

RECEIVED
NEW MEXICO OIL & GAS CONSERVATION DIVISION
FARMINGTON, NEW MEXICO

MAR 14 1994

March 14, 1994

Mr. Mike Stogner
New Mexico Oil & Gas Conservation Division
P.O. Box 2088
Sante Fe, New Mexico 87504-2088

Re: Merit Energy
Jicarilla K #10-E
Section 1, Township 25 North, Range 5 West
1440' FWL & 1370' FSL
Rio Arriba County, New Mexico

Dear Mr. Stogner:

On Site Technologies, Ltd. represents Merit Energy as their agent for permitting and on site drilling operations. During a regular permitting procedure for the above-referenced subject, it was called to our attention by the Bureau of Land Management ("BLM") that the Jicarilla K 10E was in an unorthodox location and that the New Mexico Oil and Conservation Division ("NMOCD") required administrative approval prior to the commencement of drilling operations.

In reference to memorandum dated March 21, 1990, from William J. LeMay, Director, the following information is required for administrative approval for unorthodox locations:

- The proposed well location is located on BLM land on the Jicarilla Apache Reservation. An on site inspection has been conducted and a copy of the Notice of Staking and the Application for Permit to Drill are attached as Exhibit A and B respectively.
- A copy of the C-102 showing the well location is attached as Exhibit C.
- A land plat is also attached as Exhibit D showing the offset operators.
- A 7.5 minute quad topographic map is attached as Exhibit E showing the proposed well location, terrain features, access roads, the location of the archeological sites identified in the archeologist survey, the surface conditions highlighted in green showing that the surface location, and the orthodox drilling windows.

FAX: (505) 327-1496 • 24 HR. - (505) 327-7105 • OFF: (505) 325-8786
3005 NORTHRIDGE DRIVE • SUITE F • P.O. BOX 2606 • FARMINGTON, NEW MEXICO 87499

Mike Stogner
NMOCD Sante Fe
Merit Energy-Unorthodox Location Request
Page 2

- The reason for the request is due to archeological findings in the original location staked (highlighted in pink), to minimize surface disturbance and due to terrain as indicated on the topo map. See attached letter from Gifford Vellarde, Archeologist (Exhibit F).
- Attached are the letters informing the offset operators of the unorthodox location and the signed waivers including a copy of return receipt cards indicating date of receipt of notice.

If you have any questions regarding the required information, please feel free to contact either myself or Tora Baldwin at your earliest convenience.

On Site Technologies, Ltd. hereby certifies that the information is true and correct and that the offset operators have been notified.



Joe A. Wilbanks
Engineering Manager
On Site Technologies, Ltd.
Agent for Merit Energy

cc: -Bureau of Land Management
Rio Puerco Resource Area
-Bureau of Indian Affairs - Dulce, New Mexico
-Ernie Busch - NMOCD Aztec, New Mexico
-Merit Energy- Robert Matejek

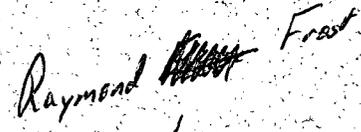
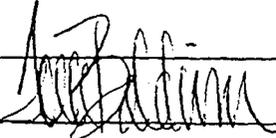

Raymond Frost

EXHIBIT "A"

NOS Format

NOTICE OF STAKING (Not to be used in place of Application for Permit to Drill Form 3160-3)		6. Lease Number _____		
1. Oil well <input checked="" type="checkbox"/> Gas well <input type="checkbox"/> Other <input type="checkbox"/> (Specify)		7. If Indian, Allottee or Tribe Name _____		
2. Name of Operator MERIT ENERGY		8. Unit Agreement Name _____		
3. Name of Specific Contact Person DAN MORRISON		9. Farm or Lease Name JICARILLA "K"		
4. Address & Phone No. of Operator or Agent P.O. BOX 2606 FARMINGTON, NM 87499		10. Well No. #10E		
5. Surface Location of Well Attach: a) Sketch showing road entry onto pad, pad dimensions, and reserve pit. b) Topographical or other accept- able map showing location, access road, and lease boundaries. TO BE FAXED		11. Field or Wildcat Name Wildcat Gallup Dakota		
15. Formation Objective(s) DAKOTA		16. Estimated Well Depth 7600'	12. Sec., T., R., M., or Blk and Survey or Area 940' FSL & 1,650' FWL SECTION 1, T25N, R5W	
13. County, Parish or Borough RIO ARRIBA COUNTY		14. State NEW MEXICO		
17. Additional Information (as appropriate; must include surface owner's name, address, and telephone number)				

18. Signed  Title ENGINEERING TECH Date 9-9-93
 TORA BALDWIN

Note: Upon receipt of this Notice, the Bureau of Land Management (BLM) will schedule the date of the onsite predrill inspection and notify you accordingly. The location must be staked and access road must be flagged prior to the onsite.

- Operators must consider the following prior to the onsite:
- a) H₂S Potential
 - b) Cultural Resources (Archeology)
 - c) Federal Right of Way or Special Use Permit

EXHIBIT 'B'

Form 3160-3
(December 1990)

SUBMIT IN TRIPL
(Other instructions on reverse side)

Form approved.
Budget Bureau No. 1004-0136
Expires: December 31, 1991

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK
 DRILL DEEPEN

b. TYPE OF WELL
 OIL WELL GAS WELL OTHER SINGLE ZONE MULTIPLE ZONE

2. NAME OF OPERATOR
 MERIT ENERGY 12221 MERIT DRIVE
 (214) 325-8377 Dallas, Texas 75251

3. ADDRESS AND TELEPHONE NO.
 ON SITE TECHNOLOGIES, LTD P.O. BOX 2606
 (505) 325-8786 FARMINGTON, NM

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)
 At surface 1440 FWL AND 1370 FSL
 At proposed prod. zone

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
 APPROXIMATELY 40 MILES NORTH OF COUNSELORS, NM

10. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 1370'

16. NO. OF ACRES IN LEASE 2558.4

17. NO. OF ACRES ASSIGNED TO THIS WELL 319.6

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 850'

19. PROPOSED DEPTH 7465'

20. ROTARY OR CABLE TOOLS ROTARY

21. ELEVATIONS (Show whether DF, RT, GR, etc.) 6930' GR

22. APPROX. DATE WORK WILL START* UPON APPROVAL

5. LEASE DESIGNATION AND SERIAL NO.
 NM 1073

6. IF INDIAN, ALLOTTEE OR TRIBE NAME
 JICARILLA

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME, WELL NO.
 JICARILLA K

9. AN WELL NO.
 #10E

10. FIELD AND POOL, OR WILDCAT
~~Wagon Wheel~~ Gallup/Dakota

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
 SEC. 1, T25N, R5W

12. COUNTY OR PARISH 18. STATE
 RIO ARRIBA NM

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4"	K55	24#	350'	450 sx Class B
7-7/8"	K55	15.5#	7465'	LEAD 230 sx 50/50 Pozmix TAIL 120 sx Class B SECOND STAGE: Lead: 450 sx Pozmix, Tail: 50 sx Class B

SEE ATTACHED DRILLING PROGRAM.

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. Joe A. Wilbanks Agent for: MERIT ENERGY COMPANY DATE 10/8/93
 SIGNED JOE A. WILBANKS TITLE DATE

(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:

APPROVED BY _____ TITLE _____ DATE _____

*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

SELF CERTIFICATION STATEMENT

Be advised that Merit Energy Company is considered to be the operator of Well No. Jicarilla "K" 10E, NESW 1/4, Sec. 1, T25N, R5W, Lease No. NM 1073, Rio Arriba County, New Mexico and is responsible under the terms and conditions of the lease for the operations conducted on the leased lands.

Bond Coverage for this well is provided by Irrevocable Letter of Credit No. LASB-21843 by Bank of America, Los Angeles, California. (Principal Merit Energy Company) via surety consent as provided for in 42CFR 3104.2.

This office will hold the aforementioned operator and bond liable until the provision of 42CFR 3106.7-2 continuing responsibility are met.

**Application for Permit to Drill
Merit Energy Company
Jicarilla "K" #10E
Section 1, T-25N, R-5W
Rio Arriba County, New Mexico
Page 1**

A. Drilling Program

1. Surface Formation and Estimated Formation Tops:

Nacimiento	550'
Pictured Cliffs	3,264'
Chacra	4,164'
Cliffhouse	4,950'
Gallup	6,570'
Sanastee	7,080'
Greenhorn	7,380'
Graneros	7,440'
Dakota	7,465'

2. Estimated Depth at which Oil, Gas, Water or Other Mineral-Bearing Zones are Expected to be Encountered:

	<u>Formation</u>	<u>Depth</u>
Expected Oil Zones:	N/A	
Expected Gas Zones:	Picture Cliffs	3,264'
	Chacra	4,164'
	Gallup	6,570'
	Dakota	7,465'
Expected Water Zones:	Nacimiento	550'
Expected Mineral Zones:	N/A	

All fresh water and prospective valuable minerals encountered during drilling will be recorded by depth, cased and cemented. All oil and gas shows will be tested to determine commercial potential.

