

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. MDA 701-98-0013
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name JICARILA/APACHE
2. Name of Operator MALLON OIL COMPANY Contact: BOB BLAYLOCK E-Mail: rblaylock@frontier.net		7. If Unit or CA Agreement, Name and No. JICARILLA
3a. Address PO BOX 2797 DURANGO, CO 81302		8. Lease Name and Well No. JIC 29-02-16 5 24245
3b. Phone No. (include area code) Ph: 970.382.9100 Fx: 970.382.7650		9. API Well No. 30-039-27402
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface NWSE Lot L 1570FSL 585FWL At proposed prod. zone NWSE Lot L 1570FSL 585FWL		10. Field and Pool, or Exploratory BURRO CANYON E. Blanco PC
14. Distance in miles and direction from nearest town or post office* 54 MILES SOUTHEAST OF BLOOMFIELD, NEW MEXICO		11. Sec., T., R., M., or Blk. and Survey or Area Sec 16 T29N R2W Mer NMP
15. Distance from proposed location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) LEASE: 585 FEET (TRACT 4) UNIT: 10,500 FEET 39360.00	16. No. of Acres in Lease 4567.89	12. County or Parish RIO ARRIBA
18. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft. 7,650 FEET	19. Proposed Depth 4500 MD	13. State NM
21. Elevations (Show whether DF, KB, RT, GL, etc.) 7183 GL	22. Approximate date work will start 09/27/2002	17. Spacing Unit dedicated to this well 80.00 1 of 6 int'l spacing approved 50-02-03
23. Estimated duration 45 - 60 DAYS		

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification
6. Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature (Electronic Submission)	Name (Printed/Typed) KATHY L. SCHNEEBECK Ph: 303.820.4480	Date 08/23/2002
Title AGENT		
Approved by (Signature) <i>Patricia M. Hester</i>	Name (Printed/Typed)	Date 9-25-02
Title <i>Acting Asst. Field Mgr.</i>		Office

Application approval does not warrant or certify 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, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make 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.

Additional Operator Remarks (see next page)

Electronic Submission #13783 verified by the BLM Well Information System
For MALLON OIL COMPANY, sent to the Rio Puerco
Committed to AFMSS for processing by Angie Medina-Jones on 09/04/2002 ()

** ORIGINAL ** ORIGINAL ** ORIGINAL ** ORIGINAL ** ORIGINAL ** ORIGINAL ** ORIGINAL **

DISTRICT I
1636 N. French Dr., Hobbs, N.M. 88240

DISTRICT II
611 South First, Artesia, N.M. 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Geology, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-102
Revised August 15, 2000

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-039-27402		*Pool Code 72400	*Pool Name East Blanco Pictured Cliffs
*Property Code 24245	*Property Name JICARILLA 29-2-16		*Well Number 5
*OGRID No. 13925	*Operator Name MALLON OIL CO.		*Elevation 7183'

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
L	16	29-N	2-W		1570	SOUTH	585	WEST	RIO ARRIBA

11 Bottom Hole Location If Different From Surface

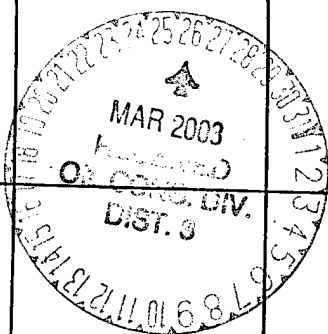
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
160									

*Dedicated Acres 160	*Joint or Infill	*Consolidation Code	*Order No.
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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

FD. 1/2" REBAR
PLAST. CAP LS 8894



5269.9'

N 00-16-12 W

1065'

585'

744'

1570'

16

LAT.=36-43-19 N.
LONG.=107-03-19 W

FD. 1/2" REBAR
PLAST. CAP LS 8894

S 89-43-38 E 5314.2'

FD. MARKED
STONE

17 OPERATOR CERTIFICATION

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

Robert Blaylock
Signature

Robert Blaylock
Printed Name

District Manager
Title

March 24 2003
Date

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.

DAVID A. JOHNSON
Date of Survey
Signature and Seal of Professional Surveyor.
14827
REGISTERED PROFESSIONAL SURVEYOR
Certificate Number

Mallon Oil Company
Jicarilla 29-02-16 #5
1,570' FSL 585' FWL (NW/4 SW/4)
Sec. 16 T29N R2W
Rio Arriba County, New Mexico
Lease: Jicarilla MDA 701-98-0013, TRACT 4

DRILLING PROGRAM
(Per Rule 320)

This Application for Permit to Drill (APD) is filed under the APD process as stated in Onshore Order No. 1 and supporting Bureau of Land Management (BLM) documents. The process was changed to the "APD" process per Onshore Order No. 1. This APD process will include an on-site meeting as determined by BLM, at which time the specific concerns of Mallon Oil Company (Mallon) and BLM will be discussed. Best efforts have been made to address specific concerns of the BLM representatives.

