

CONFIDENTIAL

Form 3160-3
(July 1992)UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTSUBMIT IN TRIPLICATE
(Other instructions on
reverse side)FORM APPROVED
OMB NO. 1004-0136
Expires February 28, 1995

APPLICATION FOR PERMIT TO DRILL OR DEEPEN				5. LEASE DESIGNATION AND SERIAL NO.
1a. TYPE OF WORK Drill <input checked="" type="checkbox"/> Deepen <input type="checkbox"/>				JIC 451
b. TYPE OF WELL Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other <input type="checkbox"/>				6. IF INDIAN, ALLOTTEE OR TRIBE NAME Jicarilla Apache
2. NAME OF OPERATOR Mallon Oil Company				7. UNIT AGREEMENT NAME N/A
3. ADDRESS AND TELEPHONE NO. P.O. Box 3256 Carlsbad, NM 88220 (505) 885-4596				8. FARM OR LEASE NAME, WELL NO. Jicarilla 451-10 No. 3
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements) At surface 1593' FSL and 1469' FEL (NW/SE) Unit J At proposed prod. zone 1593' FSL and 1469' FEL (NW/SE) Unit J				9. API WELL NO. 30-039-26015
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 52 miles east of Bloomfield, New Mexico				10. FIELD AND POOL, OR WILDCAT E. Blanco, Pictured Cliffs EXT
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 1469'				11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Sec. 10, T29N-R03W
16. NO. OF ACRES IN LEASE 2560				12. COUNTY OR PARISH Rio Arriba
17. NO. OF ACRES ASSIGNED TO THIS WELL 160				13. STATE NM
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 2967'				19. PROPOSED DEPTH 4500'
20. ROTARY OR CABLE TOOLS Rotary				21. ELEVATIONS (SHOW WHETHER DF, RT, GR, Etc.) 7083' GR
22. APPROX. DATE WORK WILL START 10/15/98				23. PROPOSED CASING AND CEMENTING PROGRAM
SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4"	8-5/8"	24#	500'	Circulate to surface
7-7/8"	5-1/2"	15.5#	4500'	570 sks

Mallon Oil Company proposes to drill to a depth sufficient to test the Pictured Cliffs formation. If productive, 5-1/2" casing will be cemented at TD. If non-productive, the well will be plugged and abandoned in a manner consistent with Federal regulations. Specific programs as per on-shore Oil and Gas Order No. 1 are outlined in the following attachments:

Drilling Program

Exhibit 1: Blow Out Preventor Equipment/Plan
Exhibit A: Location and Elevation Plat
Exhibit B: Roads and Pipelines
Exhibit C: One Mile Radius Map

Exhibit D: Drilling Site Layout
Exhibit E: Production Facilities
Exhibit F: H2S Contingency Plan
Exhibit G: Environmental Assessment

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. SIGNED: Terry Lindeman TITLE: Operations Superintendent DATE: 09/24/98

(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 (Original Signed) HECTOR A. VILLALOBOS TITLE: Asst Field Mgr DATE: NOV 12 1998

*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.

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DRILLING PROGRAM

Attached to Form 3160-3

Mallon Oil Company

Jicarilla 451-10 No. 3

1593' FSL and 1469' FEL (NW/SE) Unit J

Sec. 10, T29N-R3W

Rio Arriba County, New Mexico

LEASE NUMBER: JIC451

1. Geologic name of surface formation: San Jose

2. Estimated tops of important geologic markers:

San Jose	Surface
Nacimiento	2600'
Ojo Alamo	3230'
Kirtland	3458'
Fruitland	3478'
Pictured Cliffs	3468'
Lower P.C.	4017'
Total Depth	4500'

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

San Jose	1500'	Gas
Nacimiento	2600'	Gas
Ojo Alamo	3230'	Gas
Fruitland	3478'	Gas
Pictured Cliffs	3768'	Gas

No other formations are expected to give up oil, gas, or fresh water in measurable quantities.
The surface fresh water sands will be protected by setting 8-5/8" casing at 500' and circulating cement back to surface.

4. Proposed casing program:

<u>Hole Size</u>	<u>Interval</u>	<u>Casing OD</u>	<u>Casing weight, grade, thread</u>
12-1/4"	0-500'	8-5/8"	24 lb/ft, K55, ST&C
7-7/8"	0-4500'	5-1/2"	15.5 lb/ft, K55, LT&C

Cement program:

8-5/8" surface casing: Cemented to surface with 350 sks Class B containing 2% CaCl₂, 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.

5-1/2" production casing: Lead slurry 300 sks 65/35 mixed at 13.4 lb/gal, 1.62 cu ft/sk, 30% excess. Tail with 270 sks 50/50 POZ, containing 1/4 lb/sk Cello Seal mixed at 14.15 lb/gal, 1.26 cu ft/sk, 30% excess.