3. Pressure Control Equipment:

BOP's to be used are detailed in the attached diagram labeled Exhibit "A". Merit Energy Companies minimum specifications for pressure control equipment are as follows:

- A. Below 8-5/8" surface casing - 10" 3000 psi wp double gate BOP.

Testing of BOP - All Blow Out prevention equipment will be tested upon installation. This will include casing, casing head and all related equipment and connections associated with blow out prevention and/or control.

Testing will be to the lesser of the following:

- (1) Full manufacturer's working pressure rating of equipment;
- (2) 70% of minimum internal yield pressure of casing; or
- (3) 1 psi/ft. of last casing string depth.

All BOP's will be checked each trip for physical operation. Morning tower driller will also check operation components of BOP, test operation of BOP and record on Driller's Log.

4. Casing Program and Auxiliary Equipment:

<u>Purpose</u>	<u>Depth</u>	<u>Hole Size</u>	<u>O.D</u>	<u>Weight</u>	<u>Grade</u>	<u>Type</u>
Surface	0-350'	12-1/4"	8-5/8"	24#	K55	ST&C
Production	0-7465'	7-7/8"	5-1/2"	15.5#	K55	LTC

Proposed Cementing Program:

Surface casing will be cemented to surface as follows:

<u>Surface</u>	<u>Type and Amount</u>
0-350'	450 sx of Class B with 2% CaCl mixed at 15.6 ppg, 1.2 yield, with 100% excess or sufficient to circulate to surface.

<u>Production</u>	<u>Type and Amount</u>
0-7465'	<p><u>Stage 1. Lead</u> - 230 sx 50/50 pozmix with .25 lb/sk cellophane and 6.25 lb/sk gilsonite and 6% halad 322 and 6% gel mixed at 11.3 ppg, 2.63 yield.</p> <p><u>Stage 1-Tail</u> 120 sx Class B with 8% Halad 322 mixed at 15.8 ppg with 1.15 yield. DV Tool at +/- 4800.</p> <p><u>Stage 2 Lead</u> - 450 sx Class B 50/50 pozmix with 25 lb/sk and 6% Gel mixed at 11.3 ppg yield 263 cubic ft/sk.</p> <p><u>Stage 2 Tail</u> - 50 sx Class B mixed at 15.8 ppg, yield 1.14 cubic ft/sk.</p>

After cementing but before commencing any test, the casing string shall stand cemented until the cement has reached a compressive strength of at least 500 psi at the shoe, except that in no case shall test be initiated until the cement has been in place at least 12 hours. WOC time shall be recorded in the driller's log.

5. Mud Program and Circulating Medium:

<u>Depth</u>	<u>Mud Type</u>	<u>Mud Wt</u>	<u>Vis</u>	<u>Fluid Loss</u>
0-350'	Gel/lime	8.4-8.6	28-45	N/C
350-3000'	Gel/lime	8.4-8.6	28-32	N/C
3000-TD	Gel/lime	8.4-8.5	35-40	6-10

6. Coring, Logging and Testing program: This well will be evaluated on the basis of induction Electric Survey, Gamma Ray, Compensation Density, Neutron, Sonic and Caliper surveys. Cased hole logs will consist of CCL and Cement Bond Logs and Gamma Ray.

7. Abnormal Conditions, Bottom Hole Pressures and potential hazards:

Bottom hole pressure gradient is 8.45#/gal - .440 psi/ft. We will prepare for drilling problems by controlling solids and mud weight.

8. **Anticipated Starting Dates and notifications of Operations:**

As soon as permitted.

B. **THIRTEEN-POINT SURFACE USE PLAN**

1. **Existing Roads**

- a. **Existing Roads - The proposed location is situated within an existing road system which is accessed from State Road 262. Roads will be maintained in the same or better condition than presently exists.**

Travel to 27 mile marker on Highway 537 from Highway 44. Cross Tapocito Creek, take 1 left. travel 6 miles on J64, turn 1 left on dirt road. Go past Gas Co. of New Mexico Compressor Station. 2.4 miles to proposed location.

- b. **Plans for improvement and/or maintenance of existing roads: roads will be maintained in the same or better condition than presently exists.**

2. **Planned Access Roads:**

- a. **Access to the location will be along an existing unimproved road. There will be no turn outs, culverts, bridges or foreign surface materials required.**

The access (including any existing non-county) road will be rehabilitated or brought to Resource (Class III) Road Standards by meeting the following minimum design requirements within sixty (60) days of completion of drilling operations:

Surface disturbance and vehicular travel will be limited to the approved location and access road. Any additional area needed will be approved by the Area Manager in advance.

The topsoil from the access road will be reserved in place. Trees and brush removed from building of the road will be stacked next to road to be used in rehabilitation.

3. Location of Existing Wells:

All wells within a one mile radius are shown on the attached map "B".

4. All permanent above-ground facilities (6 months or longer) will be painted a non-reflective (Juniper Green) color to blend into the surrounding area. The exception being that Occupation Health and Safety Act Rules and Regulations are to be complied with where special safety colors are required.

If a tank battery is constructed on this location it will be surrounded by a dike of sufficient capacity to contain 1-1/2 times the storage capacity of the largest tank; all load lines and valves will be placed inside dike surrounding the tank battery.

All site security guidelines identified in 43 CFR 3162.7-5 and ONSHORE OIL AND GAS ORDER NO. 3 - SITE SECURITY will be adhered to.

Gas measurements will be conducted in accordance with the ONSHORE OIL AND GAS ORDER NO. 5 - GAS MEASUREMENT and 43 CFR 3162.7-3.

Gas meter runs for each well will be located within five hundred (500) feet of the well head. The gas flowline will be buried from the well head to the meter and downstream for the remainder of the pad. meter runs will be housed and/or fenced.

Oil measurement will be conducted in accordance with ONSHORE OIL AND GAS ORDER NO. 4; OIL MEASUREMENT as of the effective of August 23, 1989 and 43 CFR 3162.7-2.

5. Location and type of Water Supply:

All water needed for drilling purposes will be obtained from: water well site located at Section 28, T25N, R4W; Conoco #1 & 2 which will be hauled by private trucking from the site.

Water obtained on private land, or land administered by another agency, will require approval from the owner or agency for use of that water.

6. Source of Construction Material:

Pad construction material will be obtained from on site and in place materials. Twelve (12) inches of top soil will be reserved for future rehabilitation and will be stock piled along the north edge of location. Brush and trees that are removed in order to build the proposed location will be stockpiled on the east end of the location.

The use of materials under BLM jurisdiction will conform to 43 CFR 3610.

7. Methods of Handling Waste Disposal:

The reserve pit will be constructed with at least 1/2 of the capacity in cut material.

Three sides of the reserve pit will be fenced within 24 hours after completion of construction and the fourth side within 24 hours after drilling operations cease with four (4) strands of barbed wire, or woven wire topped with barbed wire to a height of not less than four (4) feet. The fence will be kept in good repair while the pit is drying.

No liquid hydrocarbons (i.e. fuels, lubricants, formation) will be discharged to the reserve pit.

No chrome compounds will be on location.

All garbage will be placed in a garbage receptacle and hauled to a county refuge facility. There will be no burning on location.

Produced waste water will be confined to the reserve pit for a period not to exceed ninety (90) days after initial production. During the ninety (90) day period, an application for approval of a permanent disposal method and location, along with the required water analysis, will be submitted for the District Manager's approval pursuant to NTL-2B.

8. Ancillary Facilities:

Chemical toilets will be provided and maintained during drilling operations.

9. Well Site Layout:

The reserve pit will be located: In the Northeast corner of pad. (See attached wellsite layout plat Map "C")

10. Plans for Restoration of Surface:

- a. Within 24 hours of completion of drilling, the location and surrounding area will be cleared of all debris, materials, and junk not required for production.
- b. As soon as the reserve pit has dried or within eighteen months (18 months.) whichever is least, all areas not needed for production. (including access road) will be filled in, re contoured to approximately natural contours and as much top soil as was removed) replaced leaving enough for future restoration. The remaining top soil (if any) will be stabilized and seeded in place. If the well is a dry hole, the location and access road will be rehabilitated in total.
- c. The area will be seeded between December 1, 1993 and April 4, 1994 with the recommended mixture by the BIA.

