

~~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				5. LEASE DESIGNATION AND SERIAL NO. MDA 701-98-0013	
1a. TYPE OF WORK Drill <input checked="" type="checkbox"/> Deepen <input type="checkbox"/>				6. IF INDIAN, ALLOTTEE OR TRIBE NAME Jicarilla Apache	
b. TYPE OF WELL Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone <input type="checkbox"/>				7. UNIT AGREEMENT NAME N/A	
2. NAME OF OPERATOR Mallon Oil Company				8. FARM OR LEASE NAME, WELL NO. Jicarilla 29-02-35 No. 1	
3. ADDRESS AND TELEPHONE NO. P.O. Box 2797 Durango, CO 81302 (970) 382-9100				9. APL WELL NO. 30039-26641	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements *) At surface 2100' FSL and 552' FWL (NW/SW) Unit L At proposed prod. zone 2100' FSL and 552' FWL (NW/SW) Unit L				10. FIELD AND POOL, OR WILDCAT E. Blanco, Pictured Cliffs	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE * 75 miles east of Bloomfield, New Mexico				11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Sec. 35, T29N-R02W	
15. DISTANCE FROM PROPOSED * LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drig. unit line, if any) 10008'		16. NO. OF ACRES IN LEASE 39,360		17. NO. OF ACRES ASSIGNED TO THIS WELL 160 8 W 4	
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 4980		19. PROPOSED DEPTH 4000'		20. ROTARY OR CABLE TOOLS Rotary	
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, Etc.) 7252' GR		22. APPROX. DATE WORK WILL START 10/15/00			
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	
7-7/8"	5-1/2"	15.5#	4000'	570 sks circ. To surface	

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: 09/11/00

(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: SW Anderson TITLE: Asst Field Mgr DATE: JAN 12 2001

*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 C104 FOR NSL

DISTRICT II
P.O. Drawer DD, Artesia, N.M. 88211-0719DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410DISTRICT IV
PO Box 2088, Santa Fe, NM 87504-2088

OIL CONSERVATION DIVISION

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

Revised February 21, 1990

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 30-039-26641		*Pool Code 72400	*Pool Name East Blanco; Pictured Cliffs
*Property Code 27158	*Property Name JICARILLA 29-02-35		*Well Number 1
*OGRID No. 013925	*Operator Name MALLON OIL COMPANY		*Elevation 7252'

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	35	29-N	2-W		2100	SOUTH	552	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

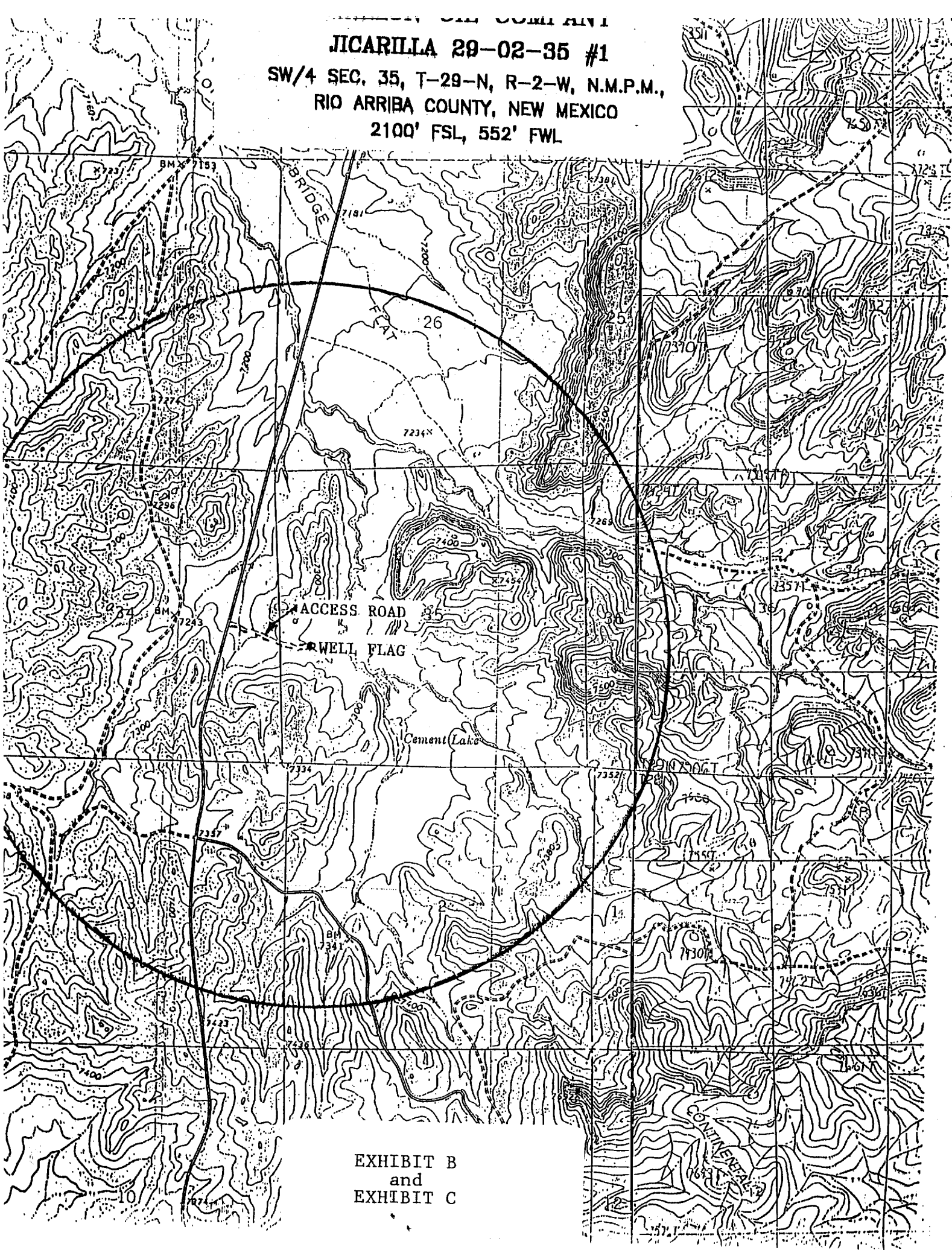
12 Dedicated Acres 160.50	13 Joint or Infill	14 Consolidation Code	15 Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16 FD. MARKED STONE		17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature: <u>Terry Lindeman</u> Printed Name: <u>Terry Lindeman</u> Title: <u>Oper. Superintendent</u> Date: <u>9-12-00</u>

