

State of New Mexico
ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT
Santa Fe, New Mexico 87505



OIL CONSERVATION DIVISION



February 27, 1995

RECEIVED
MAR - 2 1995

OIL CON. DIV.
DIST. 3

Meridian Oil, Inc.
Attention: Peggy Bradfield
P.O. Box 4289
Farmington, New Mexico 87499-4289

Administrative Order NSL-3490

Dear Ms. Bradfield:

Reference is made to your application dated February 21, 1995 for a non-standard gas well location in the Undesignated Devils Fork-Gallup Associated Pool for your proposed Canyon Largo Unit Well No. 428 to be drilled 1475 feet from the North and East lines (Unit G) of Section 13, Township 25 North, Range 7 West, NMPM, Rio Arriba County, New Mexico. It is our understanding that this well will be dually completed in both the Undesignated Devils Fork-Gallup Associated Pool and Basin-Dakota Pool, and pursuant to the "*Special Rules and Regulations for the Basin-Dakota Pool*", as promulgated by Division Order No. R-8170, as amended, said location is standard. However, pursuant to **Rule 2(b)** of the "*General Rules and Regulations for the Associated Oil and Gas Pools of Northwest and Southeast New Mexico/Special Rules and Regulations for the Devils Fork-Gallup Associated Pool*", as promulgated by Division Order No. R-5353, as amended, said location is considered to be unorthodox.

By the authority granted me under the provisions of Rule 2(c) of said Special Rules and Regulations for the Devils Fork-Gallup Associated Pool, the above-described unorthodox gas well location is hereby approved. Further, the E/2 of said Section 13 shall be dedicated to said well forming a standard 320-acre gas spacing and proration for both the Gallup and Dakota zones.

Sincerely,

A handwritten signature in black ink, appearing to read "William J. LeMay".

William J. LeMay
Director

WJL/MES/kv

cc: Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington

VILLAGRA BUILDING - 406 Galisteo

Forestry and Resources Conservation Division
P.O. Box 1948 87504-1948
827-5830

Park and Recreation Division
P.O. Box 1147 87504-1147
827-7465

2040 South Pacheco

Office of the Secretary
827-5950

Administrative Services
827-5925

Energy Conservation & Management
827-5900

Mining and Minerals
827-5970

Oil Conservation
827-7131

Ernie Busch

From: Ernie Busch
To: Mike Stogner
Subject: MERIDIAN OIL INC (NSL)
Date: Friday, February 24, 1995 11:13AM
Priority: High

CANYON LARGO UNIT #428
1475' FNL; 1475' FEL
G-13-25N-07W
RECOMMEND: APPROVAL

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well
☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator
MeritNet Partners

3. Address and Telephone No.
12221 MERIT DRIVE, SUITE 500, DALLAS, TEXAS 75251 (214)701-8377

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
SEE BELOW

FORM APPROVED
Budget Bureau No. 1004 0135
Expires: March 31, 1993

5. Lease Designation and Serial No.
CONTRACT NO: 106

6. If Indian, Allottee or Tribe Name
JICARILLA APACHE

7. If Unit or CA, Agreement Designation

8. Well Name and No.
JICARILLA B

9. API Well No.
SEE BELOW

10. Field and Pool, or Exploratory Area
BLANCO PICTURED CLIFFS, SOUTH

11. County or Parish, State
RIO ARRIBA, NM

12. CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> Altering Casing
	<input checked="" type="checkbox"/> Other CHANGE OF OPERATOR
	<input type="checkbox"/> Change of Plans
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Conversion to Injection
	<input type="checkbox"/> Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

MeritNet Partners, L.P. WILL TAKE OVER OPERATIONS OF THE FOLLOWING WELLS FROM SOUTHERN UNION EXPLORATION CO. EFFECTIVE JUNE 1, 1993.

#3 Sec. 35 T26N R4W 30-039-06223 1520' FSL & 1565' FWL
#13 Sec. 36 T26N R4W 30-039-22055 850' FSL & 870' FWL

14. I hereby certify that the foregoing is true and correct

Signed [Signature] Title REGULATORY MANAGER Date 5-4-93

(This space for Federal or State office use)

Approved by [Signature] Title FOR Chief, Lands and Mineral Resources Date JAN 17 1995

Conditions of approval, if any

MERIDIAN OIL

February 21, 1995

Sent Federal Express

Mr. William LeMay
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87504

RECEIVED
FEB 23 1995
OIL CON. DIV.
DIST. 3

Re: Meridian Oil Inc. Canyon Largo Unit #428
1475'FNL, 1475'FEL Section 13, T-25-N, R-7-W - Rio Arriba County, New Mexico
API # 30-039-not yet assigned

Dear Mr. LeMay:

Meridian Oil Inc. is applying for administrative approval of a non-standard location for the above location in both the Devils Fork Gallup Associated and Basin Dakota formations. This location would extend the Devils Fork Gallup Associated Pool. This application for the referenced location is to place the location on an unused existing well pad, thereby not creating any further surface disturbance in the grazing lands at the request of the grazing permittee and the Bureau of Land Management. This location is also for archaeological considerations.

This well will be drilled and dually completed as a Devils Fork Gallup Associated and Basin Dakota well.

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 for the Gallup and Dakota, and enlargement of the map to define topographic features.

Meridian Oil is the operator of the Canyon Largo Unit. It is planned to drill this well early in the second quarter of 1995. Therefore, your prompt consideration of this request is greatly appreciated.


Sincerely,



Peggy Bradfield
Regulatory/Compliance Representative
encs.

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 SF-078880 Unit Reporting Number NMSF078880	
1b. Type of Well GAS	6. If Indian, All. or Tribe	
2. Operator MERIDIAN OIL	7. Unit Agreement Name Canyon Largo Unit	
3. Address & Phone No. of Operator PO Box 4289, Farmington, NM 87499 (505) 326-9700	8. Farm or Lease Name Canyon Largo Unit 9. Well Number 428	
4. Location of Well 1475'ENL, 1475'FEL Latitude 36° 24' 08", Longitude 107° 31' 19"	10. Field, Pool, Wildcat Devils Fork Gallup/ Basin Dakota 11. Sec., Twn, Rge, Mer. (NMPM) Sec 13, T-25-N, R-7-W API # 30-039-	
14. Distance in Miles from Nearest Town	12. County Rio Arriba	13. State NM
15. Distance from Proposed Location to Nearest Property or Lease Line 1475'		
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 2500'		
19. Proposed Depth 7410'	20. Rotary or Cable Tools Rotary	
21. Elevations (DF, FT, GR, Etc.) 6895'GR	22. Approx. Date Work will Start 2nd quarter 1995	
23. Proposed Casing and Cementing Program See Operations Plan attached		
24. Authorized by:  Regional Drilling Engineer	1/10/95 Date	

