |
| 14. Distance in Miles from Nearest Town 7 miles to Huerfano Trading Post | 12. County San Juan |
| | 13. State NM |
| 15. Distance from Proposed Location to Nearest Property or Lease Line 1780' | |
| 16. Acres in Lease | 17. Acres Assigned to Well 320 E/2 |
| 18. Distance from Proposed Location to Nearest Well, Drlg, Compl, or Applied for on this Lease 400' | |
| 19. Proposed Depth 2250' | 20. Rotary or Cable Tools Rotary |
| 21. Elevations (DF, FT, GR, Etc.) 6273' GR | 22. Approx. Date Work will Start 4th quarter 1995 |
| 23. Proposed Casing and Cementing Program See Operations Plan attached | |
| 24. Authorized by:  Regional Drilling Engineer | Date <u>11/2/95</u> |

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY _____ TITLE _____ DATE _____

Archaeological Report to be submitted
Threatened and Endangered Species Report to be submitted
NOTE: This format is issued in lieu of U.S. BLM Form 3160-3

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-10
Revised February 21, 1991
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|-----------------------|------------------------------------|-----------------------------------|
| API Number 30-045- | Pool Code 71629 | Pool Name Basin Fruitland Coal |
| Property Code 7299 | Property Name McCONNELL | Well Number 500 |
| OGRID No. 14538 | Operator Name MERIDIAN OIL INC. | Elevation 6273' |

10 Surface Location


| | | | | | | | | | |
|--------------------|---------------|------------------|--------------|---------|-----------------------|---------------------------|-----------------------|------------------------|----------------|
| UL or lot no. G | Section 13 | Township 26 N | Range 9 W | Lot Idn | Feet from the 1780 | North/South line North | Feet from the 2180 | East/West line East | County S.J. |
|--------------------|---------------|------------------|--------------|---------|-----------------------|---------------------------|-----------------------|------------------------|----------------|

11 Bottom Hole Location If Different From Surface

| | | | | | | | | | |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|

| | | | |
|-----------------------------|--------------------|-----------------------|--------------|
| 12 Dedicated Acres E/320 | 13 Joint or Infill | 14 Consolidation Code | 15 Order No. |
|-----------------------------|--------------------|-----------------------|--------------|

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

| | | |
|---------------------------------------|----------------|---|
| 16 Re-issued due to moved location | 5208.72' | 17 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 Printed Name Regulatory Administrator Title 11-1-95 Date |
| 5271.42' | 13 NM-09840 | 18 SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by or under my supervision, and that the same is true and correct to the best of my belief. 9-27-95 Date of Survey NEALE C. EDWARDS Signature and Seal of Professional Surveyor 9857 Certificate Number |
| | 5217.30' | |

OPERATIONS PLAN

Well Name: McConnell #500
Location: 1780' FNL, 2180' FEL Section 13, T-26-N, R-9-W
 San Juan County, New Mexico
 Latitude 36° 29.1, Longitude 107° 44.3
Formation: Basin Fruitland Coal
Elevation: 6273' GL

| Formation: | Top | Bottom | Contents |
|-----------------|------------|--------|----------|
| Surface | Nacimiento | 1202' | |
| Ojo Alamo | 1202' | 1309' | aquifer |
| Kirtland | 1309' | 1701' | |
| Fruitland | 1701' | 1986' | |
| Fruitland Coal | 1843' | 1986' | |
| Pictured Cliffs | 1986' | | |
| Total Depth | 2250' | | |

Logging Program: Mud logs: 1700' to TD
 Dens/Neut/Por; Density/Corr; Micro/GR; Numar MR: 1700-TD
 Ind/SP/GR: to TD

Mud Program:

| Interval | Type | Weight | Vis. | Fluid Loss |
|-----------|---------------|---------|-------|------------|
| 0- 200' | Spud | 8.4-8.9 | 40-50 | no control |
| 200-2250' | Non-dispersed | 8.4-9.5 | 30-60 | no control |

Casing Program:

| Hole Size | Depth Interval | Csg. Size | Wt. | Grade |
|-----------|----------------|-----------|-------|-------|
| 12 1/4" | 0 - 200' | 8 5/8" | 24.0# | H-40 |
| 7 7/8" | 0 - 2250' | 4 1/2" | 10.5# | K-55 |

Tubing Program:

| | | | |
|-----------|--------|------|------|
| 0 - 2250' | 2 3/8" | 4.7# | J-55 |
|-----------|--------|------|------|

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

4 1/2" production casing - float shoe on bottom. Three centralizers run every other joint above shoe. Two centralizers run every 3rd joint to the base of the Ojo Alamo @ 1309'. Two turbolizing type centralizers - one below and one into the base of the Ojo Alamo @ 1309'. Standard centralizers thereafter every fourth joint up to the base of the surface pipe.

Wellhead Equipment: 8 5/8" x 4 1/2" x 2 3/8" x 11" 2000 psi xmas tree assembly.

November 2, 1995

Cementing:

8 5/8" surface casing - cement with 235 sx Class "B" cement with 1/4# flocele/sx and 3% calcium chloride (298 cu.ft. of slurry, 200% excess to circulate to surface). WOC 12 hrs. Test casing to 600 psi/30 minutes.

4 1/2" production casing - Lead w/518 sx of 65/35 Class "B" Poz w/6% gel, 2% calcium chloride, and 1/4# flocele/sx. Tail w/100 sx Class "B" w/2% calcium chloride (1002 cu.ft. of slurry, 75% excess to circulate to surface). WOC 12 hrs. If cement does not circulate to surface, a temperature log will be run after 8 hours to determine TOC.

