

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. Type of Work ☒ DRILL ☐ REENTER

1b. Type of Well ☐ Oil Well ☒ Gas Well ☐ Other

☒ Single Zone ☐ Multiple Zone

2. Name of Operator

Mallon Oil Company

3a. Address

PO Box 2797, Durango, CO 81302

3b. Phone No. (include area code)

970-382-9100

4. Location of Well (Report location clearly and in accordance with any State Requirements. *)

At surface

2,050' FNL

630' FEL

SE 1/4

NE 1/4

At proposed production zone

Same

14. Distance in miles and direction from nearest town or post office. *

57 miles east of Bloomfield, NM

12. County or parish

Rio Arriba

13. State

New Mexico

15. Distance from proposed location to nearest property of lease line, ft. (Also nearest Drig, unit line, if any)

Lease = $\pm 4,600$

16. No. of acres in lease

39,360.0

17. Spacing Unit dedicated to this well

~~Statewide~~ 160 NE 4

18. Distance from proposed location to nearest well, drilling, completed or applied for, on this lease, ft.

$\pm 2,500'$

19. Proposed depth

4,500'

20. BLM/BIA Bond No. on file

1318288

21. Elevations (Show whether DF, KDB, RT, GL, etc.)

7,208' GR

22. Approximate date work will start *

March 16, 2001

23. Estimated duration

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.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).

4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification.
6. Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature

[Signature]

Name (Printed/Typed)

David F. Banko

Date

February 22, 2001

Title

Agent for Mallon Oil Company

Approved by (Signature)

S/SW Anderson

Name (Printed/Typed)

Date

MAR 8 2001

Title

Asst. Field Manager

Office

AUFO

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, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, 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.

CONFIDENTIAL

HOLD C104 FOR

NSL

Comb.

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 87604-2088

OIL CONSERVATION DIVISION

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

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 30-039-26731		*Pool Code 72400	*Pool Name Blanco - Pictured Cliffs East
*Property Code 24251	*Property Name JICARILLA 29-3-11		*Well Number 2
*OGRID No. 13925	*Operator Name MALLON OIL COMPANY		*Elevation 7208'

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
H	11	29-N	3-W		2050'	NORTH	630'	EAST	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

16 FD. BC U.S.G.L.O. 1917	S 89-53-42 W	5272.2'	FD. BC U.S.G.L.O. 1917	<p style="text-align: right;">17</p> <h2 style="text-align: center;">OPERATOR CERTIFICATION</h2> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <div style="margin-top: 20px;"> <p>_____ Signature</p> <p>David F. Banko _____ Printed Name</p> <p>Agent for Mallon Oil Co. _____ Title</p> <p>April 13, 2001 _____ Date</p> </div>
		LAT. 36°44'30"N LONG. 107°06'47"W	2050' 5283.6' 630'	<p>18</p> <h2>SURVEYOR CERTIFICATION</h2> <p><i>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 knowledge and belief.</i></p> <div style="margin-top: 20px;"> <p>_____ Date of Survey</p> <p>_____ Signature and Seal of Professional Surveyor</p> </div> <div style="text-align: center; margin-top: 10px;"> </div> <p style="text-align: center;">8894</p>
		1 1	S 00-06-48	<p style="text-align: right;">Certificate Number</p>

MALLON OIL COMPANY

JICARILLA 29-3-11 #2

NE/4 SEC. 11, T-29-N, R-3-W, N.M.P.

