Form 3160-3 FORM APPROVED (August 1999) OMB No. 1004-0136 **UNITED STATES** Expires November 30, 2000 DEPARTMENT OF THE INTERIOR Lease Serial No. BUREAU OF LAND MANAGEMENT MDA 701-98-0013 6. If Indian, Allottee or Tribe Name APPLICATION FOR PERMIT TO DRILL OR DEEPEN Jicarilla Apache 7. If Unit or CA Agreement, Name and No 1a. Type of Work X DRILL _ REENTER 8. Lease Name and Well No 1b. Type of Well Oil Well X Gas Well X Single Zone Multiple Zone Jicarilla 29-2-6 2. Name of Operator 9. API Well No Mallon Oil Company 3a. Address 3b. Phone No. (include area code) 10. Field and Pool, or Explorator PO Box 2797, Durango, CO 81302 970-382-9100 E. Blanco, Pictured Cliffs 4. Location of Well (Report location clearly and in accordance with any State Requirements.*) 11. Sec., T., R., M., or Blk. and Survey or Area 1.500' FSL 440' FEI NE /4 SE /4 Sec. 6 T 29N R 2W At proposed production zone Same 4. Distance in miles and direction from nearest town or post office. * 12. County or parish 13. State 57 miles east of Bloomfield, NM Rio Arriba New Mexic 15. Distance from proposed location to nearest 16. No. of acres in lease 17. Spacing Unit dedicated to this well property of lease line, ft. (Also nearest Drig, unit Lease = $\pm 1,183$ line, if anv) 39,360.0 18. Distance from proposed location to nearest 19. Proposed depth 20. BLM/BIA Bond No. on file well, drilling, completed or applied for, on this lease, ft. 4,500 ' 1318288 21. Elevations (Show whether DF, KDB, RT, GL, etc.) 22. Approximate date work will start * 23. Estimated duration 7,536 'GR March 8, 2001 45-60 days drlg + completion 24. Attachments The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form: 1. Well plat certified by a registered surveyor. 4. Bond to cover the operations unless covered by an existing bond 2. A Drilling Plan. on file (see Item 20 above). CJ 3. A Surface Use Plan (if the location is on National Forest System 5. Operator certification. Lands, the SUPC shall be filed with the appropriate Forest 6. Such other site specific information and/or plans as may be

- Service Office).
- required by the authorized officer.

25. Signature Date David F. Banko February 9, 2001 Title Agent for Mallon Oil Company Approved by (Signature) Name (Printed/Typed) Date

Application approval does not warrant or certify ds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon

Conditiona of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section1212, make 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 FOF

CONFIDENTIAL

MAR 28 2001

LISTRICT I P.O. Bog 1980, Hobbs, N.M. 88241-1980

State of New Mexico Energy, Minerals & Natural Resources Department

Form C-102 -Revised February 21, 1994 Instructions on back

Submit to Appropriate District Office State Lease - 4 Copies

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

OIL CONSERVATION DIVISION P.O. Box 2088 Santa Fe, NM 87504-2088

☐ AMENDED REPORT

Fee Lease - 3 Copies

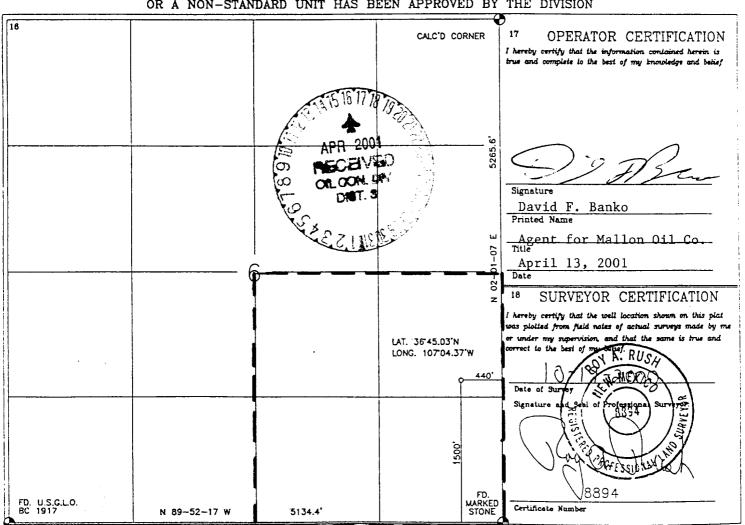
1000 Rio Brazos Rd., Aztec, N.M. 87410 DISTRICT IV PO Box 2088, Santa Fe, NM 87504-2088

