

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 Deepen

b. TYPE OF WELL
Oil Well Gas Well Other Single Zone Multiple Zone

2. NAME OF OPERATOR
Mallon Oil Company 013925

3. ADDRESS AND TELEPHONE NO.
P.O. Box 2797
Durango, CO 81302 (970) 382-9100

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)
At surface 1900' FSL and 1100' FWL (NW/SW) Unit L
At proposed prod. zone 1900' FSL and 1100' FWL (NW/SW) Unit L

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE *
57 miles east of Bloomfield, New Mexico

15. DISTANCE FROM PROPOSED * LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT.
8750'
(Also to nearest drlg. unit line, if any)

16. NO. OF ACRES IN LEASE
39,360

17. NO. OF ACRES ASSIGNED TO THIS WELL
160

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.
4725'

19. PROPOSED DEPTH
4500'

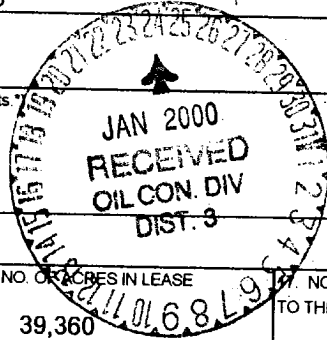
20. ROTARY OR CABLE TOOLS
Rotary

21. ELEVATIONS (SHOW WHETHER DF, RT, GR, Etc.)
7335' GR

22. APPROX. DATE WORK WILL START
12/01/99

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# | 250' | Circulate to surface 206 |
| 7-7/8" | 5-1/2" | 15.5# | 4500' | 570 sks 1170 |



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.

SIGNED: Terry Lindeman TITLE: Operations Superintendent DATE: 11/01/99

(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: Attached

APPROVED BY: S/W Anderson TITLE: Asst Field Mgr DATE: 01-20-00

*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.

chfc

CONFIDENTIAL

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

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised February 21, 1994

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

Instructions on back
Submit to Appropriate District Office

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

State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

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

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | | |
|-----------------------------|--------------------------------------|---------------------|--|
| *API Number 30-039-26327 | | *Pool Code 72400 | *Pool Name East Blanco; Pictured Cliffs |
| *Property Code 25287 | *Property Name JICARILLA 29-02-08 | | *Well Number 1 |
| *GRID No. 013925 | *Operator Name MALLON OIL COMPANY | | *Elevation 7335' |

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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|------------|
| L | 8 | 29-N | 2-W | | 1900 | SOUTH | 1100 | WEST | RIO ARRIBA |