RIO ARriba COUNTY, NEW MEXICO

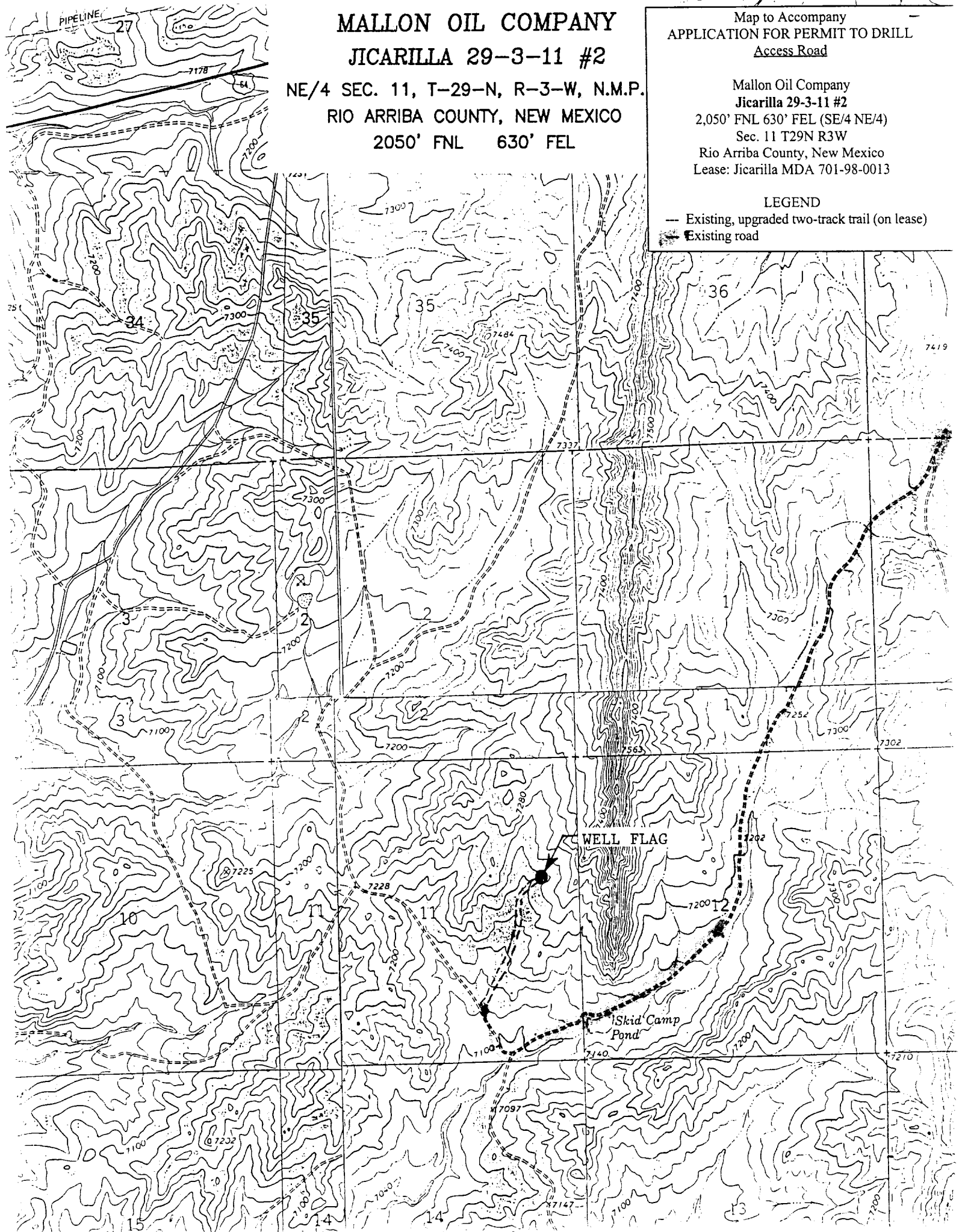
2050' FNL 630' FEL

Map to Accompany
APPLICATION FOR PERMIT TO DRILL
Access Road

Mallon Oil Company
Jicarilla 29-3-11 #2
2,050' FNL 630' FEL (SE/4 NE/4)
Sec. 11 T29N R3W
Rio Arriba County, New Mexico
Lease: Jicarilla MDA 701-98-0013