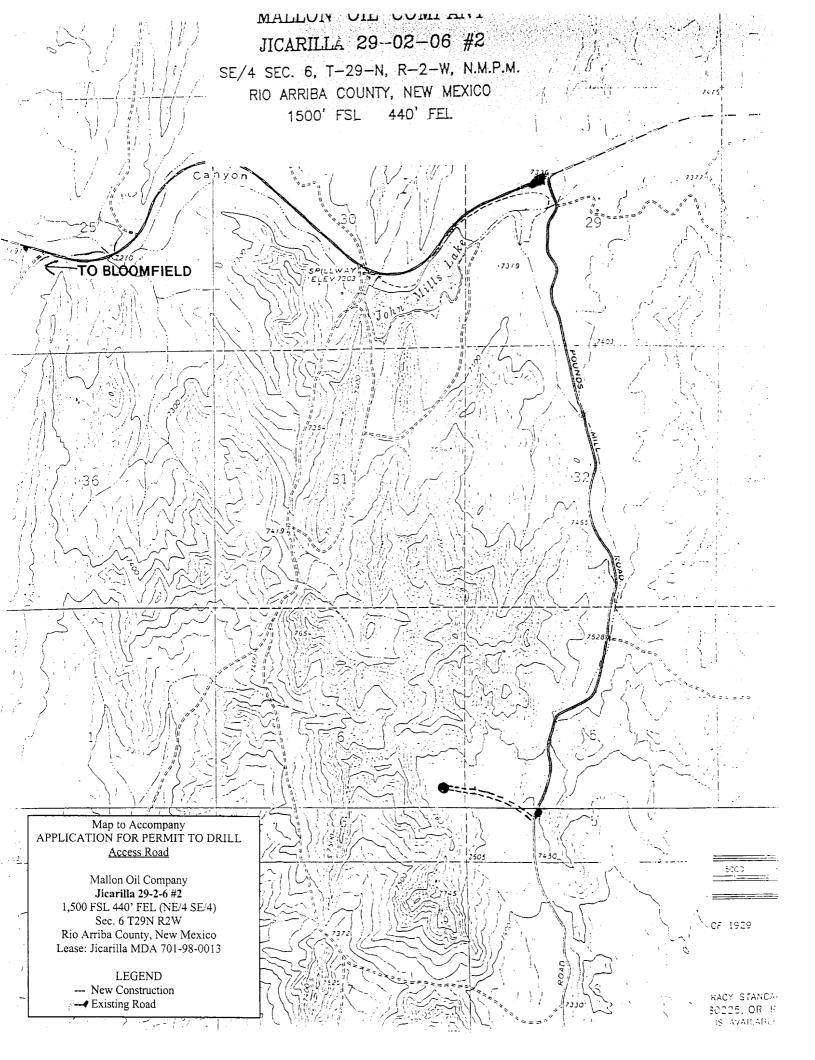
DISTRICT III

WELL LOCATION AND ACREAGE DEDICATION PLAT

| 30-039-26730 | | | | *Pool Code 72400 | *Pool Name Blanco- Pictured Cliffs East | | | : | |
|-------------------------------|----------------|--------------------|----------------|---------------------------------|---|-------------------------|---------------|----------------|-------------|
| ⁴ Property Code | | | Property Name | | | | | • | Well Number |
| 25495 | | JICARILLA 29-02-06 | | | | | | | 2 |
| OGRID No. | | | *Operator Name | | | | | | * Elevation |
| 13975 | | MALLON OIL COMPANY | | | | | | | 7536' |
| | , . | | | | 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 |
| 1 | 6 | 29-N | 2-W | | 1500' | SOUTH | 440' | EAST | RIO ARRIBA |
| | | | 11 Bott | om Hole | Location I | f Different Fr | om 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 | | 13 Joint or Infill | | ^M 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





Mallon Oil Company Jicarilla 29-2-6 #2

1,500 FSL 440' FEL (NE/4 SE/4)

Sec. 6 T29N R2W

Rio Arriba County, New Mexico Lease: Jicarilla MDA 701-98-0013

DRILLING PROGRAM (Per Rule 320)

SURFACE FORMATION - San Jose

GROUND ELEVATION - 7,536'

ESTIMATED FORMATION TOPS - (Water, oil, gas and/or other mineral-bearing formations)

| San Jose | Surface | Sandstone, shales & siltstones |
|-----------------|---------|--------------------------------|
| Nacimiento | 2,600' | Sandstone, shales & siltstones |
| Ojo Alamo | 3,030' | Sandstone, shales & siltstones |
| Kirtland | 3,358' | Sandstone, shales & siltstones |
| Fruitland | 3,468' | Sandstone, shales & siltstones |
| Pictured Cliffs | 3,660' | Sandstone, shales & siltstones |
| Lewis | 3,800' | Sandstone, shales & siltstones |
| Total Depth | 4,500' | Sandstone, shales & siltstones |

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

| San Jose | 1,300' | Gas |
|-----------------|--------|-----|
| Nacimiento | 2,600' | Gas |
| Ojo Alamo | 3,030' | Gas |
| Fruitland | 3,468' | Gas |
| Pictured Cliffs | 3,660' | Gas |

TOTAL DEPTH

4,500'

CASING PROGRAM

| Depth | Hole Diameter | Casing Diameter | Casing Weight and Grade | Cement |
|-----------|------------------|--------------------|----------------------------|--|
| 0' - 250' | 12-1/4" | 8-5/8" | K-55 24# ST&C New | To surface (±175 sxs Class B) |
| 0' - T.D. | 7-7/8" | 5-1/2" | K-55 15.5# LT&C New | TD to surface (±1,170 sxs lite or 65:35 poz and ±270 sxs 50:50 poz * |

^{*} Actual cement volume to be determined by caliper log.

Yields:

Class B yield = $1.18 \text{ ft}^3/\text{sx}$

 $65:35 \text{ Poz yield} = 1.62 \text{ ft}^3/\text{sx}$

 $50:50 \text{ Poz yield} = 1.26 \text{ ft}^3/\text{sx}$

All fresh water and prospectively valuable minerals encountered during drilling, will be recorded by depth and protected.