JICARILLA 29-02-35 #1

SW/4 SEC. 35, T-29-N, R-2-W, N.M.P.M.,
RIO ARriba COUNTY, NEW MEXICO
2100' FSL, 552' FWL



5. Minimum specifications for pressure control (2M System):

The blowout preventor equipment (BOP) shown in Exhibit 1 will consist of a double ram-type (2000 psi WP) preventor. The unit will be hydraulically operated and the ram-type preventor will be equipped with blind rams on top and drill pipe rams on bottom. The BOP will be nipped up on the 8-5/8" surface casing and used continuously until TD is reached. BOP and accessory equipment will be tested to 1000 psi before drilling out of surface casing. Pipe rams will be operationally checked on each trip out of the hole. These checks will be noted on the daily tour sheets. A 2" kill line and 2" choke line will be included in the drilling spool located below the ram-type BOP. Other accessories to the BOP equipment will include a kelly cock and floor safety valve, and choke lines and choke manifold with 2000 psi WP rating.

6. Types and characteristics of the proposed mud system:

The well will be drilled to TD with a combination of fresh water and fresh water polymer mud system. The applicable depths and properties of this system are as follows:

<u>Depth</u>	<u>Type</u>	<u>Weight</u> (ppg)	<u>Viscosity</u> (sec)	<u>Water loss</u> (cc)
0-250'	FW	8.5	30-33	NC
250' - TD	FW (Gel polymer)	<9.0	32-35	15 - 20 cc

7. Auxiliary well control and monitoring equipment:

- A. A kelly cock will be kept in the drill string at all times.
- B. A full-opening drill pipe stabbing valve (inside BOP) with proper drill pipe connections will be on the rig floor at all times.
- C. The drilling fluids systems will be visually monitored at all times.

8. Testing, logging, and coring program:

Drill stem tests:	None anticipated
Logging:	TD to surface casing, GR, CNL - FDC, DLL, MSFL
Coring:	None planned

9. Abnormal conditions, pressures, temperatures, and potential hazards:

No abnormal pressures or temperatures are anticipated. The proposed mud program will be modified to control excess pressure if abnormal pressures are encountered. The estimated bottom-hole pressure (BHP) is 1200 psig. Hydrogen sulfide gas is potentially present in the San Jose and Ojo Alamo formation and an H₂S drilling plan is attached.

10. Anticipated starting date: December 1, 1999

Anticipated completion of drilling operations: Expected duration of 6 days