PERMIT NO. _____ APPROVAL DATE _____
APPROVED BY _____ TITLE _____ DATE _____

Archaeological Report submitted by Arboles Contract Archaeology Technical Report #663 dated 11-23-94
Threatened and Endangered Species Report submitted by Ecosphere dated 10-25-94
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
P.O. 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-102
Revised February 21, 1994
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	Pool Code	Pool Name
	17610/71599	Devils Fork Gallup / Basin Dakota
Property Code	Property Name	Well Number
6886	Canyon Largo Unit	428
OGRID No.	Operator Name	Elevation
14538	MERIDIAN OIL INC.	6895'

¹⁰ Surface Location

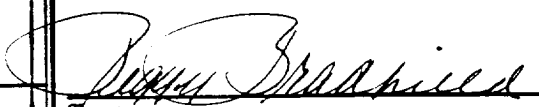
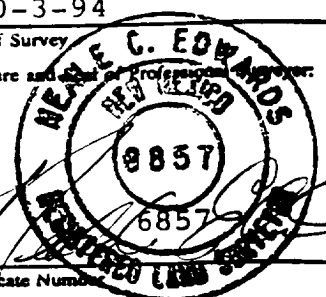
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	13	25 N	7 W		1475	North	1475	East	R.A.

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	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
5/320			

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	5176.38	1475'	1475'	¹⁷ OPERATOR CERTIFICATION
RECEIVED FEB 23 1995 OIL CON. DIV. S.F.				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 Affairs Title
				1-9-95 Date
5188.92	13	SF-078880	5196.84	¹⁸ 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 supervision, and that the same is true and correct to the best of my belief.
				10-3-94 Date of Survey
				Signature and Seal of Professional Engineer
				
				Certificate Number

5196.84

January 10, 1995

OPERATIONS PLAN

Well Name: Canyon Largo Unit #428
Location: 1475'E NL, 1475'E EL Section 13, T-25-N, R-7-W
 Rio Arriba County, New Mexico
 Latitude 36° 24' 08", Longitude 107° 31' 19"
Formation: Devils Fork Gallup/Basin Dakota
Elevation: 6895' GL

<u>Formation Tops:</u>	<u>Top</u>	<u>Bottom</u>	<u>Contents</u>
Surface	San Jose	2070'	
Ojo Alamo	2070'	2200'	aquifer
Kirtland	2200'	2620'	
Fruitland	2620'	2820'	gas
Pictured Cliffs	2820'	2900'	gas
Lewis	2900'	3620'	
Chacra	3620'	4310'	
Massive Cliff House	4310'	4375'	
Menefee	4375'	5040'	
Massive Pt. Lookout	5040'	5300'	gas
Mancos	5300'	6120'	
Gallup	6120'	6990'	gas & oil
Greenhorn	6990'	7040'	gas & oil
Graneros	7040'	7070'	
Dakota	7070'	7300'	gas
Burro Canyon/Encinal	7300'	7400'	gas
Morrison	7400'		salt water
Total Depth	7410'		

Logging Program:

Mud Logs/Coring/DST -
 Mud logs - 6075' to TD.
 Coring - none
 DST - none
 Electric logs - DIL/SP/GR; Density/Neut/GR; Microlog-GR;

Mud Program:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Vis.</u>	<u>Fluid Loss</u>
0- 320'	Spud	8.4-8.9	40-50	no control
320-7410'	LSND	8.4-9.1	30-60	no control

Pit levels will be visually monitored to detect gain or loss of fluid control.

Casing Program:

<u>Hole Size</u>	<u>Depth Interval</u>	<u>Csg. Size</u>	<u>Wt.</u>	<u>Grade</u>
12 1/4"	0' - 320'	8 5/8"	24.0#	K-55
7 7/8"	0' - 7410'	5 1/2"	17.0#	K-55

Tubing Program:

0' - 7410'	1 1/2"	2.9#	N-80 EUE
0' - 5940'	1 1/2"	2.76#	J-55 IJ

BOP Specifications, Wellhead and Tests:

Surface to 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.

2" nominal, 2000 psi minimum choke manifold (Reference Figure #3).

Completion Operations -

6" 2000 psi double gate BOP stack (Reference Figure #2).
After nipple-up prior to completion, pipe rams and casing top will be tested to 3000 psi for 15 minutes.

Surface to Total Depth -

2" nominal, 2000 psi minimum choke manifold (Reference Figure #3).

Wellhead -

8 5/8" x 5 1/2" x 1 1/2" dual 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 with handle available and drill string 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.

Cementing:

8 5/8" surface casing -

Cement to surface w/336 sx Class "B" cement w/3% calcium chloride and 1/4#/sx cellophane flakes (396 cu.ft. of slurry, 200% excess to circulate to surface.) WOC 12 hours prior to drilling out surface casing. Test casing to 600 psi for 30 minutes.

Saw tooth guide shoe on bottom. Bowspring centralizers will be run in accordance with Onshore Order #2.

Production Casing - 5 1/2"

First Stage: Cement to circulate to stage tool @ 5300'. Lead w/314 sx 65/35 Class "B" Pozmix w/6% gel, 2% calcium chloride, and 1/4#/sx cellophane flakes. Tail w/100 sx Class "B" cement w/2% calcium chloride. WOC 4 hours prior to pumping second stage. (Slurry volume: 640 cu.ft. Excess slurry 75%.)

Second Stage: Cement to circulate to stage tool @ 2520'. Lead w/428 sx 65/35 Class "B" Pozmix w/6% gel, 2% calcium chloride, and 1/4#/sx cellophane flakes. Tail w/100 sx Class "B" cement w/2% calcium chloride. WOC a minimum of 18 hours prior to cleanout. (Slurry volume: 843 cu.ft. Excess slurry: 75%.)

Third Stage: Cement to circulate to surface. Cement w/445 sx 65/35 Class "B" Pccmix w/6- gel, 2% calcium chloride, and 1/4#/sx cellophane flakes. Tail w/100 sx Class "B" cement w/2% calcium chloride. WOC a minimum of 18 hours prior to cleanout. (Slurry volume: 873 cu.ft. Excess slurry: 100+.)

Float shoe on bottom. Three centralizers run every other joint above shoe. Thirty-three centralizers - one every 4th joint to the base of the Ojo Alamo @ 2200'. Two turbolizing type centralizers - one below and one into the base of the Ojo Alamo @ 2200'. Standard centralizers thereafter every fourth joint up to the base of the surface pipe.