BOP and tests:

Surface to TD - 11" 2000 psi (minimum double gate BOP stack (Reference Figure #1 and #2)). Prior to drilling out surface casing, test rams to 600 psi/30 min.

Completion - 6" 2000 psi (minimum) double gate BOP stack (Reference Figure #2). Prior to completion operations, test rams and casing to 2000 psi/15 min.

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

Pipe rams will be actuated to 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.

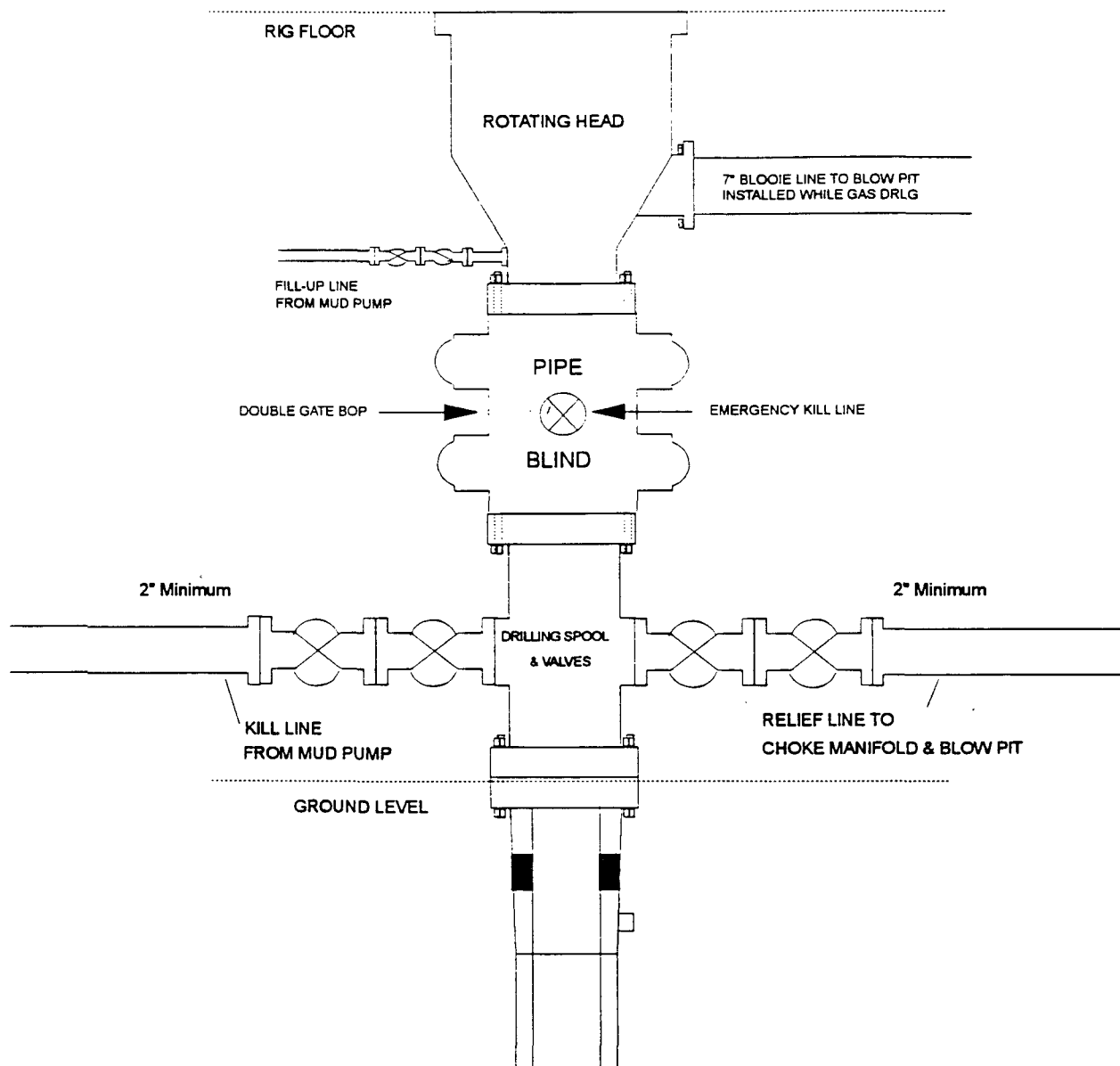
Additional information:

- * The Fruitland Coal formation will be completed.
- * Anticipated pore pressure for the Fruitland is 300 psi.
- * This gas is dedicated.
- * The east half of the section is dedicated to this well.
- * New casing will be utilized.
- * Pipe movement (either rotation or reciprocation) will be done if hole conditions permit.

MERIDIAN OIL INC.

