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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.

*See Instructions On Reverse Side

HOLD C104 FOR NSA

DISTRICT I P.O. Box 1980, Hobbs, N.M. 88241-1980

DISTRICT II P.O. Drawer DD, Artesia, N.M. 88211-0719

State of New Mexico Energy, Minerals & Natural Resources Department

Form C-102 Revised February 21, 1994 Instructions on back

Submit to Appropriate District Office

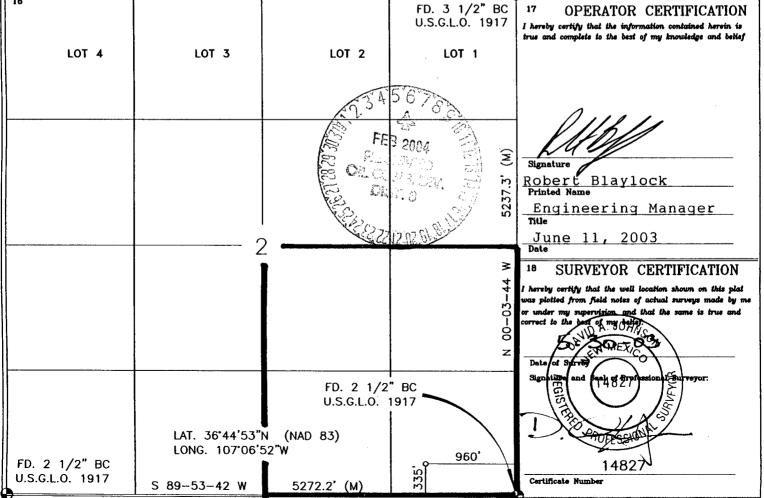
OIL CONSERVATION DIVISION P.O. Box 2088 Santa Fe, NM 87504-2088

State Lease - 4 Copies Fee Lease - 3 Copies

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

☐ AMENDED REPORT

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30-039	Number 7	593		Pool Code	,	FRI	Pool Nam	p		
Property Co	roperty Code				Property Name				Well Number	
739	26	JICARILLA 29-3-2						3		
OGRID No	OGRID No.				Operator Name				Elevation	
1392	5				MALLON OIL C				7257'	
	······································				10 Surface	Location				
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West		County
Р	2	29-N	3-W		335'	SOUTH	960'	EAS	T	RIO ARRIBA
			11 Bott	om Hole	Location I	f Different Fr	om Surface			
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/Wes	t line	County
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NO ALLOW	ABLE W					ON UNTIL ALL EEN APPROVED			EN C	MOULDALEL
16						FD. 3 1/2" U.S.G.L.O. 19	917 I hereby cert	ify that the is	formation	RTIFICATION contained herein is knowledge and belief
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					23 A	0 6 78 S		116		



DRILLING PROGRAM

(Per Rule 320)

Mallon Oil Company

Lease: Jicarilla 29-03-02 No. 3

335' FSL and 960' FEL (SE/SE)

Sec. 02, T29N- R-3W

Rio Arriba County, New Mexico

LEASE NUMBER: MDA 701-98-0013 Tract 4

1. Geologic name of surface formation: San Jose

2. Estimated tops of important geologic markers:

San Jose		Surface
Nacimiento	2633'	Sandstone, shales & siltstones
Ojo Alamo	3063'	Sandstone, shales & siltstones
Kirtland	3391'	Sandstone, shales & siltstones
Fruitland	3501'	Sandstone, shales & siltstones
Pictured Cliffs	3693'	Sandstone, shales & siltstones
Lewis	3805'	Sandstone, shales & siltstones
Total Depth	4000'	Sandstone, shales & siltstones

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

San Jose	1333'	Gas
Nacimiento	2633'	Gas
Ojo Alamo	3063'	Gas
Fruitland	3601'	Gas
Pictured Cliffs	3793'	Gas

No other formations are expected to produce oil, gas, or fresh water in measurable quantities. The surface fresh water sands will be protected by setting 8-5/8" casing at 250' and circulating cement back to surface.

4. Proposed casing program:

Hole Size	Interval	Casing OD	Casing weight, grade, and thread
12-1/4"	250'	8-5/8"	24 lb/ft, K55, ST&C
7-7/8"	4000'	5-1/2"	15.5 lb/ft, K55, LT&C

Cement program:

8-5/8" surface casing:

Cemented to surface with 175 sks Class B, or Type III cement containing 2%

CaCl, 0.25 lb/sk Cello Seal, slurry to be mixed at 15.6 lb/gal, yield 1.18 cu

ft/sk. Circulate cement to surface. 100% excess.

5-1/2" production casing:

1170 sks 50/50 POZ, containing 6- 1/4 lb/sk Gilsonite, .3% Fluid loss,

3% KCl mixed at 13.7 lb/gal, 1.26 cu ft/sk, 30% excess. Circulate cement to

surface.

5. Minimum specifications for pressure control (2M System):

The blowout preventor equipment (BOP) to be used on this well will consist of a double ram type preventor with a rating of 2000 PSIG working pressure. The unit will be hydraulically operated and the ram type preventor will be equipped with one set of blind rams and one set of pipe rams. The BOP will be nippled up on the 8 5/8" surface casing and in continuous use until production casing has been cemented or the well abandoned. The BOP, choke manifold, and accessory equipment will be tested to a pressure of 600 PSIG before drilling out of the surface casing. The pipe rams and blind rams will be operationally checked on each trip out of the hole. These checks will be noted on the daily tour sheets. A 2" kill line and 2" choke line will be connected to the BOP stack below the bottom set of rams, as shown on Exhibit 1. The drilling spool in Exhibit 1 is optional depending on the drilling rig selected for this well. Other accessories to the BOP equipment will include a Kelly cock, floor safety valve, choke lines, and choke manifold with two chokes all with a minimum pressure rating of 2000 PSIG.

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.

6. Types and characteristics of the proposed mud system:

The well will be drilled to TD with a combination of fresh water and fresh water polymer mud system. The applicable depths and properties of this system are as follows:

0-250' FW ± 8.5 30	c) Water loss (cc)
250' - TD FW (Gel polymer) ± 9.0 32	0-33 NC 2-35 10 - 20 cc

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

7. Auxiliary well control and monitoring equipment:

- A. A kelly cock will be kept in the drill string at all times.
- B. A full-opening drill pipe stabbing valve (inside BOP) with proper drill pipe connections will be on the rig floor at all times.
- C. The drilling fluids systems will be visually monitored at all times.

8. Testing, logging, and coring program:

Drill stem tests:

None Anticipated

Logging:

TD to surface casing, GR, CNL - FDC, DLL, MSFL

Coring:

None planned

9. Abnormal conditions, pressures, temperatures, and potential hazards:

No abnormal pressures or temperatures are anticipated. The proposed mud program will be modified to control excess pressure if abnormal pressures are encountered. The estimated bottom-hole pressure (BHP) is 1240' psig.