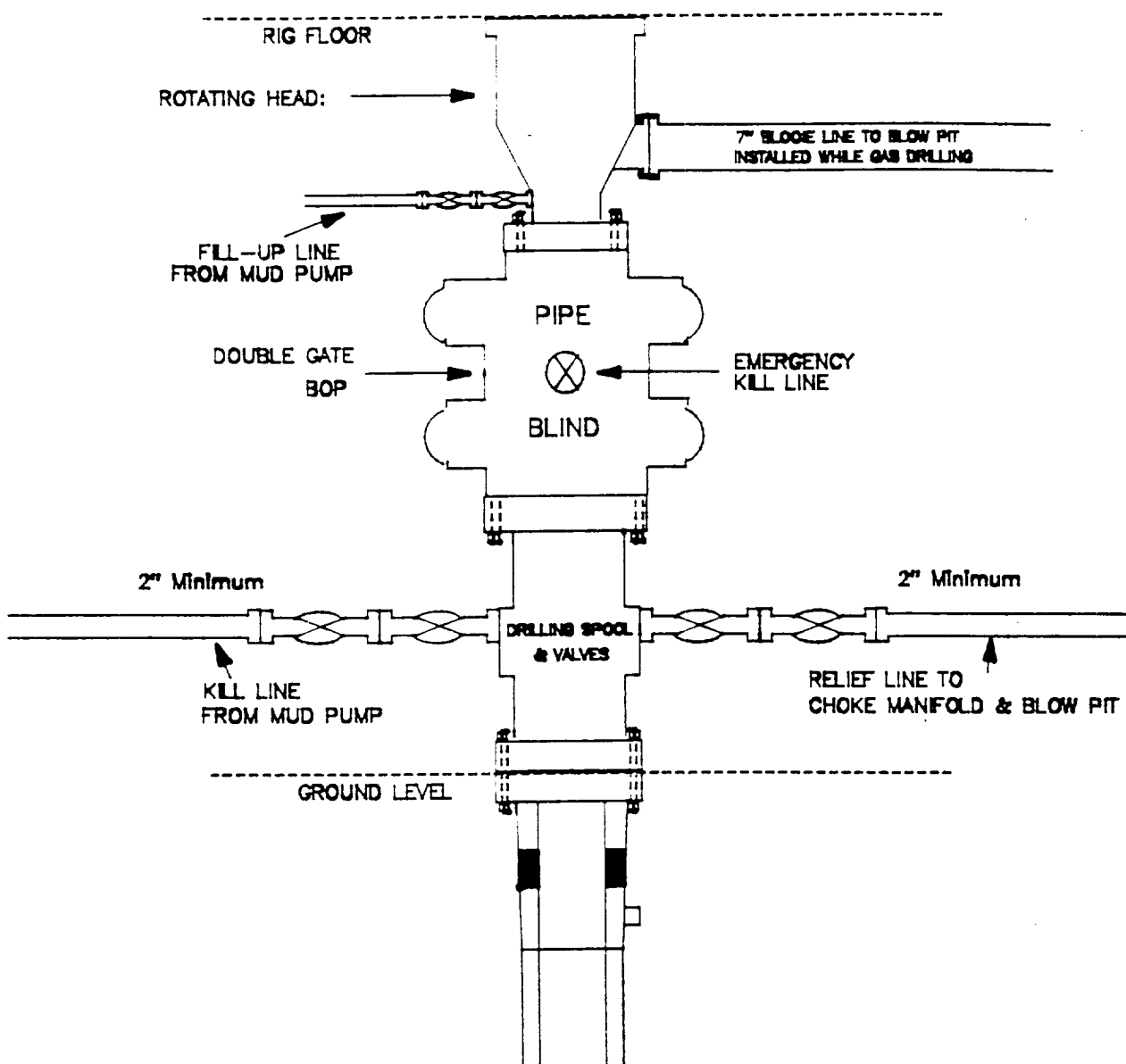
- If hole conditions permit, an adequate water spacer will be pumped ahead of each cement job to prevent cement/ mud contamination or cement hydration.
- The pipe will be rotated and/or reciprocated, if hole conditions permit.

Additional Information:

- The Gallup and Dakota formations will be dually completed.
- No abnormal temperatures or hazards are anticipated.
- Sufficient LCM will be added to the mud system to maintain well control, if lost circulation is encountered below the top of the Pictured Cliffs.
- The east half of the Section is dedicated to this well.
- This gas is dedicated.
- New casing will be utilized.
- Anticipated pore pressure for Pictured Cliffs and Fruitland Coal is 300 psi.
- Pipe movement (either rotation or reciprocation) will be done if hole conditions permit.

MERIDIAN OIL INC.