BOP Configuration

2M psi SYSTEM



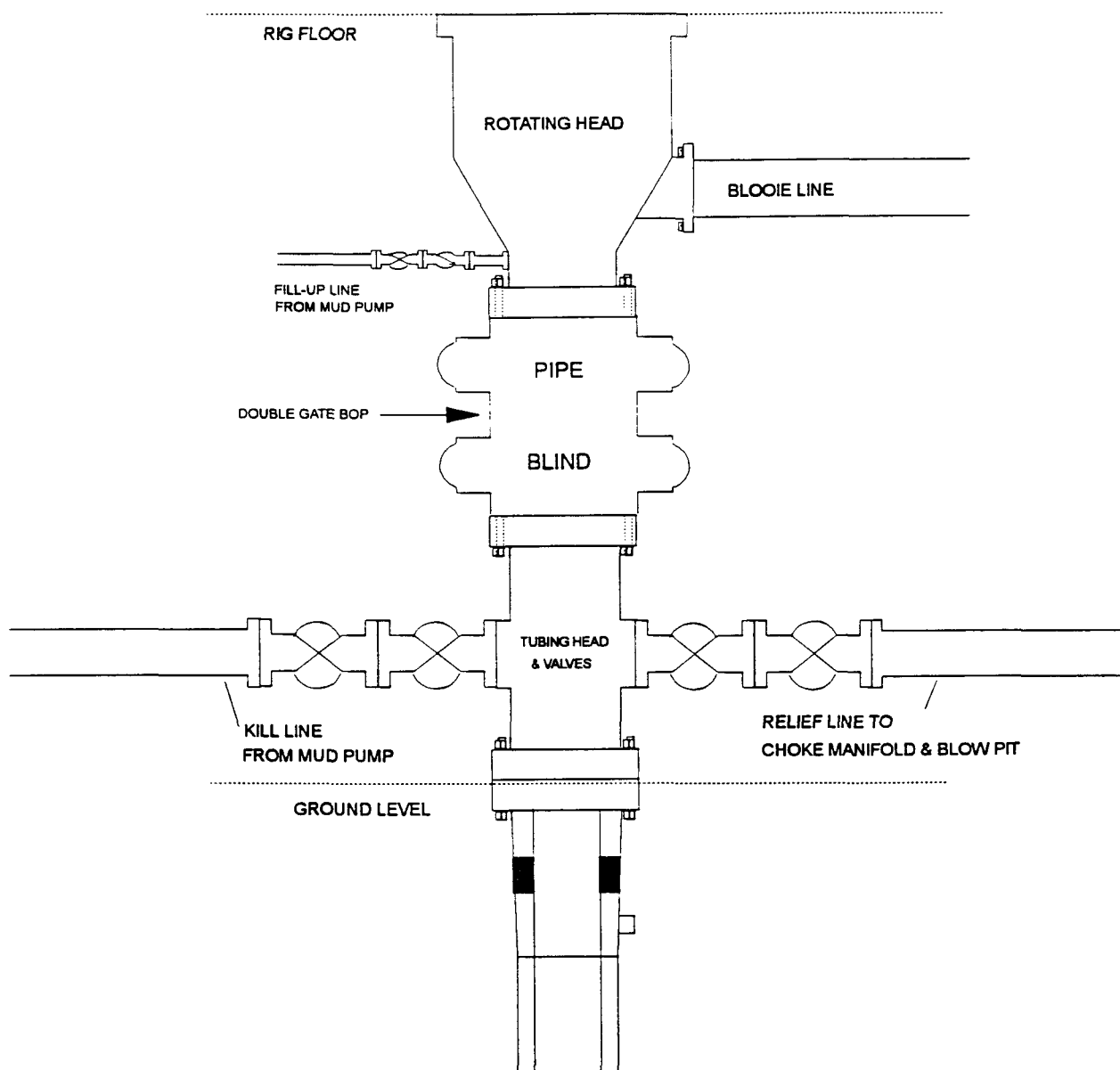
11" Bore, 2000psi minimum working pressure double gate BOP to be equipped with blind and pipe rams. A Schaffer Type 50 or equivalent rotating head to be installed on the top of the BOP. All equipment is 2000psi working pressure/or greater.

Figure #1

MERIDIAN OIL INC.

