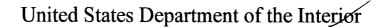


IN REPLY REFER TO: JIC Contract 435

3160 (010-ami)

Mallon Oil Company P.O. Box 2797 Durango, CO 81302

Gentlemen:



BUREAU OF LAND MANAGEMENT

Albuquerque Field Office 435 Montaño Rd. NE

Albuquerque, New Mexico 87107-4935 www.nm.blm.gov

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D8-22N-4W 30-643-20942

Upon reviewing our files we found that the Application for Permit to Drill (APD) for the Jicarilla Contract 435. well G #3 was approved on May 5, 1997. On May 14, 1998, our office approved a one year extension on the APD which expired May 14, 1999. On March 1, 1999, Mallon Oil Company requested approval for extending the APD for one more year. Per letter dated March 22, 1999, the Bureau of Indian Affairs concurred with the additional one year extension.

The well has not been drilled and the one year extension on the APD expired May 14, 2000. If Mallon Oil Company plans to drill the well in the future, a new APD must be filed.

If you have any questions, please feel free to contact me at (505) 761-8910.

Sincerely.

Angie Medina-Jones Legal Instruments Examiner

Division of Mulit-Resources

cc: NMOCD

BIA Jicarilla Agency (Dulce, NM)