BOP Configuration 2M psi SYSTEM



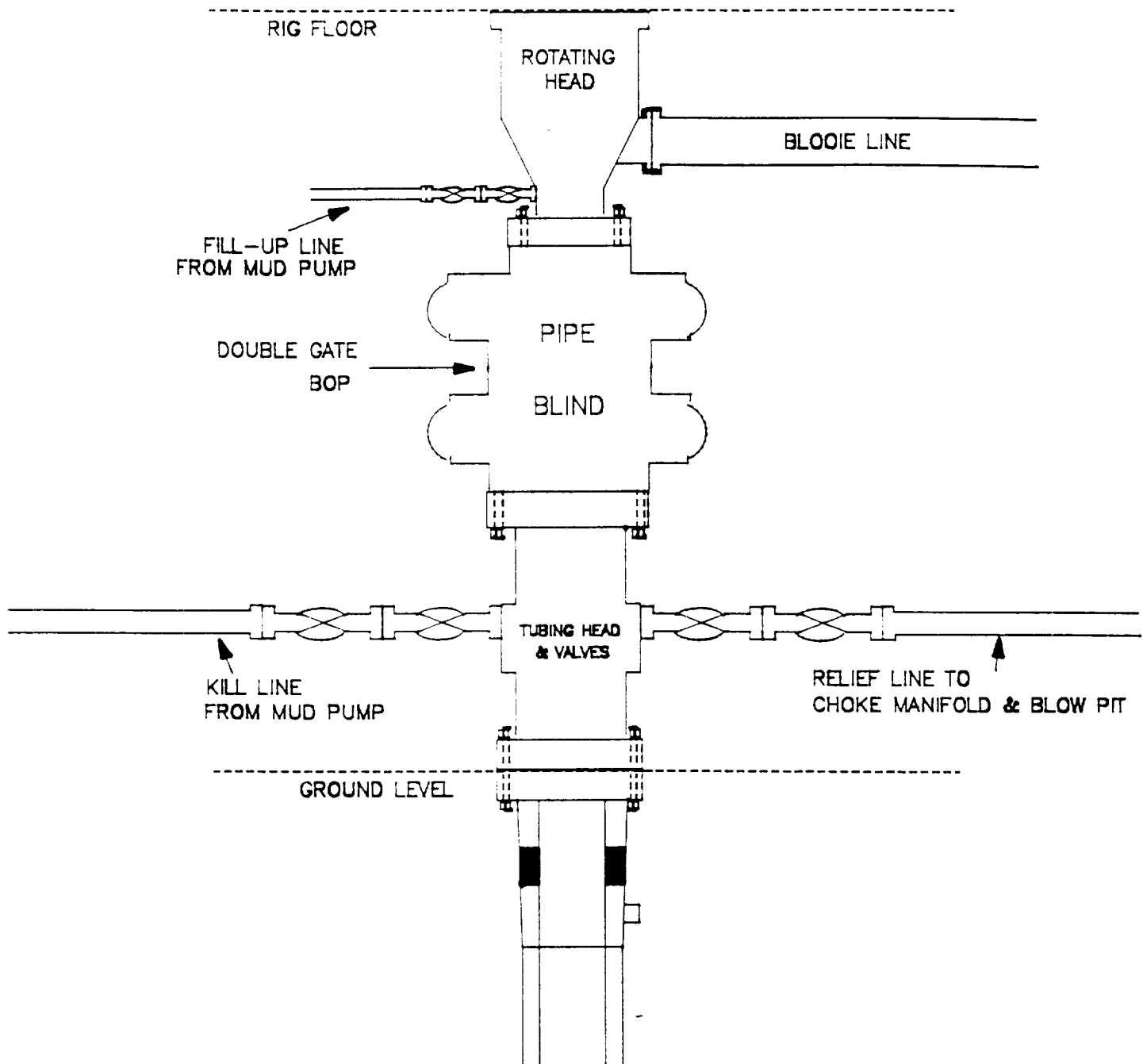
11" Bore, 2000psi minimum working pressure double gate BOP to be equipped with blind and pipe rams. A Schaffer Type 50 or equivalent rotating head to be installed on the top of the BOP. All equipment is 2000psi working pressure/or greater.

Figure #1

MERIDIAN OIL INC.

BOP Configuration

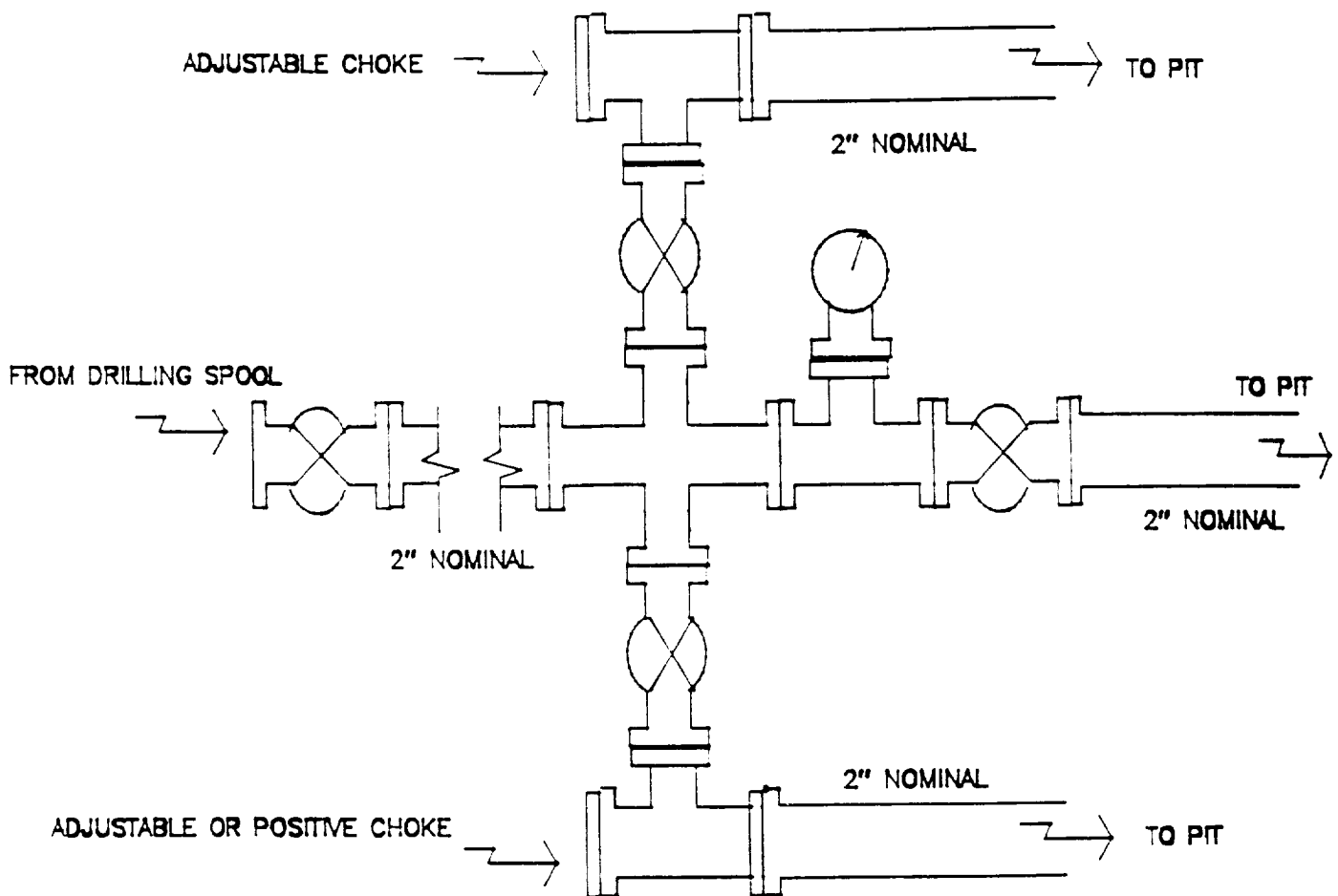
2M psi SYSTEM



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 psi SYSTEM



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

Figure #3

MERIDIAN OIL
Canyon Largo Unit #428
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. The required new access road is shown on Map No. 1. The gradient, shoulder, crowning and other design elements will meet or exceed those specified by the responsible government agency. The new access road surface will not exceed twenty feet (20') in width. No additional turnarounds or turnouts will be required. Upon completion of the project, the access road will be adequately drained to control soil erosion. Approximately 700' of access road will be constructed. Pipelines are indicated on Map No. 1A.
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 Superior Water Hole #1 located NW Section 4, T-25-N, R-6-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. All reserve pits will be lined with 12 mil bio-degradable plastic 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.