SURFACE FORMATION – San Jose

GROUND ELEVATION – 7,183'

ESTIMATED FORMATION TOPS - (Water, oil, gas and/or other mineral-bearing formations)

San Jose	Surface	Sandstone, shales & siltstones
Nacimiento	2,633'	Sandstone, shales & siltstones
Ojo Alamo	3,063'	Sandstone, shales & siltstones
Kirtland	3,391'	Sandstone, shales & siltstones
Fruitland	3,501'	Sandstone, shales & siltstones
Pictured Cliffs	3,693'	Sandstone, shales & siltstones
Lewis	3,805'	Sandstone, shales & siltstones
Total Depth	4,500'	Sandstone, shales & siltstones

Estimated depths of anticipated fresh water, oil, or gas:

Tertiary

San Jose	1,333'	Gas
Nacimiento	2,633'	Gas
Ojo Alamo	3,063'	Gas
Fruitland	3,601'	Gas
Pictured Cliffs	3,793'	Gas

TOTAL DEPTH 4,500'

CASING PROGRAM

Depth	Hole Diameter	Casing Diameter	Casing Weight and Grade	Cement
0' – 500'	12-1/4"	8-5/8"	K-55 24# ST&C New	To surface (±175 sxs Class B)

350 sxs = 200' 0" max

0' - T.D.	7-7/8"	5-1/2"	K-55 15.5# LT&C New	TD to surface ($\pm 1,170$ sxs lite or 65:35 poz and ± 270 sxs 50:50 poz)*
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* Actual cement volume to be determined by caliper log.

Yields: Class B yield = $1.18 \text{ ft}^3/\text{sx}$
 65:35 Poz yield = $1.62 \text{ ft}^3/\text{sx}$
 50:50 Poz yield = $1.26 \text{ ft}^3/\text{sx}$

All fresh water and prospectively valuable minerals encountered during drilling, will be recorded by depth and protected.

PRESSURE CONTROL

BOP's and choke manifold will be installed and pressure tested before drilling out under surface casing (subsequent pressure test will be performed whenever pressure seals are broken), and then will be checked daily as to mechanical operating condition. BOP's will be pressure tested at least once every 30 days. Ram type preventors and related pressure control equipment will be pressure tested to rated working pressure of the stack assembly if a test plug is used. If a plug is not used, the stack assembly will be tested to the rated working pressure of the stack assembly or to 70% of the minimum internal yield of the casing, whichever is less. Annular type preventors will be pressure tested to 50% of their rated working pressure. All casing strings will be pressure tested to 0.22 psi/ft. or 1,500 psi, whichever is greater, not to exceed 70% of internal yield.

Statement on Accumulator System and Location of Hydraulic Controls

The drilling rig has not yet been selected for this well. Selection will take place after approval of this application. Manual and/or hydraulic controls will be in compliance with Onshore Order No. 2 for 2,000 psi systems.

A remote accumulator will be used. Pressures, capacities, location of remote hydraulic and manual controls will be identified at the time of the BLM supervised BOP test.

MUD PROGRAM

0' - 500' Spud mud
 500' - TD Low solids non-dispersed
 M.W. 8.5 - 9.2 ppg
 Vis - 28 - 50 sec
 W.L. 15cc or less

Sufficient mud materials to maintain mud properties, control lost circulation and to contain "kick" will be available at wellsite.

AUXILIARY EQUIPMENT

- A) Inside BOP or stab-in valve (available on rig floor)
- B) Mud monitoring will be visually observed.

LOGGING, CORING, TESTING PROGRAM

- A) Logging: DIL- CNL-FDC-GR - TD - BSC (GR to surface) (Triple Combo)
- B) Coring: None
- C) Testing: Possible DST - None anticipated. Drill stem tests may be run on shows of interest

ABNORMAL CONDITIONS

- A) Pressures: No abnormal conditions are anticipated
 Bottom hole pressure gradient - 0.31 psi/ft

- B) Temperatures: No abnormal conditions are anticipated
- C) H₂S: Hydrogen sulfide gas is potentially present in the San Jose and Ojo Alamo formation and an H₂S drilling plan is attached.
- D) Estimated bottomhole pressure: 1,395 psi

ANTICIPATED START DATE

September 27, 2002

COMPLETION

The location pad will be of sufficient size to accommodate all completion activities and equipment. A string of 2 3/8" J-55 4.7#/ft tubing will be run for a flowing string. A Sundry Notice will be submitted with a revised completion program if warranted.