BOP Configuration

2M psi SYSTEM

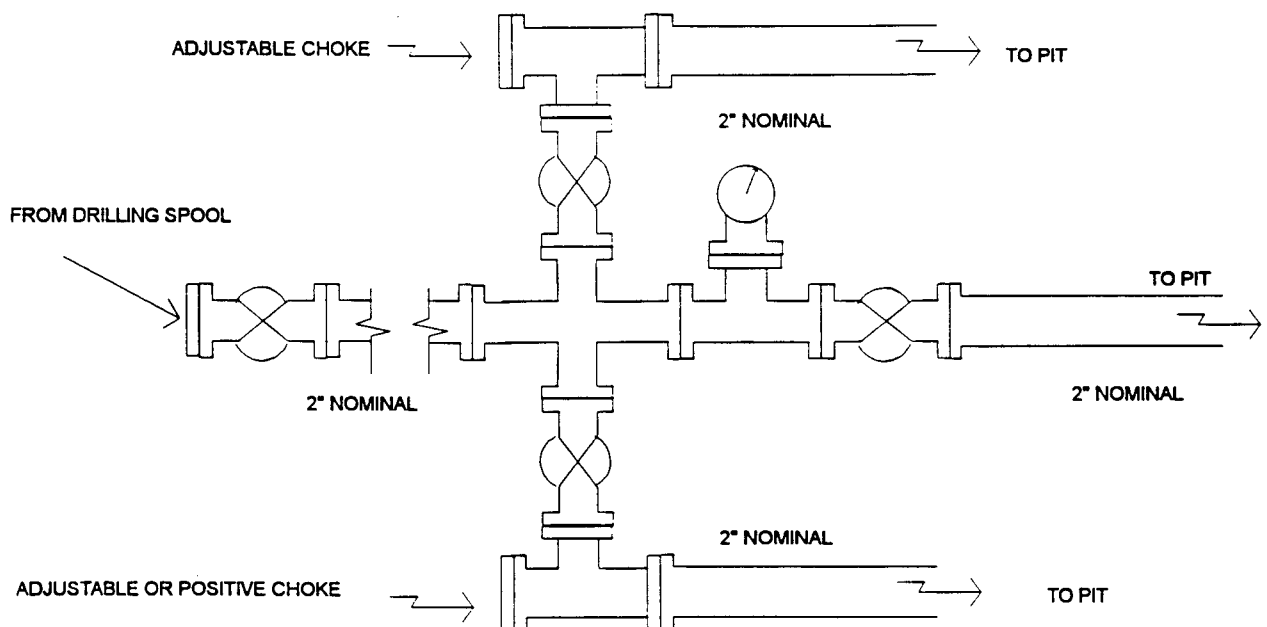


Minimum BOP installation for Completion operations. 7 1/16" Bore
(6" Nominal), 3000psi minimum working pressure double gate BOP to
be equipped with blind and pipe rams.

Figure #2

MERIDIAN OIL INC.

Choke Manifold Configuration 2M System



Minimum choke manifold installation from surface to Total Depth.
2" minimum, 3000psi working pressure equipment with two chokes.

Figure #3

MERIDIAN OIL


McConnell #500

Multi-Point Surface Use Plan

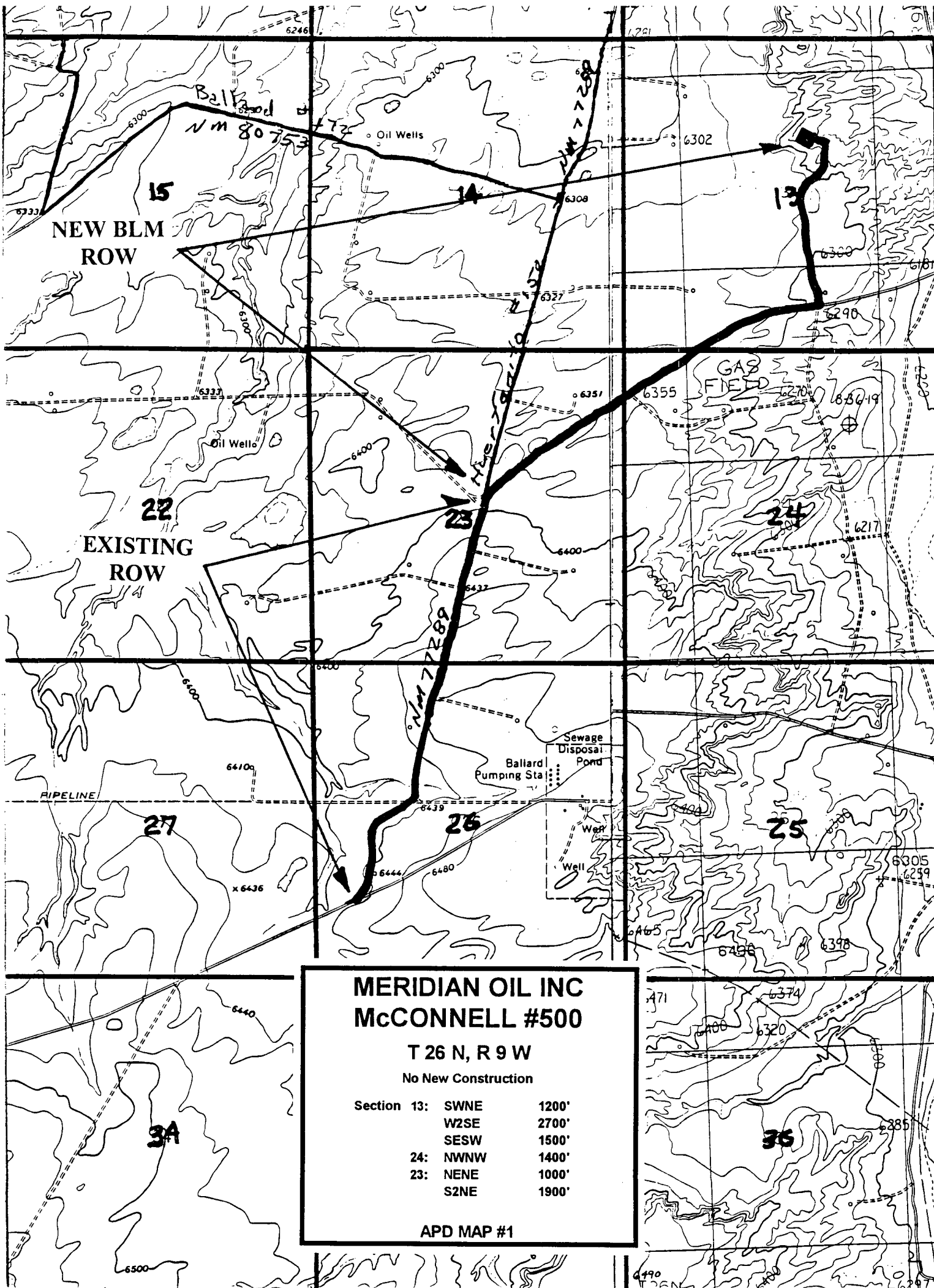
1. Existing Roads - Refer to Map No. 1. Existing roads used to access the proposed location will be properly maintained for the duration of the project. Bureau of Land Management right-of-way has been applied for as shown on Map No. 1.
2. Planned Access Road - Refer to Map No. 1. None required.
3. Location of Existing Wells - Refer to Map No. 1A.
4. Location of Existing and/or Proposed Facilities if Well is Productive -
 - a. On the Well Pad - Refer to Plat No. 1, anticipated production facilities plat.
 - b. Off the Well Pad - Anticipated facilities off the well pad will be applied for as required.
5. Location and Type of Water Supply - Water will be hauled by truck for the proposed project and will be obtained from Huerfano Unit Water Well #1 located SE Section 13, T-26-N,R-10-W, New Mexico.
6. Source of Construction Materials - If construction materials are required for the proposed project, such materials will be obtained from a commercial quarry.
7. Methods of Handling Waste Materials - All garbage and trash materials will be removed from the site for proper disposal. A portable toilet will be provided for human waste and serviced in a proper manner. If liquids are left in the reserve pit after completion of the project, the pit will be fenced until the liquids have had adequate time to dry. The location clean-up will not take place until such time as the reserve pit can be properly covered over to prevent run-off from carrying waste materials into the watershed. Reserve pits will be lined as needed with either 12 mil bio-degradable plastic liner or a bentonite liner. All earthen pits will be so constructed as to prevent leakage from occurring; no earthen pit will be located on natural drainage. Generation of hazardous waste is not anticipated. Federal regulations will be adhered to regarding handling and disposal of such waste if so generated.
8. Ancillary Facilities - None anticipated.
9. Wellsite Layout - Refer to the location diagram and to the wellsite cut and fill diagram (Figure No. 4). The blow pit will be constructed with a 2'/160' grade to allow positive drainage to the reserve pit and prevent standing liquids in the blow pit.