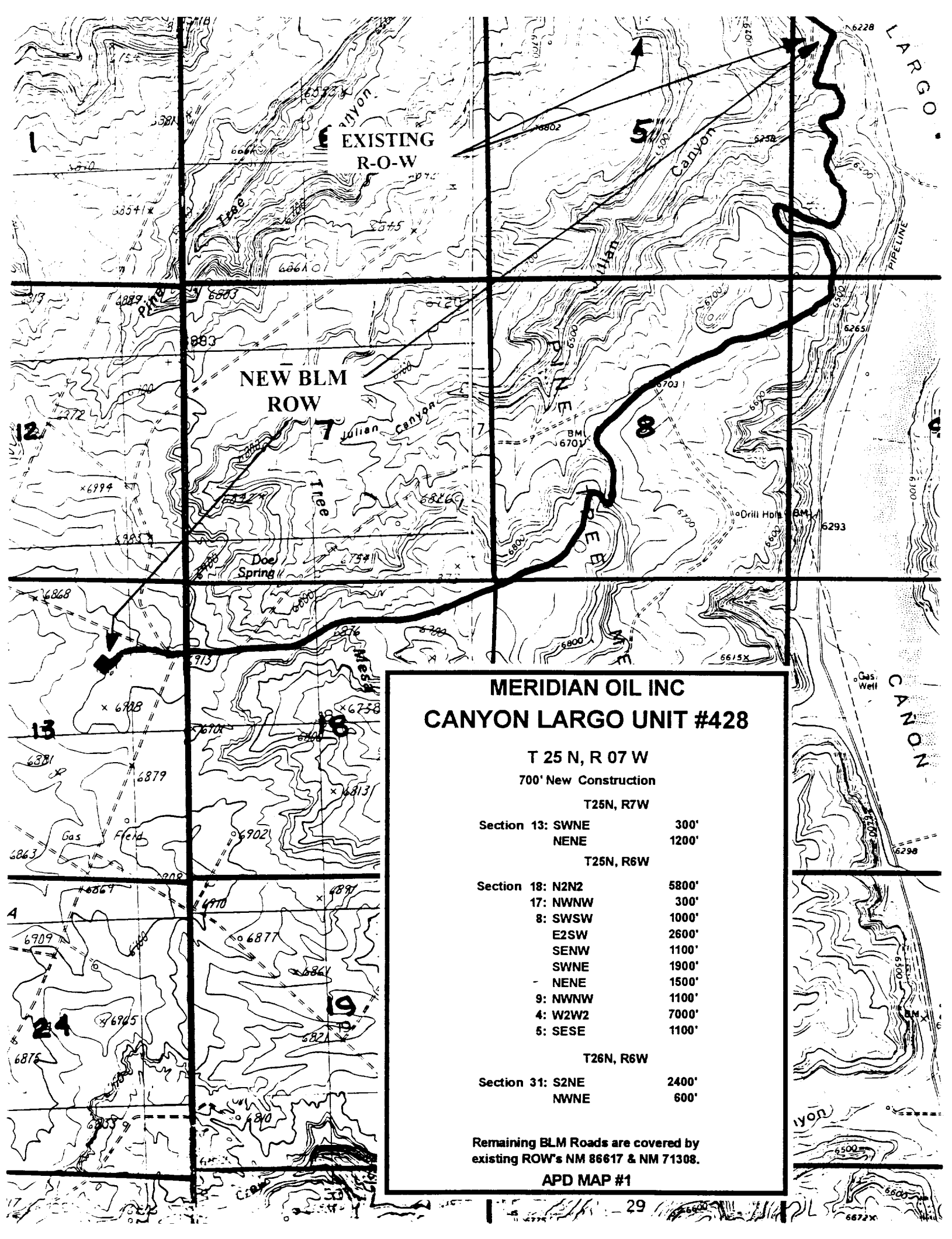
10. Plans for Restoration of the Surface - After completion of the proposed project, the location will be cleaned and leveled. The location will be left in such a condition that will enable reseeding operations to be carried out. Seed mixture as designated by the responsible government agency will be 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

1/10/95
Date

JWC:pb



MERIDIAN OIL INC
CANYON LARGO UNIT #428

T 25 N, R 07 W

700' New Construction

T25N, R7W

Section 13: SWNE	300'
NENE	1200'

T25N, R6W

Section 18: N2N2	5800'
17: NWNW	300'
8: SWSW	1000'
E2SW	2600'
SENW	1100'
SWNE	1900'
NENE	1500'
9: NWNW	1100'
4: W2W2	7000'
5: SESE	1100'