DISTRICT I
P.O. Box 1000, Hobbs, N.M. 88241-1000

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

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

DISTRICT IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, NM 87504-2088

Form C-102

Revised February 21, 1994

Instructions on back

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-039-26015		*Pool Code	*Pool Name East Blanco; Pictured Cliffs <i>EXT</i>
*Property Code <i>23930</i>	*Property Name JICARILLA 451-10		*Well Number 3
*OGRID No. 013925	*Operator Name MALLON OIL COMPANY		*Elevation 7083'

¹⁰ Surface Location

UL or lot no. J	Section 10	Township 29-N	Range 3-W	Lot Idn	Feet from the 1593	North/South line SOUTH	Feet from the 1469	East/West line EAST	County RIO ARRIBA
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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
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¹² Dedicated Acres 160	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ 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

<div>16</div> <div style="text-align: center;"><p>FD. U.S.G.L.O. BC. 1917</p></div>	<div>17 OPERATOR CERTIFICATION</div> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p> <p><i>T. G. Lindeman</i> Signature T. G. Lindeman Printed Name Operations Superintendent Title Sept. 24, 1998 Date</p>	
	<div>18 SURVEYOR CERTIFICATION</div> <p>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</p> <p>8-2 Date of Survey Signature and Seal of Professional Surveyor 8894 Certificate Number</p>	

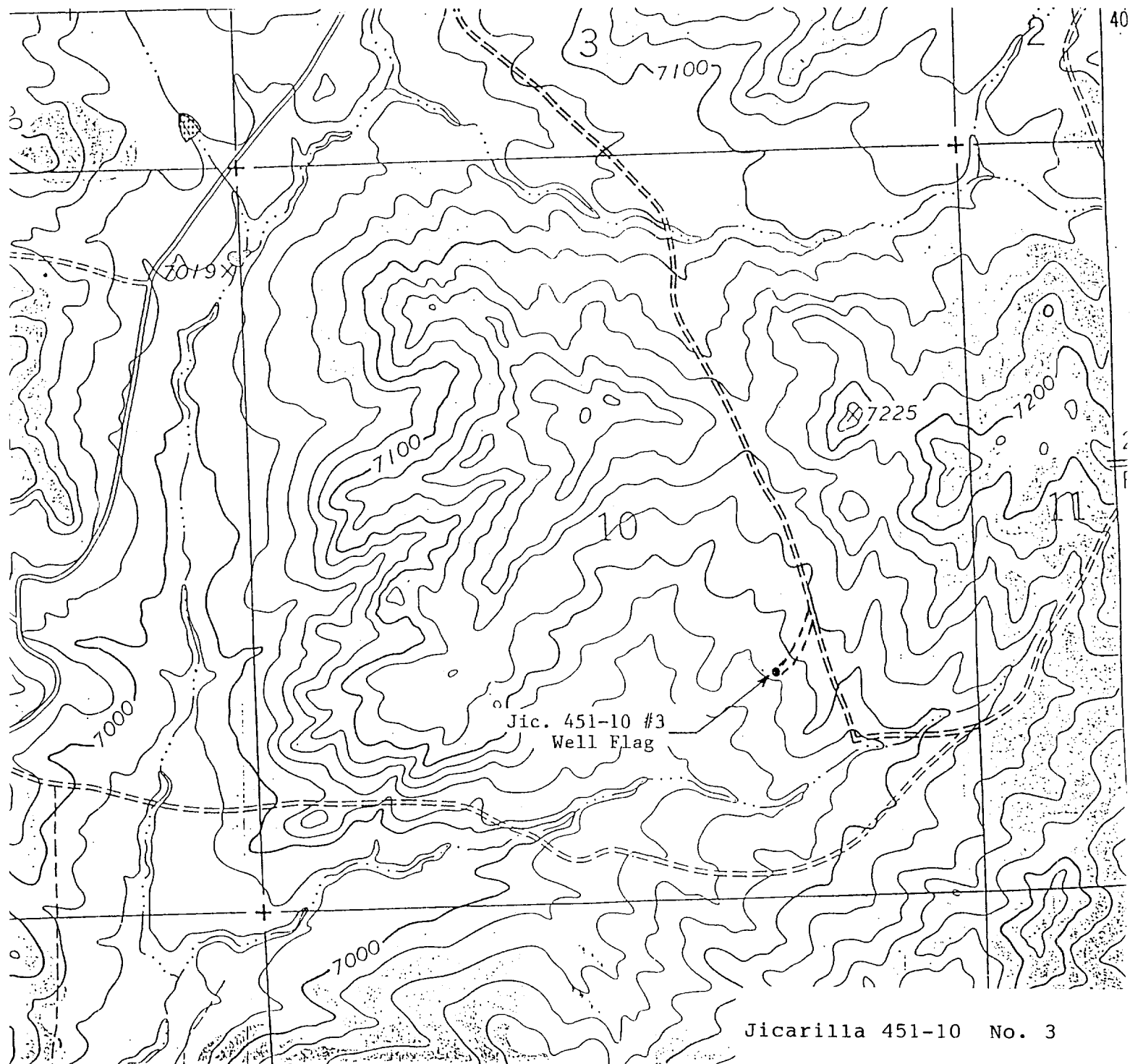
MALLON OIL COMPANY

JICARILLA 451-10 No.3

SE/4 SEC. 10, T-29-N, R-3-W, N.M.P.M.

RIO ARRIBA COUNTY, NEW MEXICO

1593' FSL 1469' FEL



Jicarilla 451-10 No. 3

Exhibit B