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APR 25 1990

Mallon Oil Company
1099 18th Street, Suite 2750
Denver, CO 80202

Gentlemen:

We have received your letter of December 7, 1989, requesting the approval of your application to vent/flare gas on Jicarilla Oil and Gas Contract 434, for the **Jicarilla 434G No. 1** well, NW/4NW/4 section 6, T. 22 N., R. 4 W., Sandoval County, New Mexico.

The application to vent/flare gas on Jicarilla Contract 434 for the Jicarilla 434G No. 1 well states that it is uneconomical to sell gas at this time due to high operating cost and low gas production. After examining your request, we agree that it would not be economical for the operator to capture the gas on this lease.

Accordingly, your application to vent gas on Jicarilla Contract 434 was approved on this date. The approval will not expire until the market conditions or the regulations change. The Bureau of Land Management will periodically re-evaluate the economics for marketing the gas on the lease. You may be asked to submit new economic data if market conditions or the regulations governing venting/flaring change.

If you have any questions, please contact Kenny Howell at the above address or telephone (505) 327-5344.

Sincerely,

/s/ John L. Keller

John L. Keller, Chief
Branch of Mineral Resources

cc: New Mexico Oil Conservation Division, 1000 Rio Brazos Road, Aztec, NM 87410
Bureau of Indian Affairs, Jicarilla Agency, P. O. Box 167, Dulce, NM 87528
Bureau of Indian Affairs, Jicarilla Tribe, P. O. Box 507, Dulce, NM 87528

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