T26N, R6W

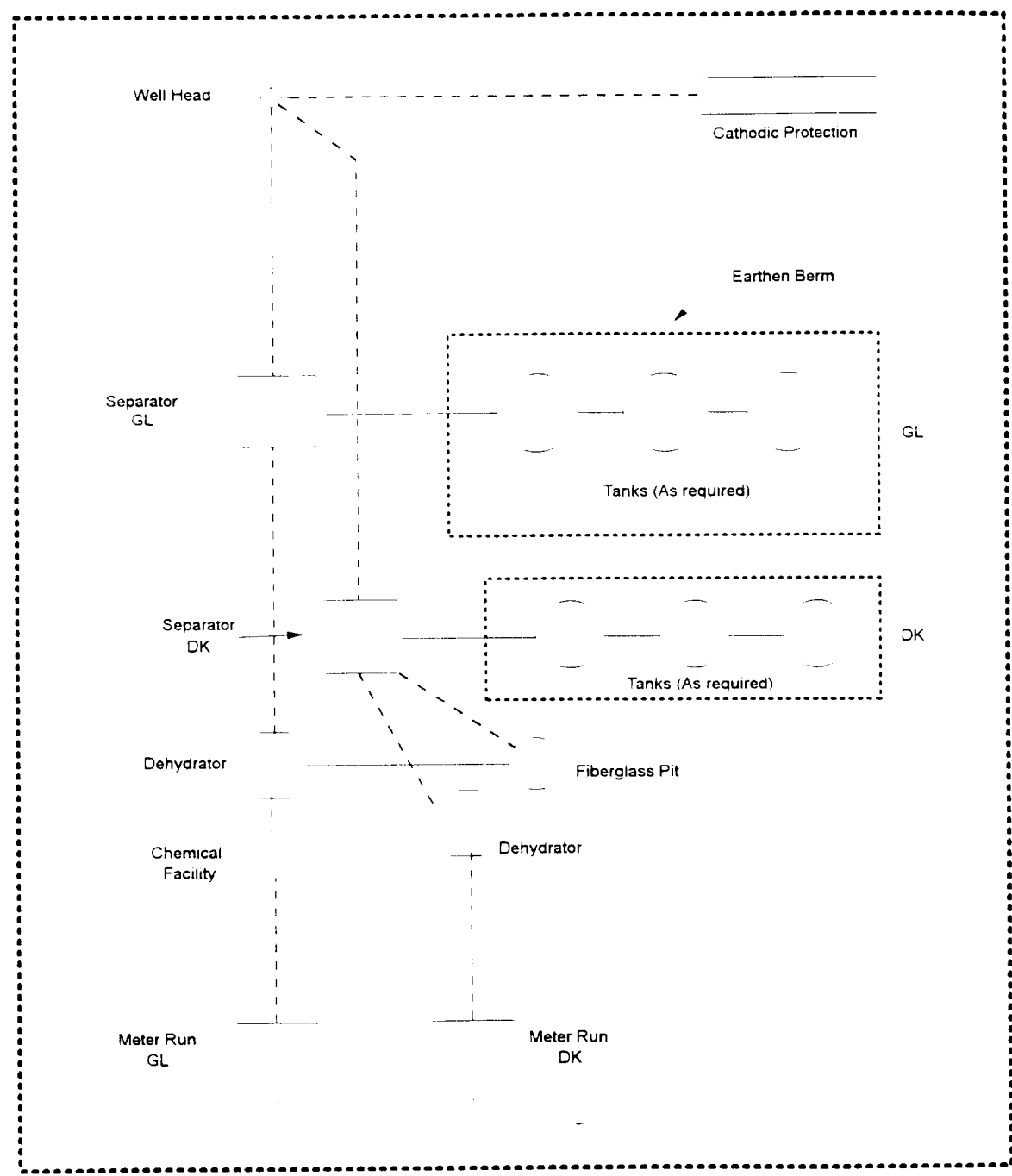
Section 31: S2NE	2400'
NWNE	600'

Remaining BLM Roads are covered by
existing ROW's NM 86617 & NM 71308.

APD MAP #1

MERIDIAN OIL INC.