LEGEND

- Existing, upgraded two-track trail (on lease)
- Existing road



Mallon Oil Company
Jicarilla 29-3-11 #2
 2,050' FNL 630' FEL (SE/4 NE/4)
 Sec. 11 T29N R3W
 Rio Arriba County, New Mexico
 Lease: Jicarilla MDA 701-98-0013

DRILLING PROGRAM
 (Per Rule 320)

SURFACE FORMATION – San Jose

GROUND ELEVATION – 7,208'

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

San Jose	Surface	Sandstone, shales & siltstones
Nacimiento	2,940'	Sandstone, shales & siltstones
Ojo Alamo	3,370'	Sandstone, shales & siltstones
Kirtland	3,688'	Sandstone, shales & siltstones
Fruitland	3,798'	Sandstone, shales & siltstones
Pictured Cliffs	3,990'	Sandstone, shales & siltstones
Lewis	4,130'	Sandstone, shales & siltstones
Total Depth	4,500'	Sandstone, shales & siltstones

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

Tertiary

San Jose	1,640'	Gas
Nacimiento	2,940'	Gas
Ojo Alamo	3,370'	Gas
Fruitland	3,798'	Gas
Pictured Cliffs	3,990'	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 ft³/sx
 65:35 Poz yield = 1.62 ft³/sx
 50:50 Poz yield = 1.26 ft³/sx

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

PRESSURE CONTROL

BOP's and choke manifold will be installed and pressure tested before drilling out under surface casing (subsequent pressure test will be performed whenever pressure seals are broken), and then will be checked daily as to mechanical operating condition. BOP's will be pressure tested at least once every 30 days. Ram type preventors and related pressure control equipment will be pressure tested to rated working pressure of the stack assembly if a test plug is used. If a plug is not used, the stack assembly will be tested to the rated working pressure of the stack assembly or to 70% of the minimum internal yield of the casing, whichever is less. Annular type preventors will be pressure tested to 50% of their rated working pressure. All casing strings will be pressure tested to 0.22 psi/ft. or 1,500 psi, whichever is greater, not to exceed 70% of internal yield.

Statement on Accumulator System and Location of Hydraulic Controls

The drilling rig has not yet been selected for this well. Selection will take place after approval of this application. Manual and/or hydraulic controls will be in compliance with Onshore Order No. 2 for 2,000 psi systems.

A remote accumulator will be used. Pressures, capacities, location of remote hydraulic and manual controls will be identified at the time of the BLM supervised BOP test.

MUD PROGRAM

0' -	250'	Spud mud
250' -	TD	Low solids non-dispersed
		M.W. 8.5 – 9.2 ppg
		Vis – 28 – 50 sec
		W.L. 15cc or less

Sufficient mud materials to maintain mud properties, control lost circulation and to contain "kick" will be available at wellsite.

AUXILIARY EQUIPMENT

- A) Inside BOP or stab-in valve (available on rig floor)
- B) Mud monitoring will be visually observed.

LOGGING, CORING, TESTING PROGRAM

- A) Logging: DIL- CNL-FDC-GR - TD - BSC (GR to surface) (Triple Combo)
- B) Coring: None
- C) Testing: Possible DST – None anticipated. Drill stem tests may be run on shows of interest

ABNORMAL CONDITIONS

- A) Pressures: No abnormal conditions are anticipated
Bottom hole pressure gradient – 0.31 psi/ft
- B) Temperatures: No abnormal conditions are anticipated
- C) H₂S: Hydrogen sulfide gas is potentially present in the San Jose and Ojo Alamo formation and an H₂S drilling plan is attached.
- D) Estimated bottomhole pressure: 1,395 psi

ANTICIPATED START DATE

March 16, 2001

COMPLETION

The location pad will be of sufficient size to accommodate all completion activities and equipment. A string of 2 3/8" J-55 4.7#/ft tubing will be run for a flowing string. A Sundry Notice will be submitted with a revised completion program if warranted.