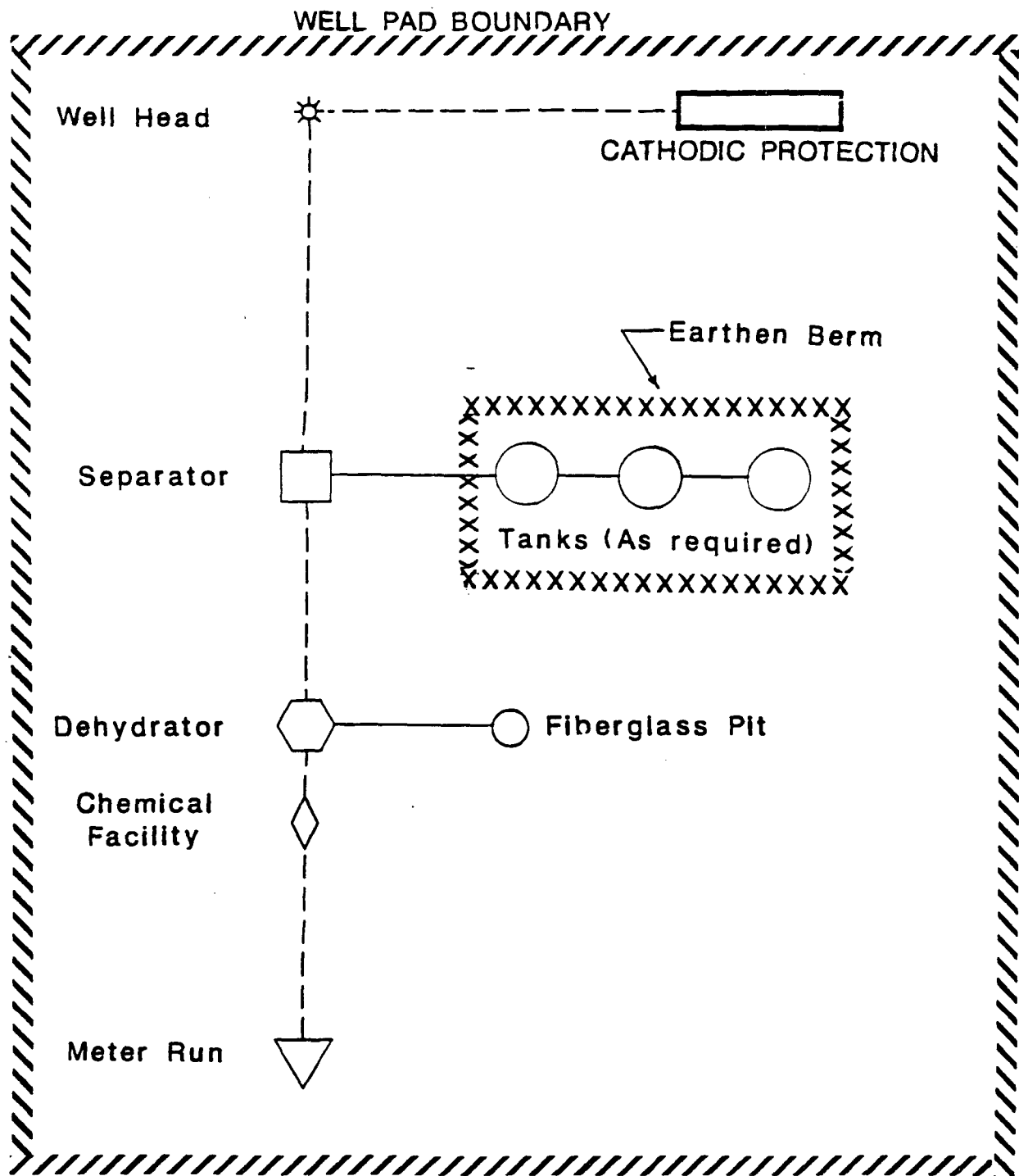
10. Plans for Restoration of the Surface - After completion of the proposed project, the location will be cleaned and leveled. The location will be left in such a condition that will enable reseeding operations to be carried out. Seed mixture as designated by the responsible government agency will be used. The reseeding operations will be performed during the time period set forth by the responsible government agency. The permanent location facilities will be painted as designated by the responsible government agency.
11. Surface Ownership - Bureau of Land Management.
12. Other Information - Environmental stipulations as outlined by the responsible government agency will be adhered to. Refer to the archaeological report for a description of the topography, flora, fauna, soil characteristics, dwellings, historical and cultural sites.
13. Operator's Representative and Certification - Meridian Oil Regional Drilling Manager, Post Office Box 4289, Farmington, NM 87499, telephone (505) 326-9700. I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan, are to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by Meridian Oil Inc. and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.