Well Pad Boundary



ANTICIPATED PRODUCTION FACILITIES
FOR A GALLUP/DAKOTA
DUAL WELL

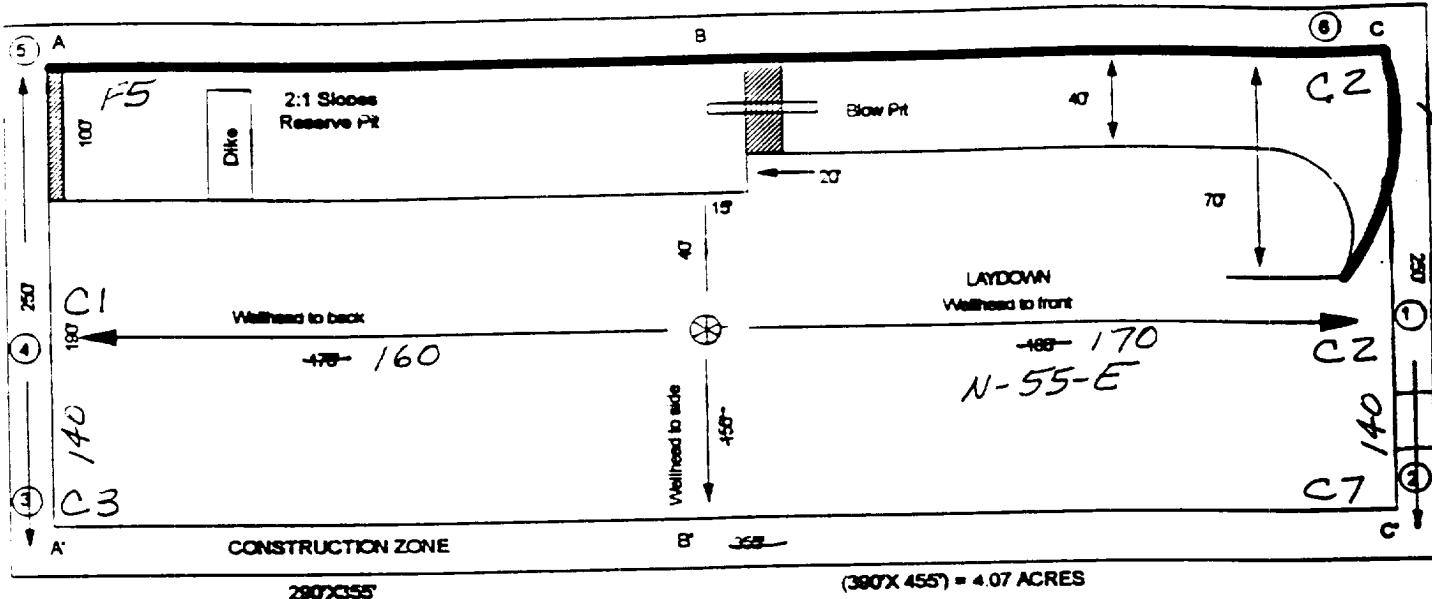
MERIDIAN OIL

PLAT #2

FC HIGH POTENTIAL

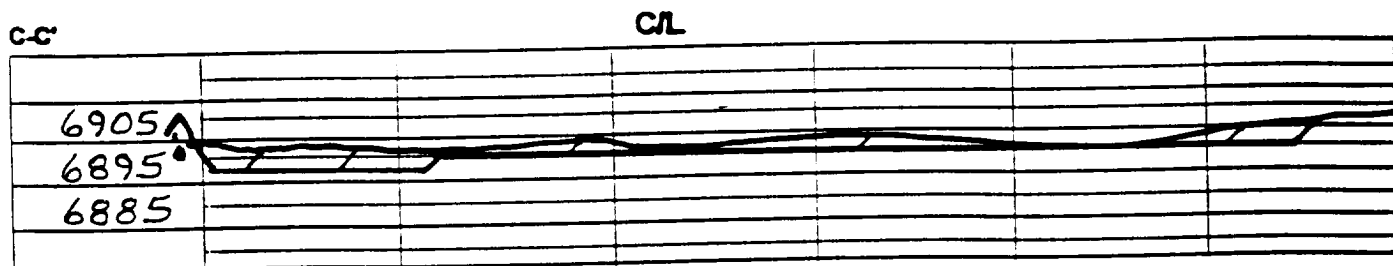
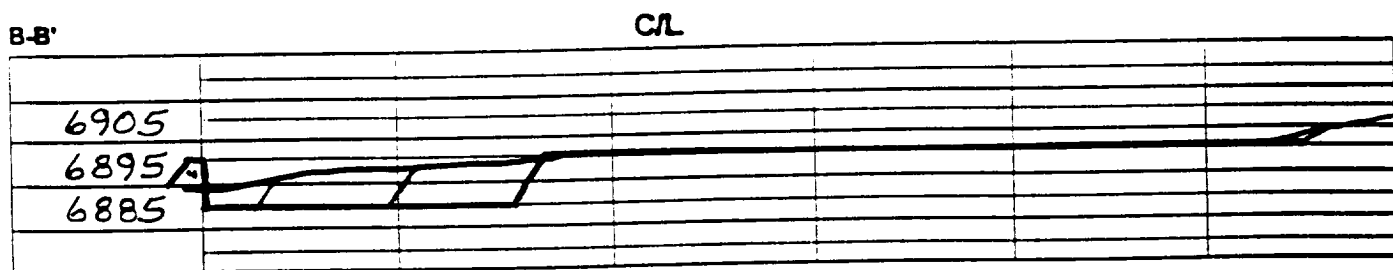
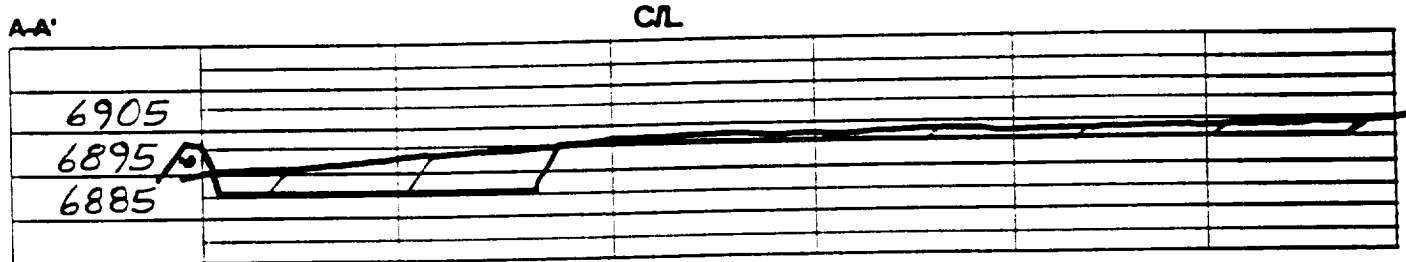
ALL MV / ALL DK

NAME:	CANYON LARGE UNIT # 428		
FOOTAGE:	1475 FNL 1475 FEL		
SEC:	13	TWN	25 N.R. 7 W NMPM
CO:	RA	ST:	NM
ELEVATION:	6895'	DATE:	10-3-94

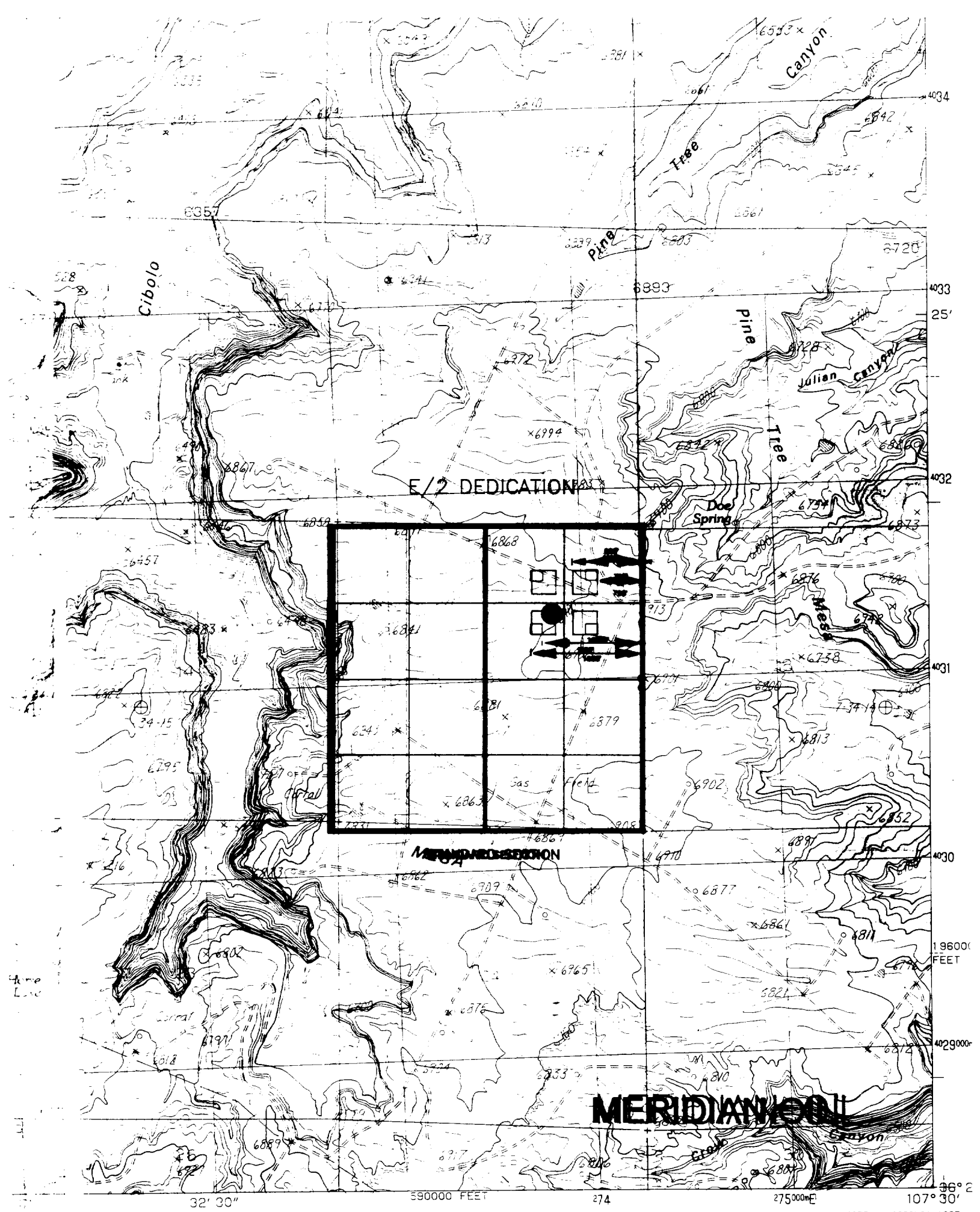


Reserve Pit Dike: to be 6" above Deep side: (overflow - 3' wide and 1' above shallow side.)