- d. Seed will be broadcast followed by a light harrowing. If the seed is drilled, the seeding rate can be reduced by 25% and harrowing can be eliminated.

After seeding the trees and brush will be scattered over the sight.

Scarefire, riping, water bars or other soil treatments may be required by the authorized officer at the time, depending on the soil and water conditions at the time of rehabilitation.

11. Surface and Mineral Ownership:

Surface Disposition- Jicarilla Apache Tribe
Mineral Ownership- Jicarilla Apache Tribe

12. Other Information:

There will be no deviation from the proposed drilling and/or work over program without prior approval from the District Manager. Safe drilling and operation practices must be observed. All wells, whether drilling, producing, suspended or abandoned and/or separate facilities, will be identified in accordance with 43 CFR 3162.6.

"Sundry Notice and Report on Wells" (Form 3160-5) will be filed for approval for all changes of plans and other operations in accordance with 43 CFR 3162.6.

The dirt contractor will be provided with an approved copy of the surface use plan.

The operator is responsible for informing all persons in the area who are associated with this project that they will be subject to prosecution for knowingly distributing historic or archaeological sites, or for collecting artifacts. If historical or archaeological materials are uncovered during construction, the operator is to immediately stop work that might further disturb such materials, and contact the authorized officer (AO). Within five working days the AO will inform the operator as to:

Whether the materials appear eligible for the National Register of Historic Places; the mitigation measures the operator will likely have to undertake before the site can be used (assuming instu preservation is not necessary); and a time frame for the AO to complete and expedited review under 36 CFR 800.11 to confirm, through the State Historic

Preservation Officer, that the findings of the AO are correct and that mitigation is appropriate.

If the operator wishes, at any time, to relocate activities to avoid the expenses of mitigation and/or the delays associated with this process, the AO will assume responsibility for whatever recordation and stabilization of the exposed materials may required. Otherwise, the operator will be responsible for mitigation costs. The AO will provide technical and procedural guidelines for the conduct of mitigation. Upon verification from the AO that the required mitigation has been completed, the operator will then be allowed to resume construction.

This permit will be valid for a period of one (1) year from the date of approval. After permit termination, a new application will be filed for approval for any future operations. If at any time the facilities located on public lands authorized by the terms of the lease are no longer included in the lease (due to a contraction in the unit or other lease or unit boundary change) the BLM will process a change in authorization to the appropriate statute. The authorization will be subject to appropriate rental, or other financial obligation determined by the authorized officer.

13. Lessee's or Operator's Representative and Certification:

Representative/Agent:

Joe Wilbanks
On Site Technologies, Limited
3005 Northridge, Suite F
Farmington, New Mexico 87401
(505) 325-8786 Office
(303) 247-9210 Home

Application for Permit to Drill
Merit Energy Company
Jicarilla "K" #10E
Section 1, T25N, R5W
Rio Arriba County, New Mexico
Page 10

CERTIFICATION

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 that exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and the work associated with operations proposed herein will be performed by Merit Energy Company and its contractors in conformity with this plan, and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

By: _____

Date: _____

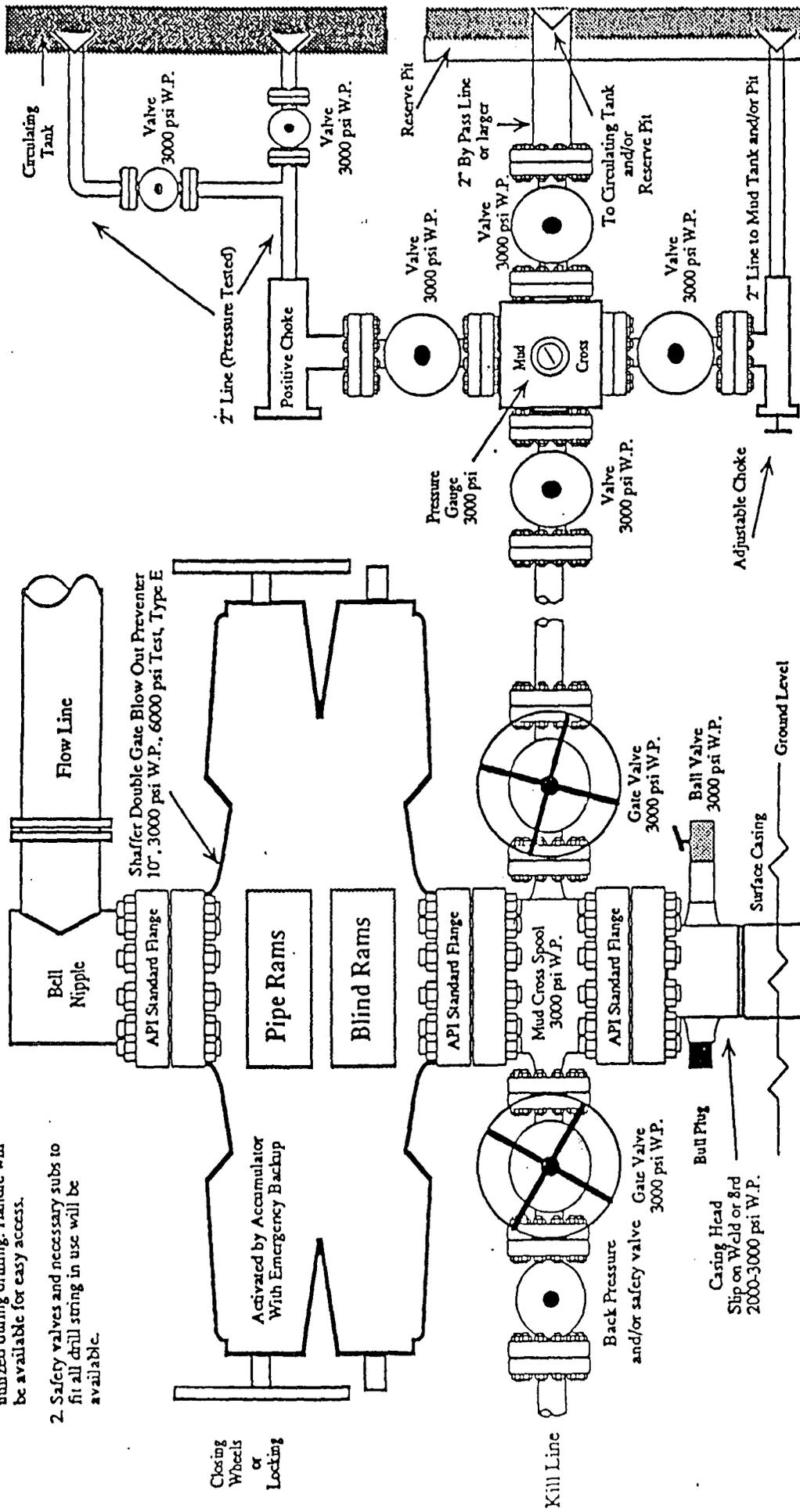
Representative/Agent for
Merit Energy Company
Joe Wilbanks
On Site Technologies, Ltd.
3005 Northridge, Suite F
Farmington, New Mexico 87401