Regional Drilling Engineer


Date

JWC:pb





PLAT #1

MERIDIAN OIL

ANTICIPATED
PRODUCTION FACILITIES
FOR A
FRUITLAND WELL

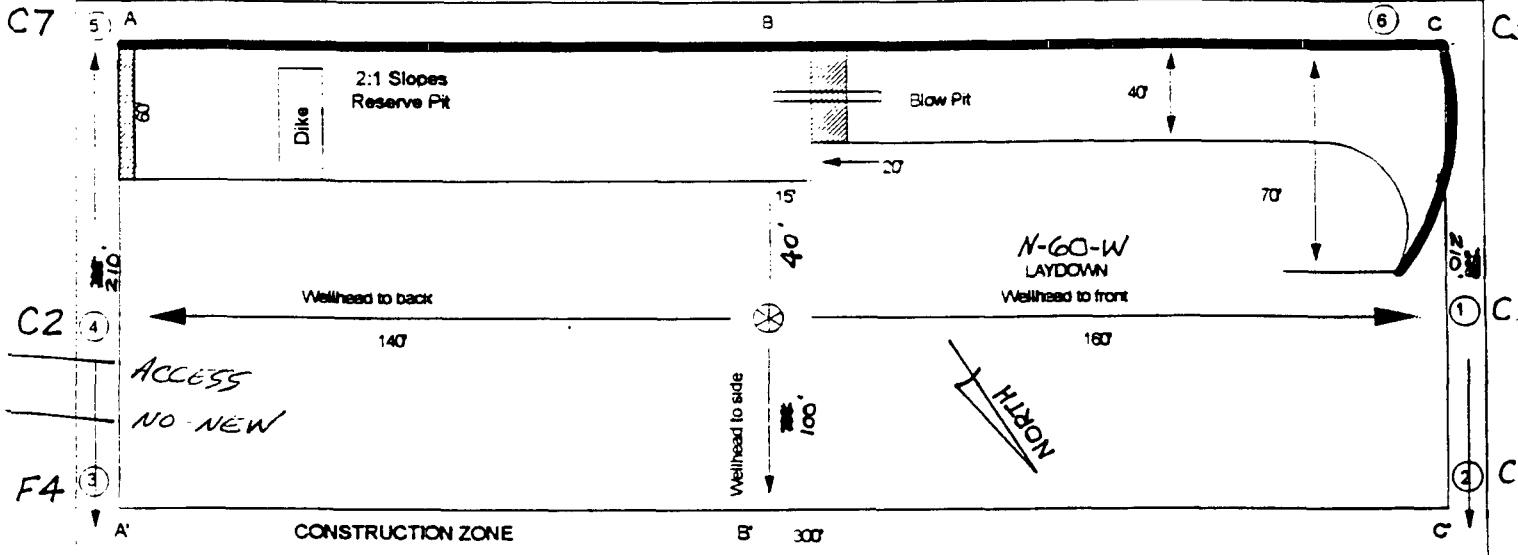
KFR 2/90

MERIDIAN OIL

PLAT #1

PC/FC LOW POTENTIAL

NAME: McCONNELL #500
 FOOTAGE: 1780' FNL, 2180' FEL
 SEC 13 TWN 26 N.R. 9 W NMPM
 CO: SAN JUAN ST: NEW MEXICO
 ELEVATION: 6273' DATE: 9-26-95



230'X300'

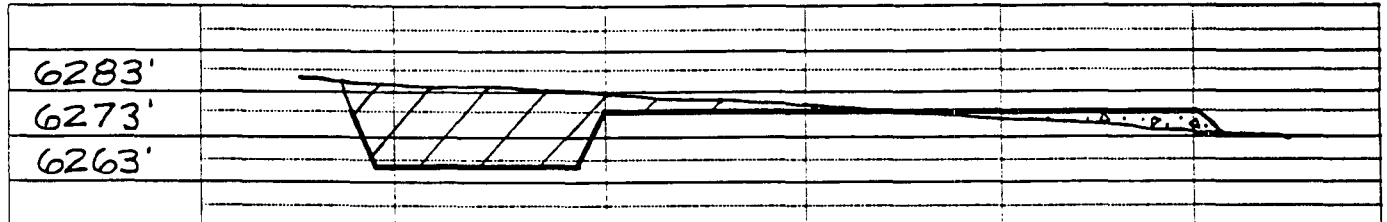
(330'X 400') = 3.03 ACRES

Reserve Pit Dike : to be 8' above Deep side; (overflow - 3' wide and 1' above shallow side.)

Blow Pit : overflow pipe halfway between top and bottom and extend over plastic liner and into blow pit.

