

CONFIDENTIAL

Form 3160-3

(July 1992)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPLICATE
(Other instructions on
reverse side)

FORM APPROVED
OMB NO. 1004-0136
Expires February 28, 1995

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK Drill <input checked="" type="checkbox"/> Deepen <input type="checkbox"/>		5. LEASE DESIGNATION AND SERIAL NO. MDA 701-98-0013	
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 Tract 1-2 #1	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements) At surface 2000' FNL and 1700' FWL (SE/NW) Unit F		9. API WELL NO. 30-039-36031	
At proposed prod. zone 2000' FNL and 1700' FWL (SE/NW) Unit F		10. FIELD AND POOL, OR WILDCAT E. Blanco, Pictured Cliffs E&T	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE 56 miles east of Bloomfield, New Mexico		11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Sec. 2, T29N-R03W	
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 1700'	16. NO. OF ACRES IN LEASE 39,360	17. NO. OF ACRES ASSIGNED TO THIS WELL 180' 156-27	
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.	19. PROPOSED DEPTH 4500'	20. ROTARY OR CABLE TOOLS Rotary	
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, Etc.) 7207' GR		22. APPROX. DATE WORK WILL START 11/15/98	
23. PROPOSED CASING AND CEMENTING PROGRAM			
SIZE OF HOLE 12-1/4"	GRADE, SIZE OF CASING 8-5/8"	WEIGHT PER FOOT 24#	SETTING DEPTH 500'
7-7/8"	5-1/2"	15.5#	4500'
			QUANTITY OF CEMENT Circulate to surface
			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/Program | Exhibit D: Drilling Site Layout |
| Exhibit A: Location and Elevation Plat | Exhibit E: Production Facilities |
| Exhibit B: Roads and Pipelines | Exhibit F: H2S Contingency Plan |
| Exhibit C: One Mile Radius Map | 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.

SIGNED: *Terry Lindeman* TITLE: Operations Superintendent DATE: 10/24/98

(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:

(Original Signed) HECTOR A. VILLALOBOS

APPROVED BY _____ TITLE Cost Field Mgr DATE NOV 30 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.

*HOLD C-104
@ for NSL*

CONFIDENTIAL

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

Instructions on back

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

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

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, NM 87504-2088

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-039-26031		2 Pool Code		3 Pool Name East Blanco; Pictured Cliffs <i>EXT</i>	
4 Property Code <i>23926</i>		5 Property Name JICARILLA TRACT 1-2			6 Well Number 1
7 OGRID No. 013925		8 Operator Name MALLON OIL COMPANY			9 Elevation 7207'

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
F	2	29-N	3-W		2000	NORTH	1700	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

12 Dedicated Acres <i>160 1/4</i>	13 Joint or Infill <i>27</i>	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

N 89-39-03 E 5269.10'

<p>16 FD. U.S.G.L.O. BRASS CAP 1917</p> <p>2000'</p> <p>1700'</p> <p>FD. U.S.G.L.O. BRASS CAP 1917</p>	<p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p> <p><i>Terrance G. Lindeman</i></p> <p>Signature</p> <p>Terrance G. Lindeman</p> <p>Printed Name</p> <p>Operations Superintendent</p> <p>Title</p> <p>October 24, 1998</p> <p>Date</p>	
	<p>18 SURVEYOR CERTIFICATION</p> <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>9-23</p> <p>Date of Survey</p> <p><i>Roy A. Rush</i></p> <p>Signature and Seal of Professional Surveyor</p> <p>8894</p> <p>8894</p> <p>Certificate Number</p>	
	<p>RECEIVED</p> <p>DEC - 3 1998</p> <p>OIL CON. DIV.</p>	
	<p>RECEIVED</p> <p>DEC - 7 1998</p> <p>OIL CON. DIV.</p>	

S 00-01-45 E 2573.60'

NW/4 SEC. 2, T-29-N, R-3-W, N.M.P.M.,
RIO ARriba COUNTY, NEW MEXICO
2000' FNL, 1700' FWL

Exhibit B