(505) 325-8786 Office

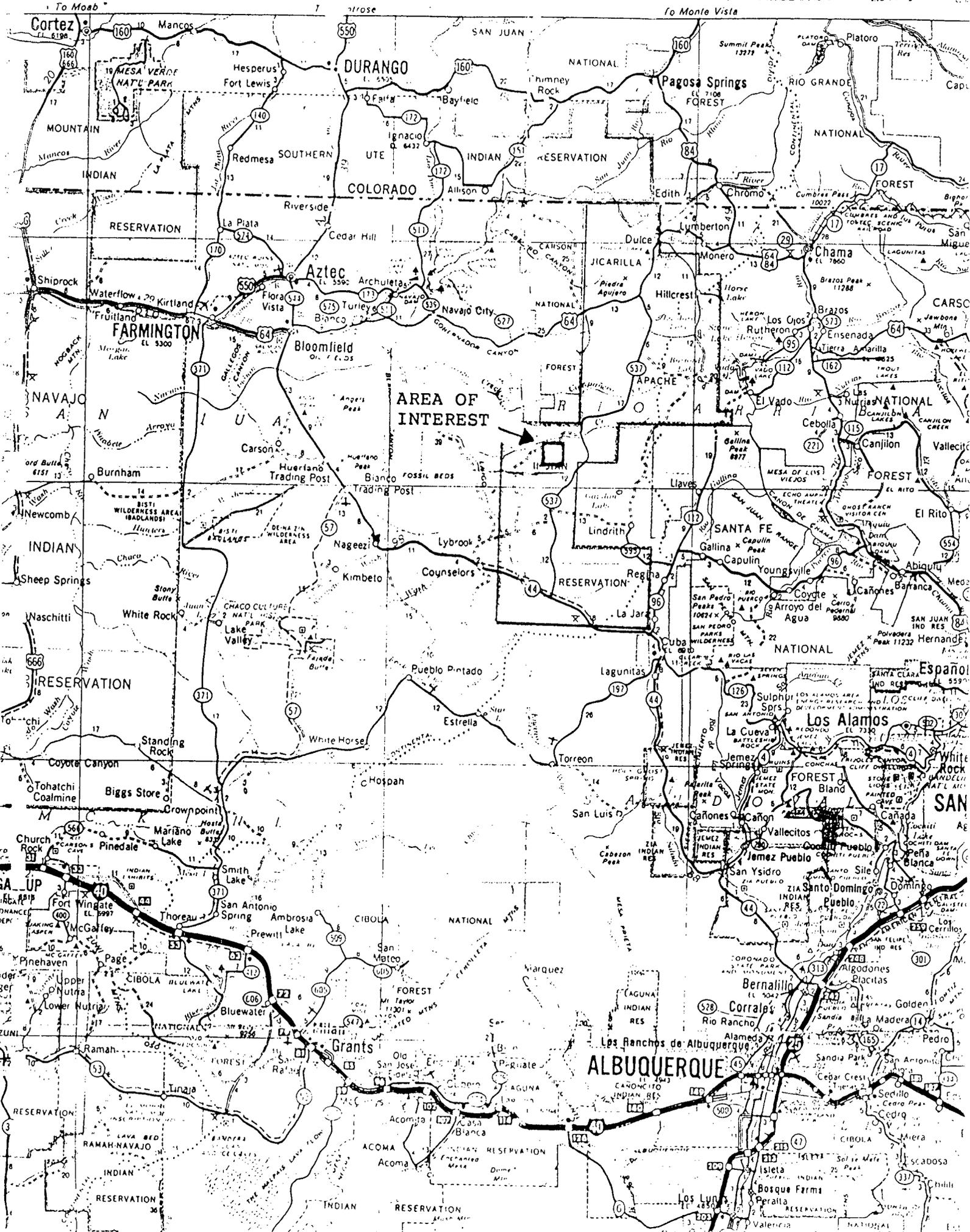
(303) 247-9210 Home

Note: 1. An upper Kelly cock valve will be utilized during drilling. Handle will be available for easy access.

2. Safety valves and necessary subs to fit all drill string in use will be available.



Note: This equipment is designed to meet requirements for a 2-M rating standard per 43 CFR part 3160 (amended). Proper operation and testing of equipment will be carried out per standard. 2,000 psi equipment can be substituted in the



JICARILLA APACHE ARCHAEOLOGICAL SERVICES

AN ARCHAEOLOGICAL SURVEY OF TWO WELL
LOCATIONS IN RIO ARRIBA COUNTY,
NEW MEXICO, CONDUCTED FOR
MERIT ENERGY COMPANY

REPORT CR-93-402

JICARILLA APACHE TRIBAL RESOLUTION
*83-581

SEPTEMBER 27, 1993

DULCE, NEW MEXICO 87528

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K-10-E

K-11-E

ABSTRACT

This report details the findings of a Class III Pedestrian Survey of two well locations conducted for Merit Energy Company. Approximately 2.40 acres of land were surveyed for cultural resources. No significant cultural resources were located during archaeological investigation.

Archaeological clearance is recommended.

The survey was conducted by:

Jicarilla Apache Archaeological Services
P.O. Box 919
Dulce, NM 87528
Phone: (505)759-3396

The survey was conducted under:

Jicarilla Apache Tribal Resolution #83-581

The survey was conducted for:

Joe A. Wilbanks
On Site Technologies, LTD.
P.O. Box 2606
Farmington, NM 87499

and

Dan Morrison
Merit Energy Company
1221 Merit Drive, Suite 500
Dallas, Texas 75251

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INTRODUCTION

On September 27, 1993, Gifford Velarde, from the Jicarilla Apache Archaeological Services, conducted a Class III Pedestrian Survey of two well locations for Merit Energy Company.

Mr. Joe A. Wilbanks, Engineering Manager for On Site Technologies, LTD, was present for the inspection. Mr Brian Wood, environmental specialist, was also available for the day's activities. Mr. Gerald Huddleston, surveyor, was on hand to change any legal measurement.

The proposed projects are located north of Lapis Point on the southern half of the Jicarilla Apache Reservation.

METHODOLOGY

A 5-10 meter zig-zag pattern was used to survey the area. A record search of previously recorded sites on or near the proposed projects was completed.

RECORDS SEARCH

LANO 16489

A ceramic scatter representing a Navaho tradition in the 1693-1753 period.

PROJECT LOCATIONS

Merit Energy Company - K-10-E

Land Jurisdiction: Jicarilla Apache Tribe

Legal Description: The proposed project is in the SW 1/4 of the NE 1/4 of the SW 1/4 of Section 1, Township 25 North, Range 5 West, N.M.P.M., Rio Arriba County, New Mexico. The well is 1370'FSL & 1440'FWL.

Elevation: 6920'

UTM Coordinates: Zone 13; 293,520 mE; 4,033,390 mN (well stake)

Actual Project Area: 300' x 175'
TOTAL: 1.20 acres

Actual Survey Area: 300' x 175'
TOTAL: 1.20 acres

Access: No access required.

Physiography & Environmental Setting:

The proposed project is found on a northern lower mesa bench. The many small washes on the bench direct water to the north. The soil is rocky. A sandy loam is also present. Vegetation on this northern bench consists of sage mountain muhly, bitterbrush, mountain mahogany, juniper, and pinon.

Cultural Resources:

Broken brown bottles located alongside a modern hearth were the only cultural resources.

Recommendations:

Archaeological clearance is recommended.

Merit Energy Company - K-11-E

Land Jurisdiction: Jicarilla Apache Tribe

Legal Description: The proposed project is in the SE 1/4 of the NW 1/4 of the NE 1/4 of Section 2, Township 25 North, Range 2 West, N.M.P.M., Rio Arriba County, New Mexico. The well is 850'FNL & 1800'FEL.

Elevation: 6640'

UTM Coordinates: Zone 13; 291,585 mE; 4,034,370 mN (well stake)

Actual Project Area: 300' x 175'
TOTAL: 1.20 acres

Actual Survey Area: 300' x 175'
TOTAL: 1.20 acres

Access: No access required.

Physiography & Environmental Setting:

The proposed project is found at the base of the mesa. This hill slope drains water towards the northwest. The soil is mostly disturb being adjacent to an existing well. The vegetation consists of sage, rabbitbrush, Indian ricegrass, mountain muhly, and four-wing saltbush.

Cultural Resources:

Modern trash from a recent drilling operation were encountered during archaeological survey.

Recommendations:

Archaeological clearance is recommended.

SUMMARY

The archaeological clearance for Merit Energy Comany's two well locations uncovered no significant cultural resources. Access roads to both proposed wells are existing. Archaeological clearance is recommended. Final clearance is the prerogative of the Area Archaeologist.

BIBLIOGRAPHY

Museum of New Mexico

1986

Archaeological Records Management System. Laboratory of Anthropology, Santa Fe, New Mexico.

J I C A R T L I A P A C H E

LAPIS POINT, N. MEX.