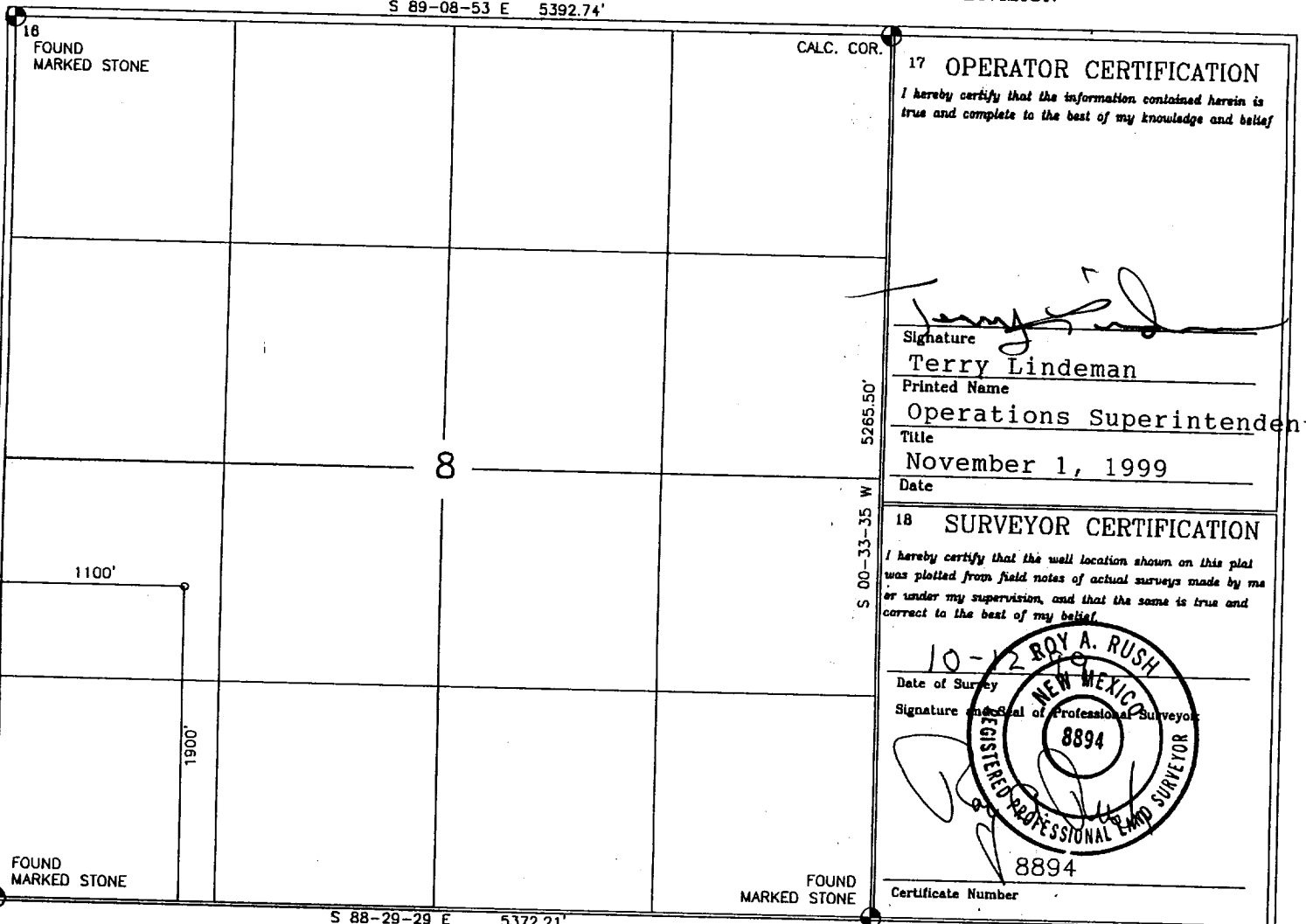
¹¹ Bottom Hole Location If Different From Surface

| 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 160 | ¹³ Joint or Infill | ¹⁴ Consolidation Code | ¹⁵ Order No. |
|--------------------------------------|-------------------------------|----------------------------------|-------------------------|

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

S 89-08-53 E 5392.74'



17 OPERATOR CERTIFICATION

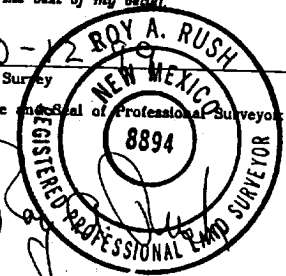
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief

Signature: *Terry Lindeman*
 Printed Name: Terry Lindeman
 Title: Operations Superintendent
 Date: November 1, 1999

18 SURVEYOR CERTIFICATION

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.