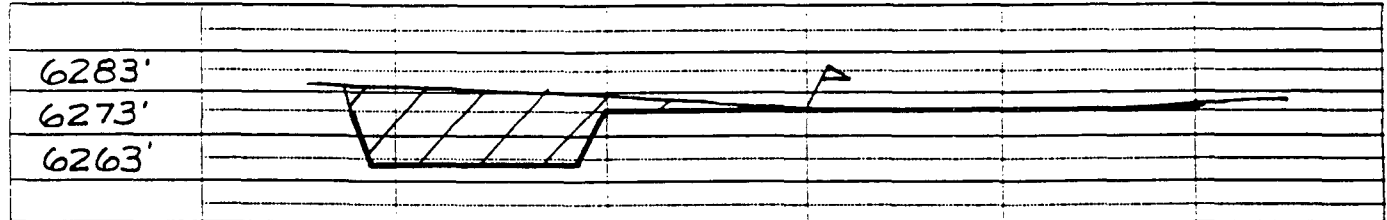
A-A'

C/L



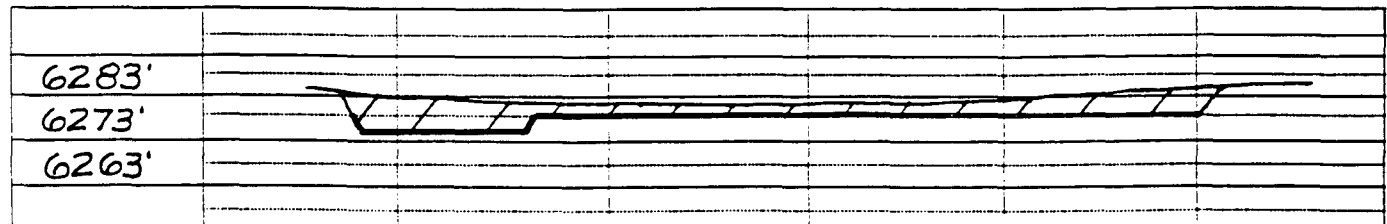
B-B'

C/L



C-C'

C/L



Note: Contractor should call One-Call for location of any marked or unmarked buried pipelines or cables on well pad and/or access road at least 2 working days prior to construction.

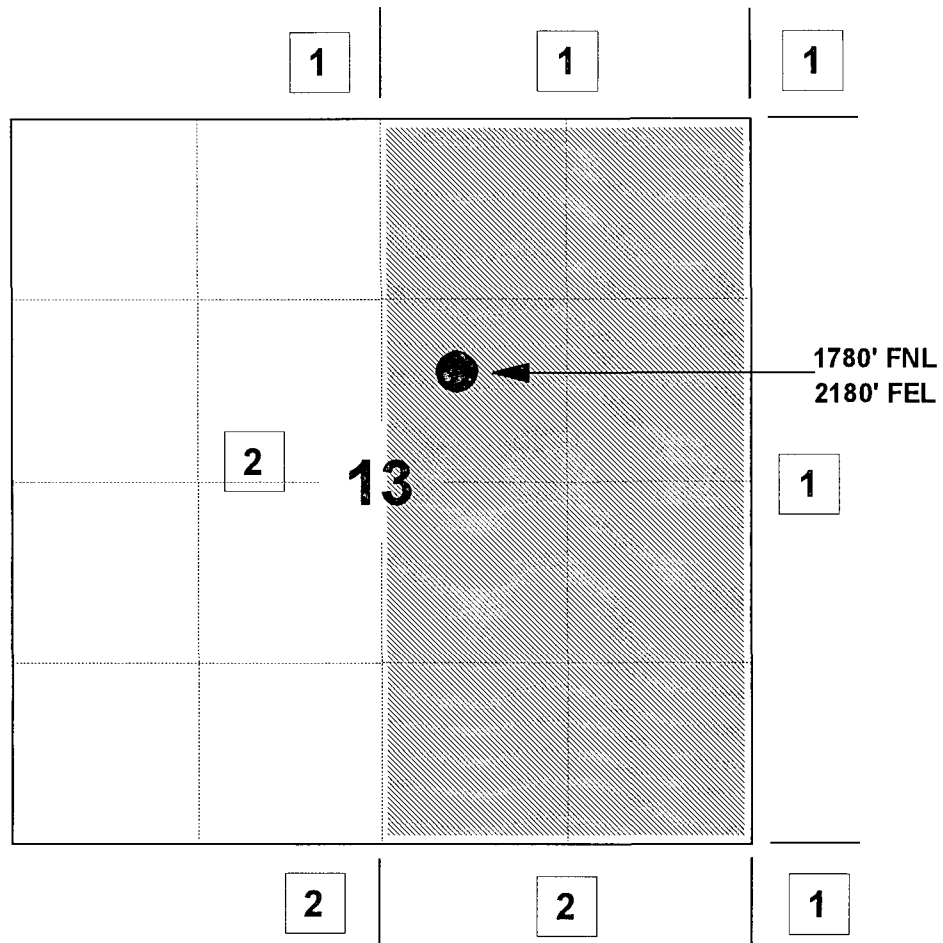
MERIDIAN OIL INC

McCONNELL #500

OFFSET OPERATOR \ OWNER PLAT

Unorthodox Fruitland Coal Well Location

Township 26 North, Range 9 West



1) Meridian Oil Inc.

2) Margaret Doris McConnell

600 N. Broadway, Hobart, OK, 73651

O. J. Lilly

1906 Rock Creek Dr., Round Rock, TX 78664

Barbara Ann Bruss

Sunwest Bank Trust Dept., PO Box 25500, Albuquerque, NM 87125

Barbara I. McConnell

Sunwest Bank Trust Dept., PO Box 25500, Albuquerque, NM 87125

Re: McConnell #500
1780'FNL, 2180'FEL Section 13, T-26-N, R-9-W - San Juan County, New Mexico
API # 30-045-(not yet assigned)

I hereby certify that the following offset operators/owners have been mailed notification of our application for non-standard location to drill the referenced well.