N3622.5-W10715/7.5

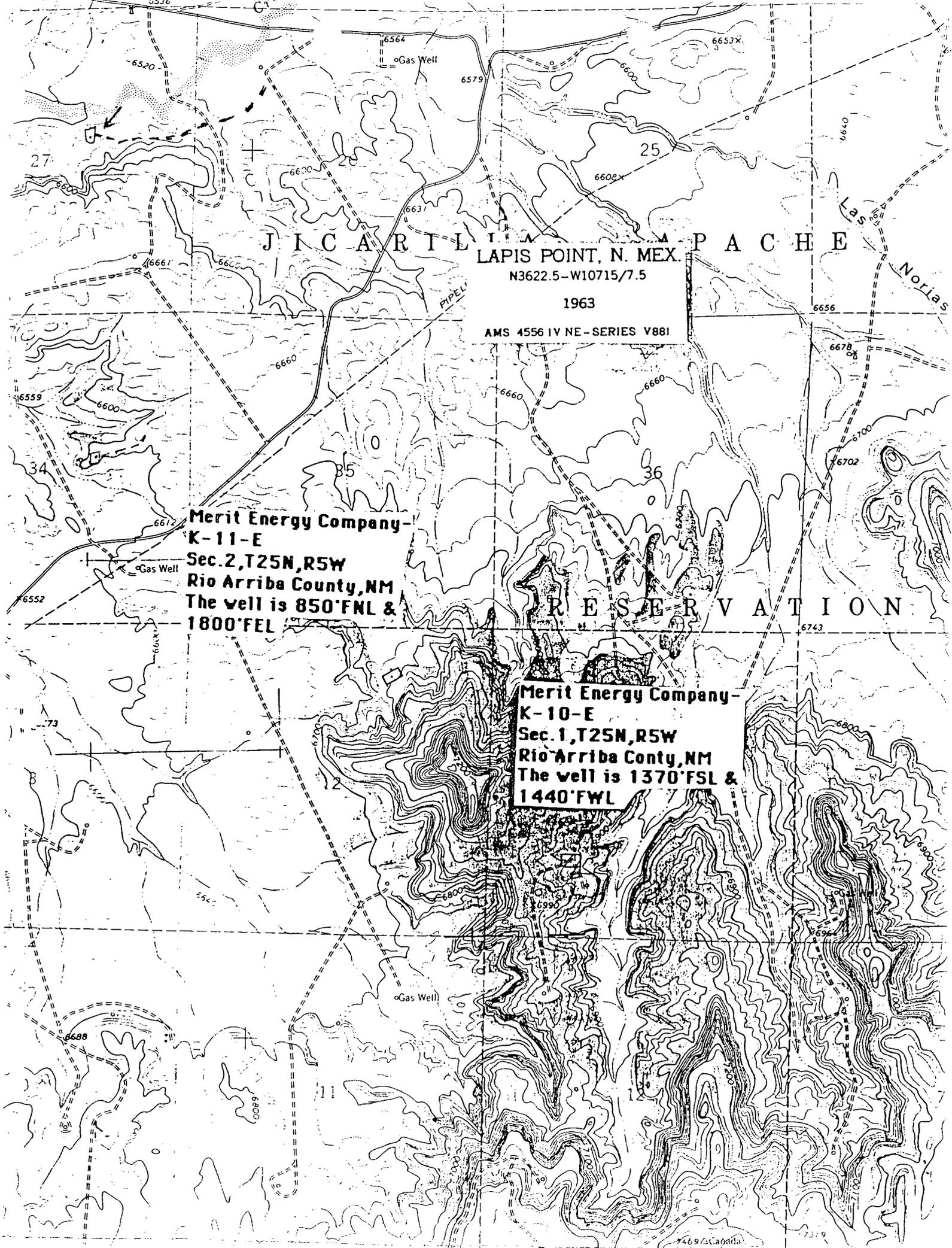
1963

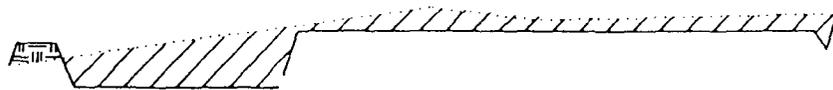
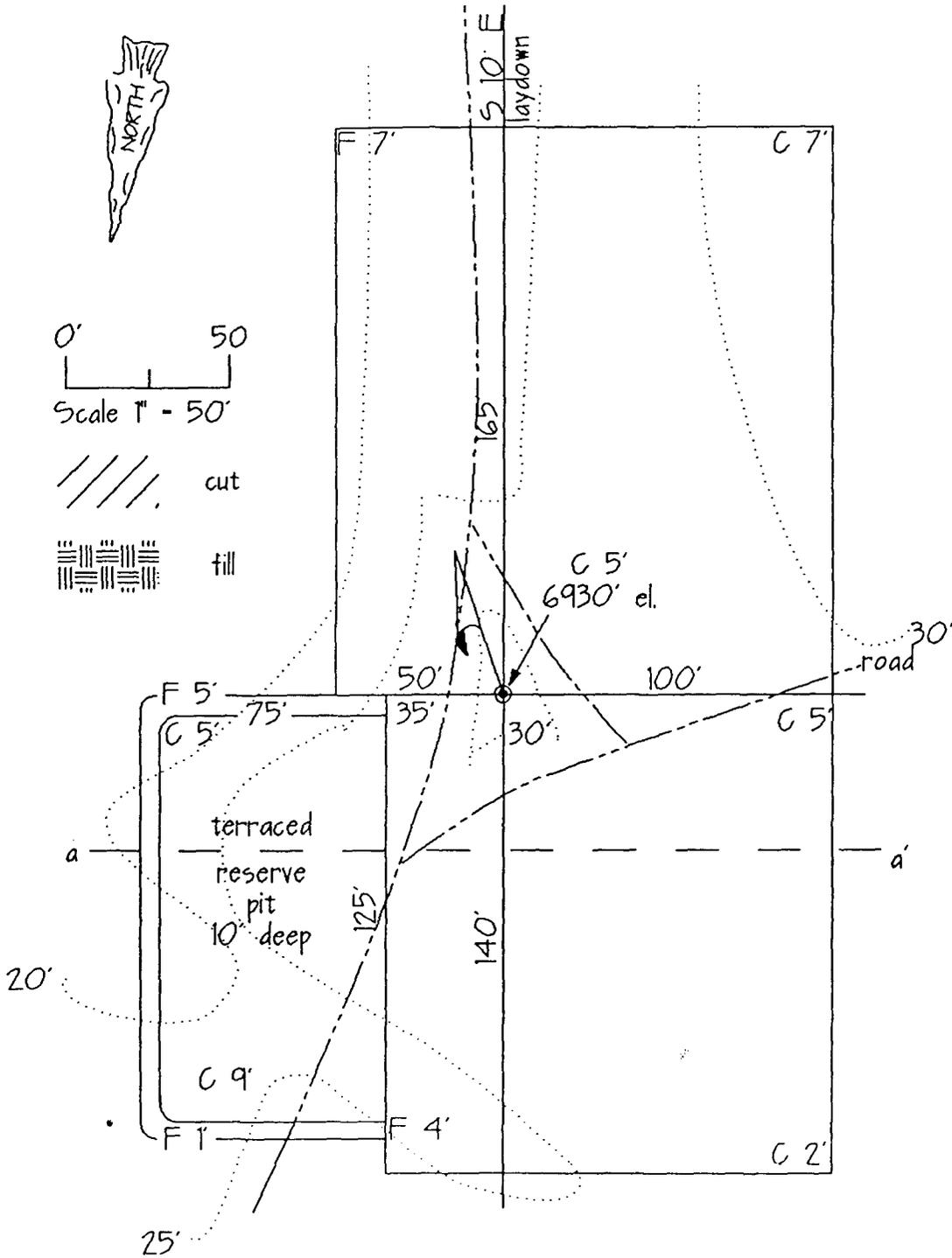
AMS 4556 IV NE-SERIES V881

Merit Energy Company-
K-11-E
Sec. 2, T25N, R5W
Rio Arriba County, NM
The well is 850' FNL &
1800' FWL

Merit Energy Company-
K-10-E
Sec. 1, T25N, R5W
Rio Arriba County, NM
The well is 1370' FSL &
1440' FWL