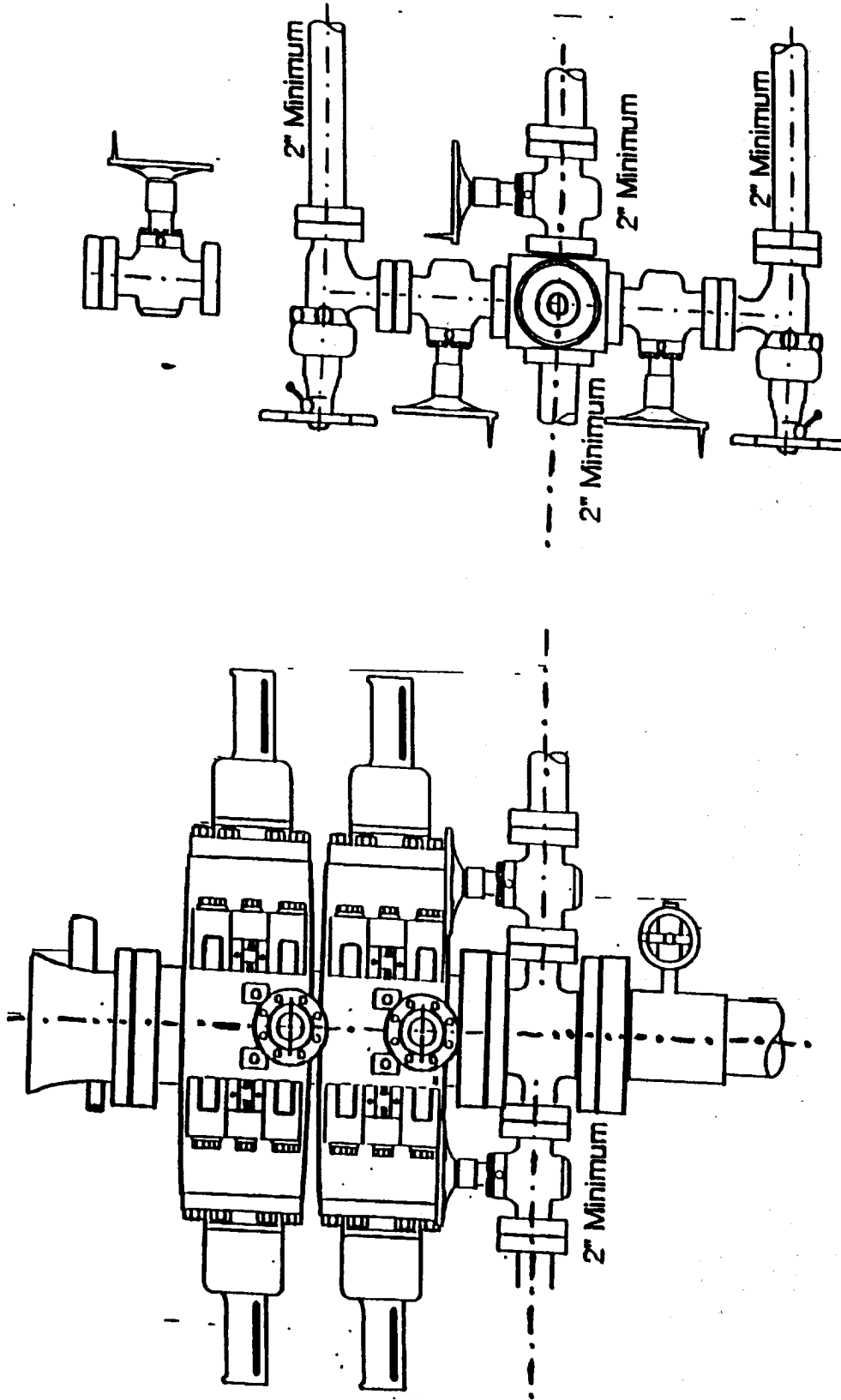
Date of Survey: 10-12-99
 Signature: *Roy A. Rush*
 Registered Professional Land Surveyor
 8894