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



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.



NEW MEXICO

ROAD LEGEND

INTERIOR GEOLOGICAL SURVEY, RESTON, VIRGINIA-1985

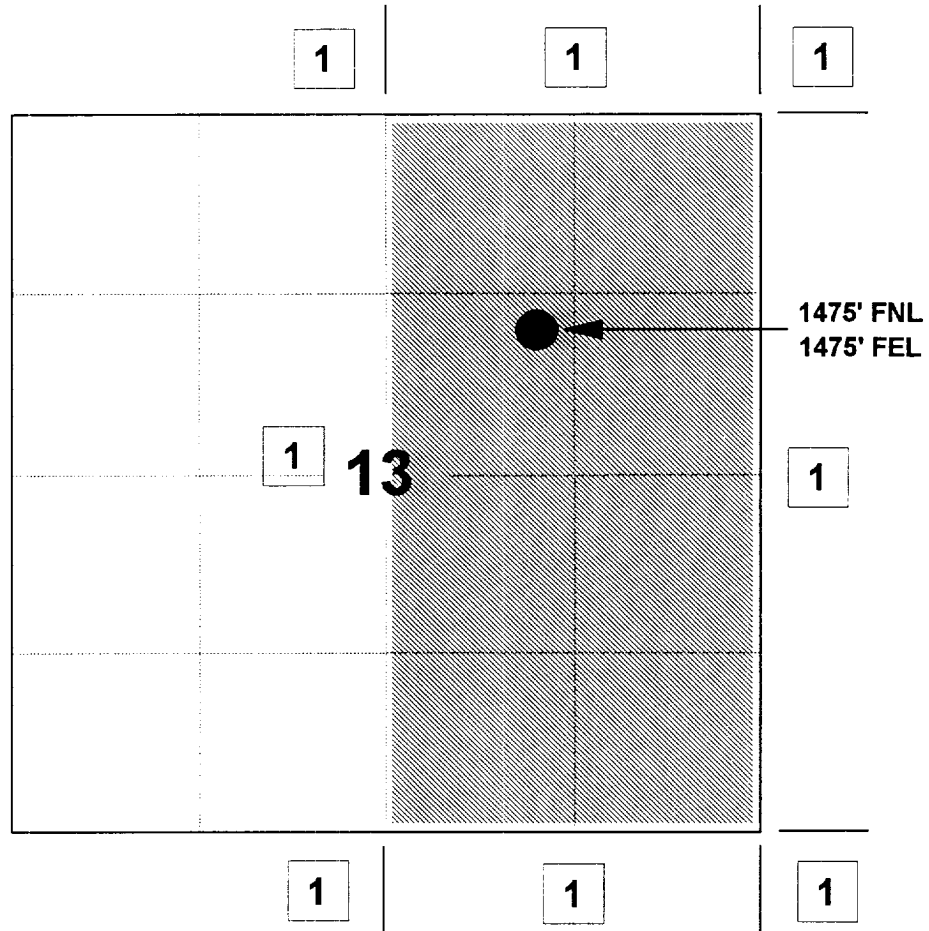
MERIDIAN OIL INC

CANYON LARGO UNIT #428

OFFSET OPERATOR \ OWNER PLAT

Dakota / Gallup Formations Dual Completion Well

Township 25 North, Range 7 West



1) Meridian Oil Inc.

Dakota Formation

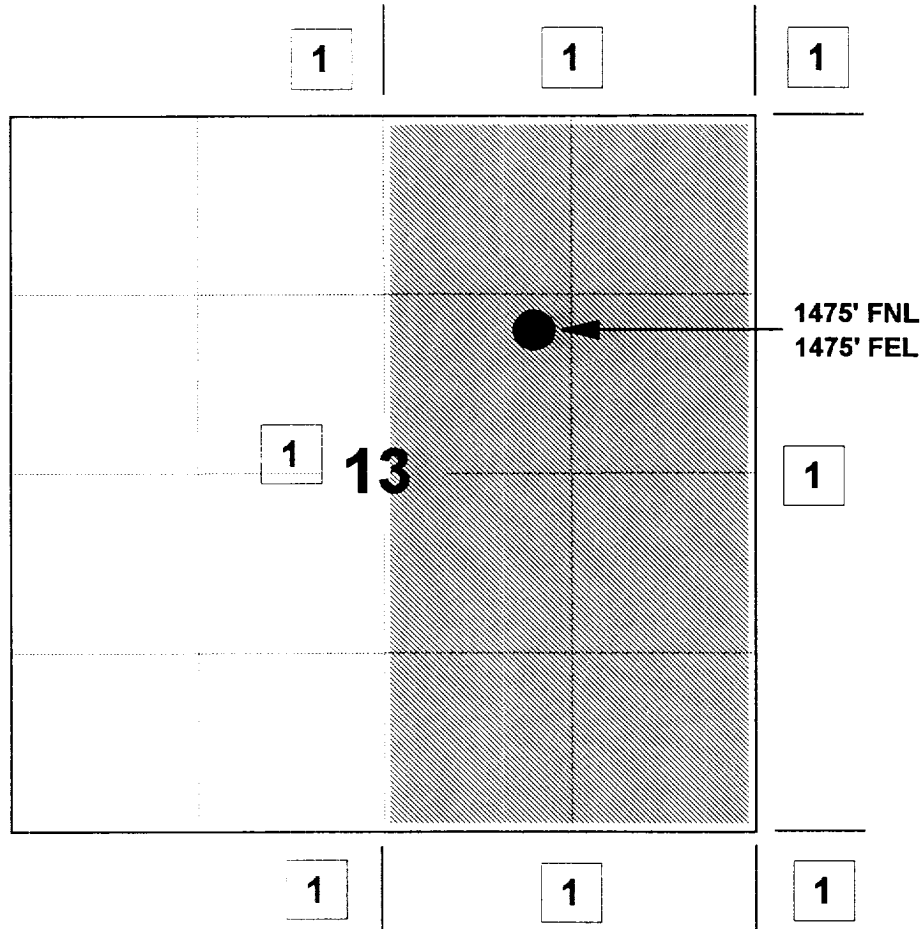
MERIDIAN OIL INC

CANYON LARGO UNIT #428

OFFSET OPERATOR \ OWNER PLAT

Dakota / Gallup Formations Dual Completion Well

Township 25 North, Range 7 West



1) Meridian Oil Inc.

Gallup Formation