R E S E R V A T I O N





Cross section

OIL CONSERVATION DIVISION

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

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

DISTRICT I
 P.O. Box 1920, Hobbs, NM 88240

DISTRICT II
 P.O. Drawer DD, Artesia, NM 88210

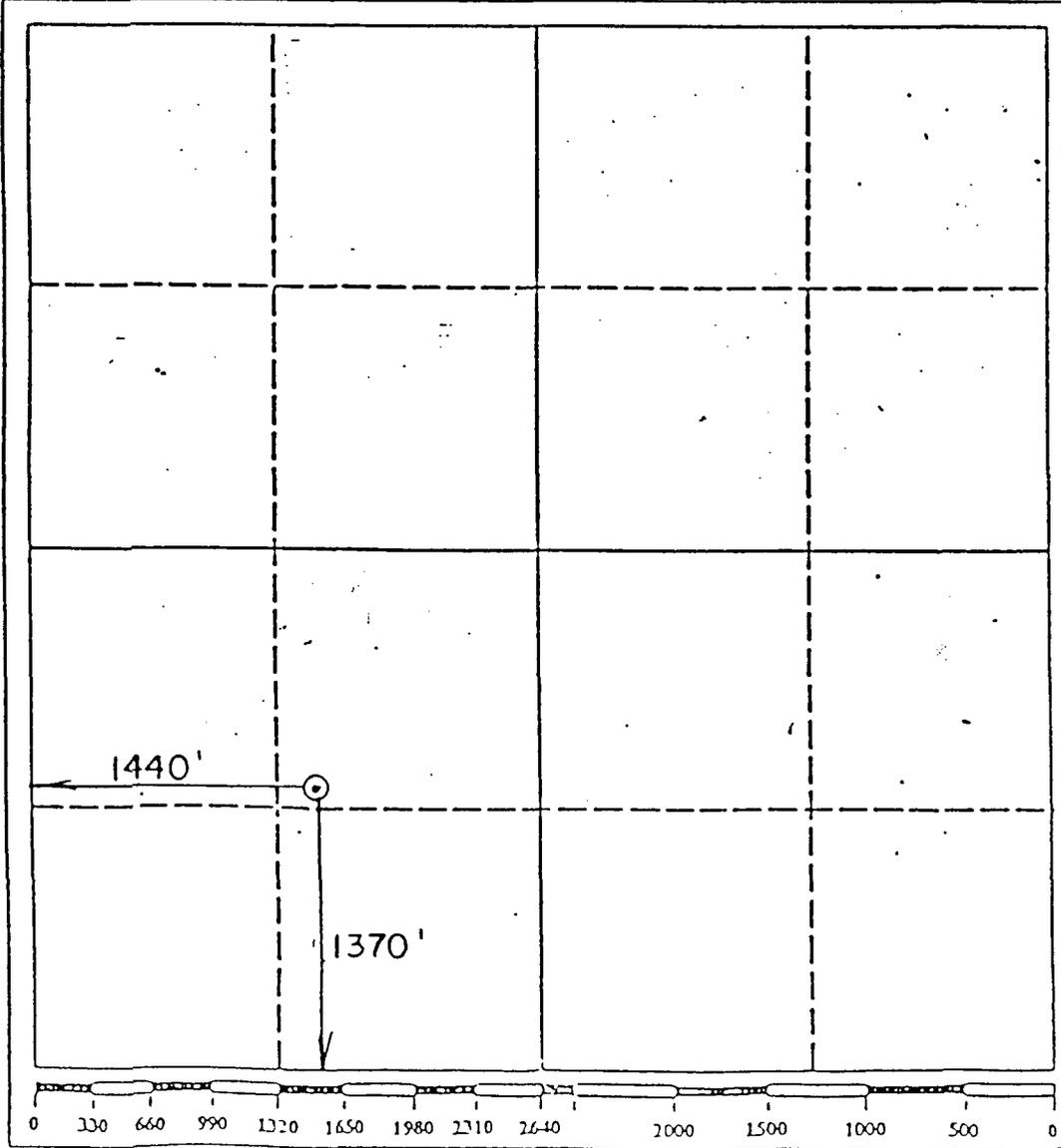
DISTRICT III
 1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator MERIT ENERGY COMPANY		Lease JICARILLA		Well K-10-E	
Unit Letter K	Section 1	Township 25 N.	Range 5 W.	County RIO ARRIBA	
Actual Footage Location of Well: 1370 feet from the SOUTH line and 1440 feet from the WEST					
Ground level Elev. 6930'	Producing Formation		Pool	Dedicated Acreage: Acres	

- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
 - If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
 - 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.



OPERATOR CERTIFICATION

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

Joe A. Wilbanks
 Signature

JOE A. WILBANKS
 Printed Name

agent
 Position

ON SITE TECHNOLOGIES
 Company

10-8-93
 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 supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed _____