Margaret Doris McConnell
600 N. Broadway
Hobart, OK 73651

O. J. Lilly
1906 Rock Creek Drive
Round Rock, TX 78664

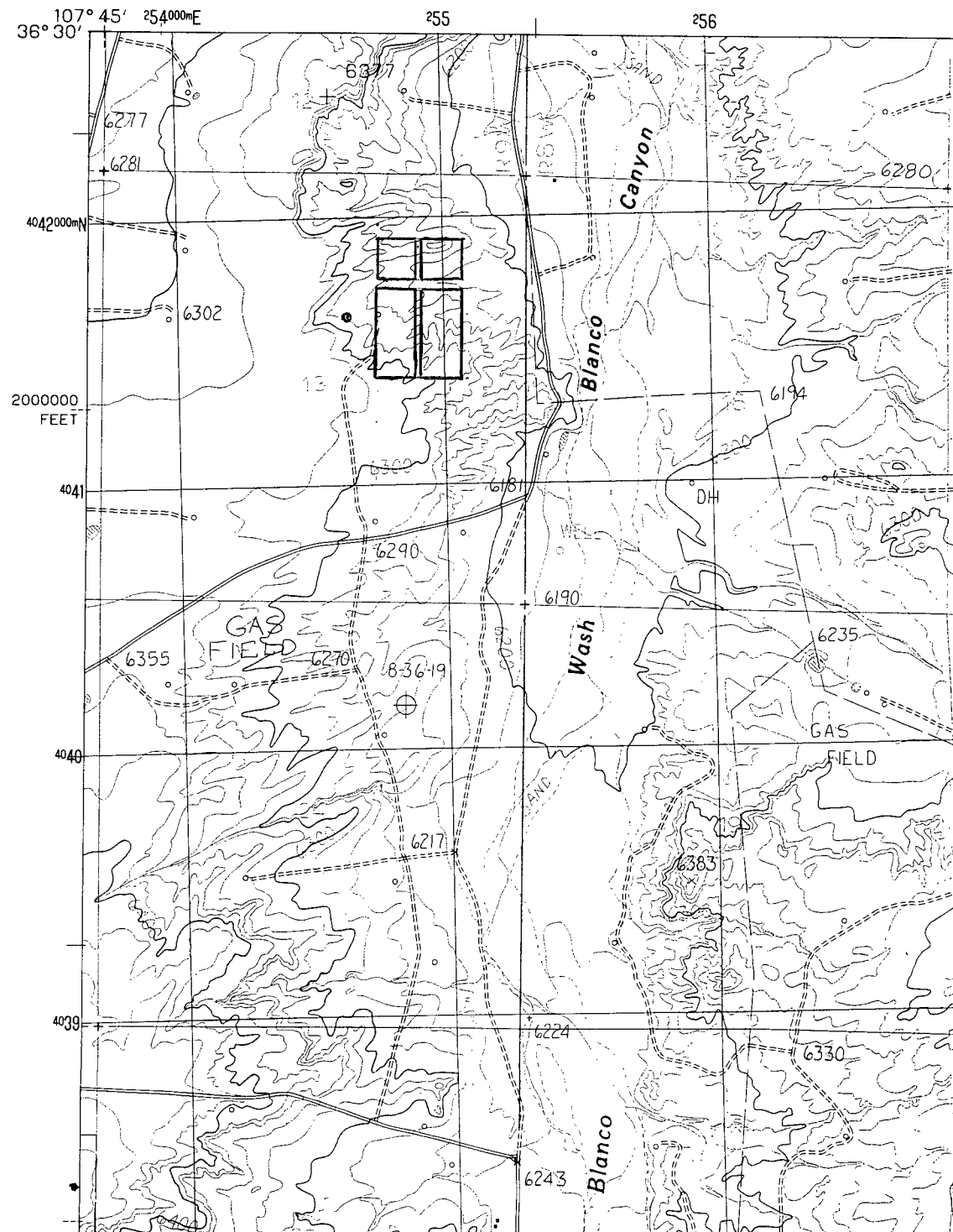
Barbara Ann Bruss
Sunwest Bank Trust Dept
PO Box 25500
Albuquerque, NM 87125

Barbara I. McConnell
Sunwest Bank Trust Dept
PO Box 25500
Albuquerque, NM 87125

A handwritten signature in black ink, appearing to read "Peggy A. Bradfield". The signature is fluid and cursive, with a large initial "P" and "B".

Peggy A. Bradfield
Regulatory/Compliance Representative

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY



This topographic map depicts a region with a grid overlay. The grid has vertical lines labeled 254, 255, and 256 at the top, and horizontal lines labeled 4040, 4041, and 4042 on the left. Longitude is indicated at the top as 107° 45' and 254,000mE. A scale bar on the left indicates 2,000,000 FEET. The map shows a 'GAS FIELD' in the lower-left, a 'Wash' area in the lower-right, and 'Blanco Canyon' running vertically on the right. A 'SAND' area is labeled at the top right. A well, marked with a crosshair and labeled '8-36-19', is located near the bottom center. Several elevation points are marked with dots and numbers: 6277, 6281, 6302, 6355, 6290, 6181, 6190, and 6270. Contour lines are drawn throughout the map, and a dashed line runs horizontally across the middle. A rectangular area is outlined in the center, containing two smaller rectangles.