Certificate Number: 8894

2-M SYSTEM

Jicarilla 29-02-08 No. 1



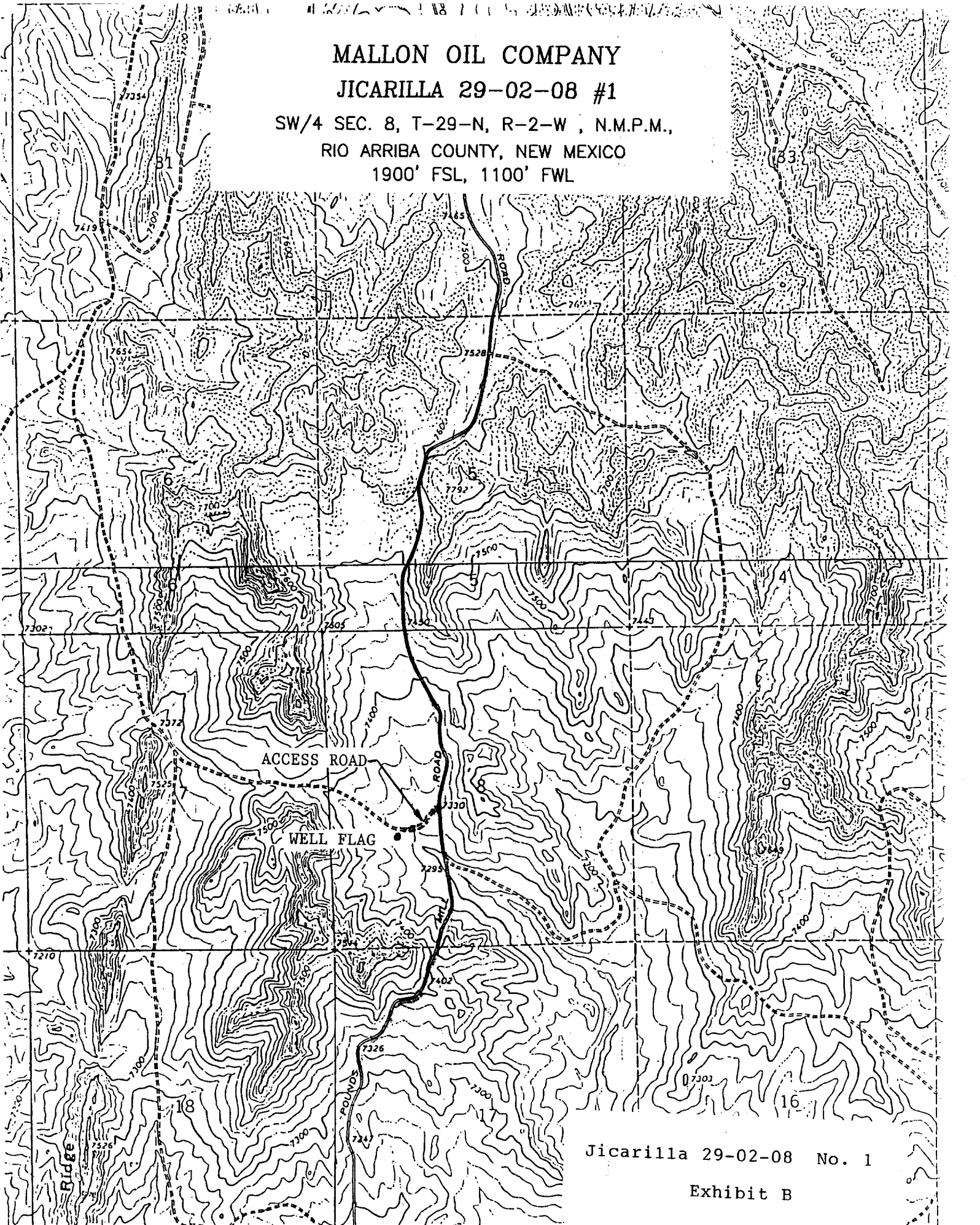
MALLON OIL COMPANY

JICARILLA 29-02-08 #1

SW/4 SEC. 8, T-29-N, R-2-W, N.M.P.M.,

RIO ARRIBA COUNTY, NEW MEXICO

1900' FSL, 1100' FWL



Jicarilla 29-02-08 No. 1

Exhibit B