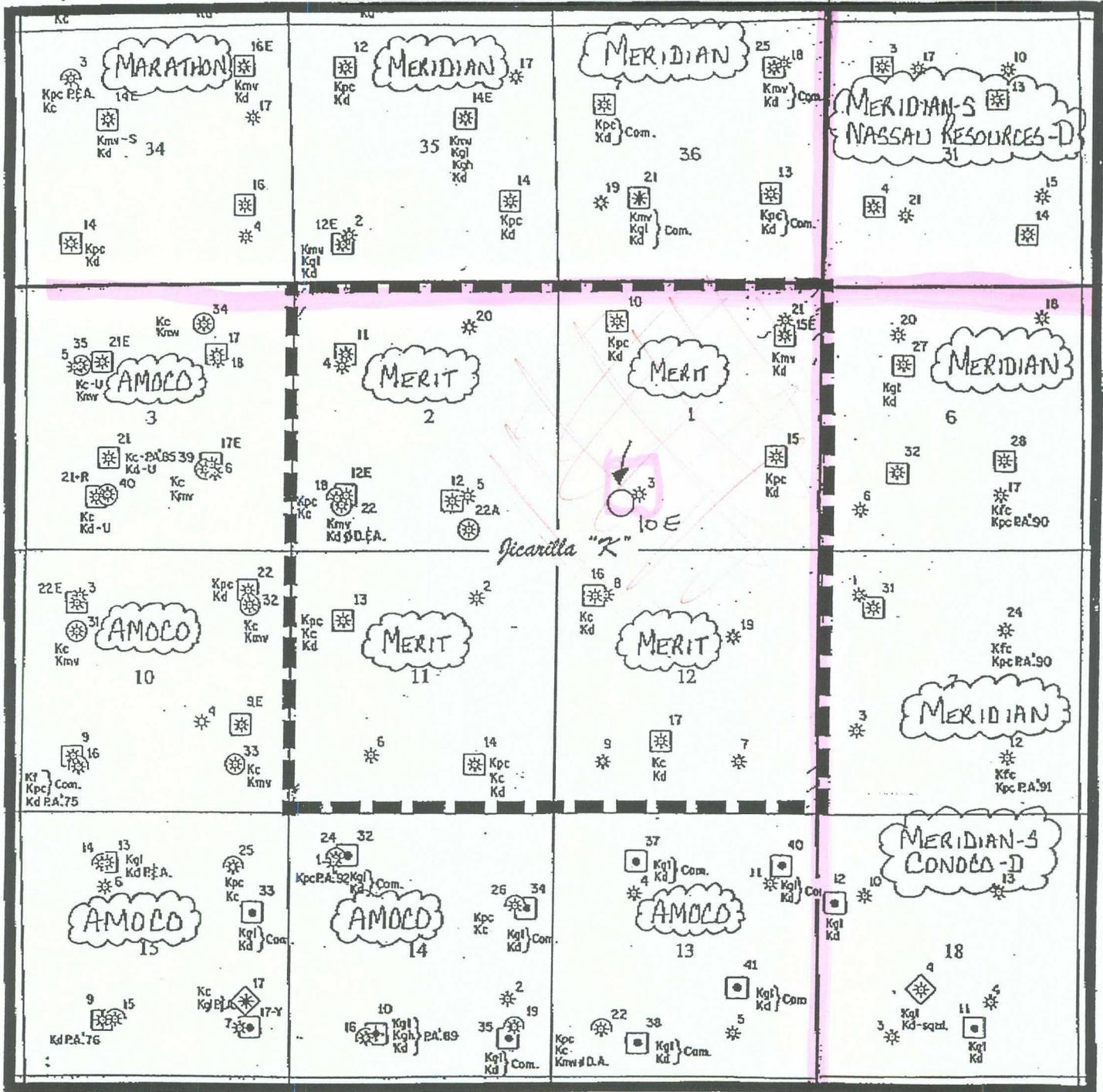
G. Huddleston
 Signature

G. HUDDLESTON
 Seal of Professional Surveyor
 6844

REGISTERED LAND SURVEYOR

Certificate No.
6844

SW EXHIBIT "D" 4W

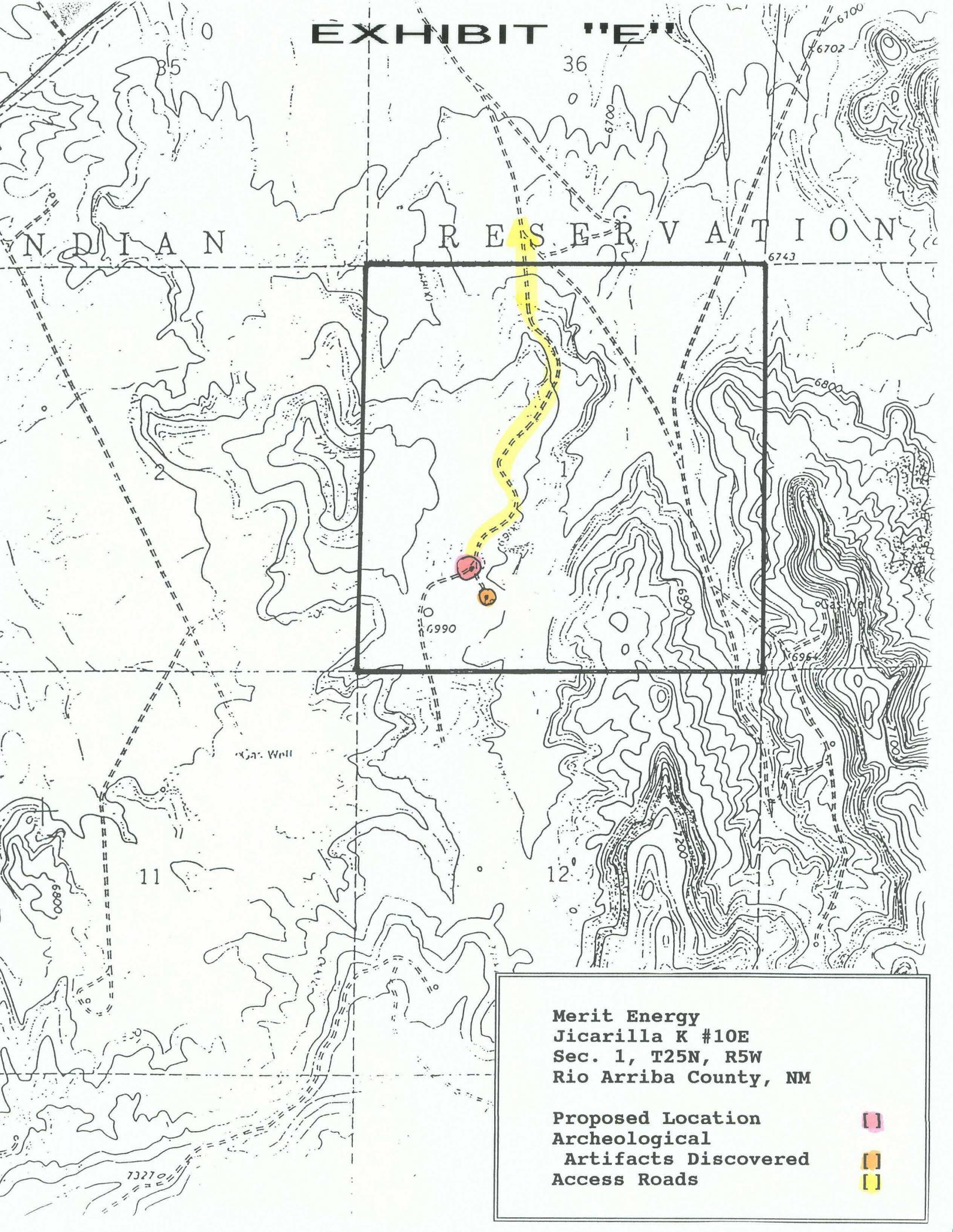


MERIT ENERGY COMPANY
 12222 MERIT DRIVE, SUITE 1800
 DALLAS, TEXAS 75261

OWNERSHIP MAP
 JICARILLA "K" LEASE
 Rio Arriba County, NM

G.A. Jenner (1/94)

EXHIBIT "E"



Merit Energy
Jicarilla K #10E
Sec. 1, T25N, R5W
Rio Arriba County, NM

Proposed Location 
Archeological 
Artifacts Discovered 
Access Roads 

EXHIBIT "F"

Jicarilla Apache Archaeological Services
P. O. Box 919
Dulce, NM 87528
(505) 759-3398

December 21, 1993

Joe Wilbanks
On Site Technologies, LTD.
P.O. Box 2606
Farmington, NM 87499

Dear Mr. Wilbanks,

On September 27, 1993, during the archaeological inspection of K-10-E for Merit Energy Company, a site of importance was identified. The site was within the project limits. The proposed project (K-10-E) was moved east to avoid all cultural resources. This moved is in conflict with the state's policy for legal locations.

The site was approximately 80 x 60 meters (80m x 60m). It consists of a structure, chipped stone and ceramics. The site is from the Refugee Period (A.D. 1680-1750). The site has been disturb by drilling activity due to it's proximity to an existing well.

Additional information about the site would have to wait due to snow cover.

I hope this information will expedite your permit to drill.

Sincerely,


Gifford Velarde,
C.E.O., J.A.A.S.



We tried to deliver something to you! We can bring it back!

Article No. 309 774 374
 Today's Date FEB 19 1992 Sender's Name 87498

It is a: (See reverse)
 Letter
 Parcel
 Magazine/Catalog/Large Envelope
 Perishable Item
 Article with Delivery Restricted to Addressee
 Article Requiring Signature at Time of Delivery
 at the Post Office (See below)

It is Located:

For Redelivery:

(1) check all that apply;
 (2) sign below; **AND**
 (3) LEAVE THIS NOTICE OUT WHERE CARRIER CAN SEE IT

Redeliver (Check one): (When using this option, allow 2 delivery days for redelivery)
 Mon Tue
 Wed Thur
 Fri Sat

Leave at my house (Specify where):
 Deliver to (Enter name & address):
 Let this person sign for my article (Enter name):
 Refused

Your Signature & Date
X

Or, You Can:

(1) call for redelivery;
 (2) pick up article at post office after date _____ time _____
 (Bring this notice & D)

Delivery Notice/Reminder/Receipt
 PS Form 3849, July 1992

Addressed to: Nassau Street and Number 809

Your mail is:
 Express Mail: (Automatic redelivery next delivery day unless you call to hold at post office)
 Insured
 Certified
 Registered
 Return Receipt for Merchandise
 Recorded Delivery (International)
 Special Delivery

Article Requiring Payment
 Postage Due Amount Due
 COD
 Customs

This is Your Final Notice
 Your article will be RETURNED TO SENDER on:

Forwarding or Return Address: (USPS use only) Received by (Signature)

X Cindy Holden

CUSTOMER: Describe any Visible Damage (For Registered, Insured, or Express Mail)

Unclaimed Refused Returned
 Unknown Forwarded Other (Specify)

Delivered/Forwarded/Returned by RB Date 2-22-90

Bill No.

Insured
 Registered
 Certified
 Returned CODs
 Return Receipt for Merchandise

Mail for

Morgan Co.

No. of Article	* Code	Office of Origin Use ONLY for International	No. of Article	* Code	Office of Origin Use ONLY for International
1		<i>[Redacted]</i>	11		
2		<i>[Redacted]</i>	12		
3		<i>[Redacted]</i>	13		
4		<i>[Redacted]</i>	14		
5		<i>[Redacted]</i>	15		
6		<i>[Redacted]</i>	16		
7		<i>[Redacted]</i>	17		
8		<i>[Redacted]</i>	18		
9		<i>[Redacted]</i>	19		
10		<i>[Redacted]</i>	20		

*CODE: R = Return Receipt Requested, OS = Officially Sealed, RE = Re-enveloped, SD = Special Delivery, RW = Returned to Writer, DC = Received in damaged condition.

Postmark - Delivery Office

Date of Delivery *2-22-94*

Received the

Addresssee

Delivered by (Clerk or Carrier) *RB*

Pieces Described Above

[Signature]
Agent

2-22-94

Bill No.

Insured Registered Certified Returned COD's

Return Receipt for Merchandise

Mail for

Merriman, P.O.

No. of Article	* Code	Office of Origin Use ONLY for International	No. of Article	* Code	Office of Origin Use ONLY for International
1		[Redacted]	11		
2		[Redacted]	12		
3		[Redacted]	13		
4		[Redacted]	14		
5		[Redacted]	15		
6		[Redacted]	16		
7		[Redacted]	17		
8		[Redacted]	18		
9		[Redacted]	19		
10		[Redacted]	20		

*CODE: R = Return Receipt Requested. OS = Officially Sealed. RE = Re-enveloped. SD = Special Delivery.
RW = Returned to Writer. DC = Received in damaged condition.

Date of Delivery *2-22-94*

Received the

Addresssee

Delivered by (Clerk or Carrier) *RJP*

Pieces Described Above

Agent

2-22-94

Postmark - Delivery Office



**ON SITE
TECHNOLOGIES, LTD.**

March 03, 1994

Mr. Van Goebel
Meridian Oil & Gas
P.O. Box 4289
Farmington, New Mexico 87499

Re: Merit Energy
Jicarilla #10E
Section 1, T25N, R5W
Rio Arriba County, New Mexico

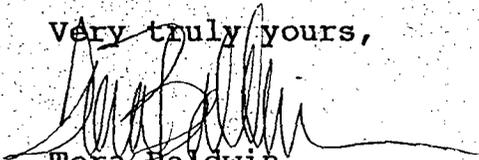
Dear Mr. Goebel:

The following is additional information you requested regarding the unorthodox location Merit Energy is applying for:

- The well is located in Section 1, Township 25 North, Range 5 West in Rio Arriba County, New Mexico on the Jicarilla Apache Reservation.
- The proposed depth is 7465'.
- The application for the unorthodox location is due to the finding of archeological artifacts at the original location.
- The Jicarilla 10E is a Dakota development well.

I apologize for the lack of information in the original letter, if for some reason you need additional time to review the information, please contact me and I will handle the situation. Thank you for your assistance.

Very truly yours,



Tora Baldwin
Engineering Technician
On Site Technologies, Ltd.
Agent for Merit Energy

cc: Mike Stogner - OCD Sante Fe
Nassau Resources, Inc.
Merit Energy



Via Certified Mail
PP309774374
Return Receipt Requested

February 14, 1994

Ms. Fran Perrin
Nassau Resources, Inc.
P.O. Box 809
Farmington, New Mexico 87499

Re: Merit Energy
1440 FWL, 1370 FSL
Sec. 1, T25N, R5W
Rio Arriba County, New Mexico

Dear Ms. Perrin:

Merit Energy is applying for administrative approval for an unorthodox location at the above mentioned site. If you as an offset operator have no objections to the proposed location, please sign the waiver at the bottom of this page and return one copy of the signed document to the NMOCD office in Sante Fe, New Mexico and the original to On Site Technologies, Ltd. For your convenience, I have enclosed self-addressed stamped envelopes.

If you have any questions or comments regarding the proposed, please feel free to contact either Joe A. Wilbanks, or myself at your earliest convenience.

Very truly yours,

Tora Baldwin
On Site Technologies, Ltd.
Agent for Merit Energy

enclosures

WAIVER

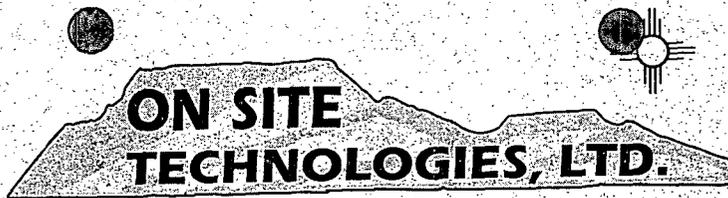
Nassau Resources

~~MERRITT~~ HEREBY WAIVES ANY OBJECTION TO MERIT ENERGY'S PROPOSAL TO DRILL AT A LOCATION DECLARED TO BE AT AN UNORTHODOX LOCATION.

NAME: _____

TITLE: _____

DATE: _____



Via Certified Mail
PP309774373
Return Receipt Requested

February 14, 1994

Mr. Mark Ellis
Meridian Oil & Gas
P.O. Box 4289
Farmington, New Mexico 87499

Re: Merit Energy
1440 FWL, 1370 FSL
Sec. 1, T25N, R5W
Rio Arriba County, New Mexico

Dear Mr. Ellis:

Merit Energy is applying for administrative approval for an unorthodox location at the above mentioned site. If you as an offset operator have no objections to the proposed location, please sign the waiver at the bottom of this page and return one copy of the signed document to the NMOCD office in Sante Fe, New Mexico and the original to On Site Technologies, Ltd. For your convenience, I have enclosed self-addressed stamped envelopes.

If you have any questions or comments regarding the proposed, please feel free to contact either Joe A. Wilbanks, or myself at your earliest convenience.

Very truly yours,

Tora Baldwin
On Site Technologies, Ltd.
Agent for Merit Energy

enclosures

WAIVER

MERIDIAN OIL HEREBY WAIVES ANY OBJECTION TO MERIT ENERGY'S PROPOSAL TO DRILL AT A LOCATION DECLARED TO BE AT AN UNORTHODOX LOCATION.

NAME: _____

TITLE: _____

DATE: _____

CMD :
O&SSECT

ONGARD
INQUIRE LAND BY SECTION

04/07/94 16:28:19
OGOMES -EMDP
PAGE NO: 1

Sec : 01 Twp : 25N Rng : 05W Section Type : NORMAL

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39.82	39.87	39.93	39.98
Federal owned	Federal owned	Federal owned	Federal owned
A			A A
E	F	G	H
40.00	40.00	40.00	40.00
Federal owned	Federal owned	Federal owned	Federal owned

D0501:Undefined Error

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06
PF07 BKWD PF08 FWD PF09 PRINT PF10 SDIV PF11 PF12

CMD :
O&SSECT

ONGARD
INQUIRE LAND BY SECTION

04/07/94 16:30:21
OGOMES -EMDP
PAGE NO: 2

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M 40.00 Federal owned	N 40.00 Federal owned A	O 40.00 Federal owned	P 40.00 Federal owned

PF01 HELP
PF07 BKWD

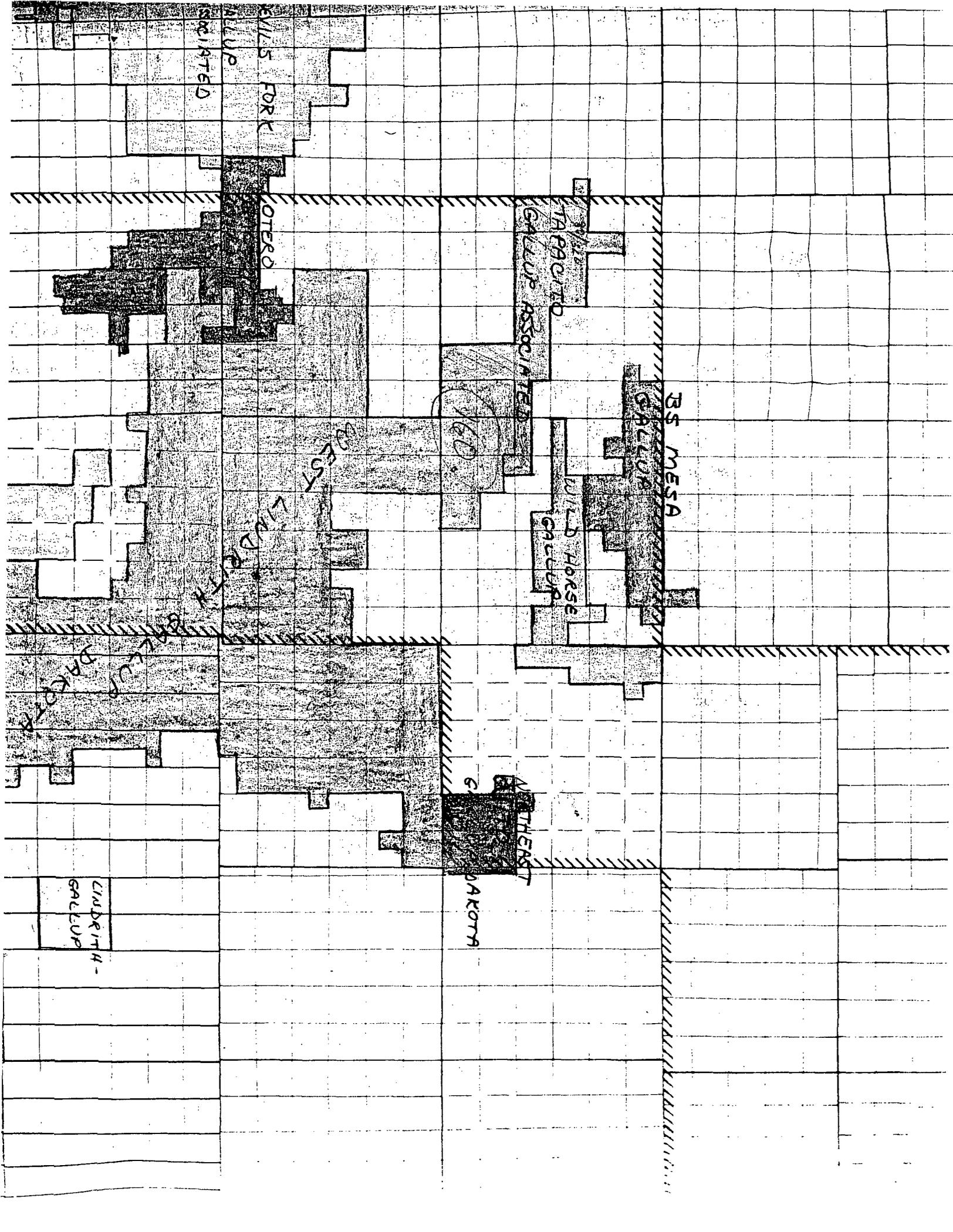
PF02
PF08 FWD

PF03 EXIT
PF09 PRINT

PF04 GoTo
PF10 SDIV

PF05
PF11

PF06
PF12



SOCIATED

ALLUP

LEVELS FOR K

OTERO

TAPACIED
GALLUP ASSOCIATED

WILD HORSE
GALLUP

IBS MESA

GALLUP

WEST

LINDRITH

GALLUP

DAKOTA

ATHEAST

DAKOTA

LINDRITH -
GALLUP