Mallon Oil Company

♦ Denver & Durango, Colorado ♦
♦ Carlsbad, New Mexico ♦

a Mallon Resources subsidiary

Mr. Brian Davis
Bureau of Land Management
Albuquerque Field Office
435 Montaño Road NE
Albuquerque, NM 87107-4935

May 5, 2000

RE: Application for Administrative Approval of Downhole Commingling
Jicarilla 459-17 No. 9
Sec. 17, T30N R3W
Rio Arriba County, New Mexico

Dear Mr. Davis:

Enclosed please find a commingling application for the above-referenced well. The original was sent to the State of New Mexico Oil Conservation Division. Also, enclosed is a completed Sundry Notice, form 3160-5, for your use.

Please do not hesitate to contact me if you have any questions about this matter.

Sincerely,

MALLON OIL COMPANY

Ray E. Jones
Vice President, Engineering

Attachments

cc: Banko Petroleum Management, Inc.

♦ 999 18th Street ♦ Suite 1700 ♦ Denver, Colorado 80202 ♦ Phone: 303.293.2333 ♦ Fax: 303.293.3601 ♦
♦ P.O. Box 2797 ♦ Durango, Colorado 81302 ♦ Phone: 970382.9100 ♦ Fax: 970.382.7650 ♦
♦ P.O. Box 3256 ♦ Carlsbad, New Mexico 88220 ♦ Phone: 505.885.4596 ♦ Fax: 505.885.0022 ♦

Mallon Oil Company

♦ Denver & Durango, Colorado ♦
♦ Carlsbad, New Mexico ♦

a Mallon Resources subsidiary

Mr. David Catanach
State of New Mexico
Oil Conservation Division
2040 S Pacheco
Santa Fe, NM 87505

May 5, 2000

RE: Application for Administrative Approval of Downhole Commingling
Jicarilla 459-17 No. 9
Sec. 17, T30N R3W
Rio Arriba County, New Mexico

Dear Mr. Catanach:

Mallon Oil Company (Mallon) operates the above-referenced well, the Jicarilla 459-17 No. 9. The well currently produces from the Ojo Alamo zone and the San Jose zones, which are completed separately. It is not economical to continue to operate both zones separately, and Mallon believes the zones should be produced at this time to prevent any further potential depletion. The pressure expected in the San Jose formation is approximately 260 psi or less. The initial Ojo Alamo reservoir pressure is in the range of 1,100 psi as detailed in the in the attachment; after drawdown has occurred, it is expected that the Ojo Alamo reservoir pressure will drop to pressures similar to the San Jose formation pressure.

Mallon respectively requests administrative approval for down-hole commingling of the Ojo Alamo and the San Jose formations in the well. The commingling is necessary to permit all zones to be effectively produced in this well. There will not be crossflow between zones. It is intended that by commingling zones the bottom hole pressure will be reduced below that of the San Jose and that the combined gas flow and open-ended tubing configuration will allow for better lifting of produced water and ultimately improved daily production. Additionally, this configuration will allow for use of a plunger lift to more consistently lift produced water from the well bore. The flowing well bottom-hole pressure will be less than the zones' reservoir pressures.

The ownership from all current producing and proposed zones is common. The enclosed attachments detail the information required by rule 303C for administrative approval of downhole commingling.

Please do not hesitate to contact me if you have any questions about this matter.

Sincerely,
MALLON OIL COMPANY

Ray E. Jones
Vice President, Engineering

Attachments

cc: Bureau of Land Management (BLM) - Albuquerque
Banko Petroleum Management, Inc.

♦ 999 18th Street ♦ Suite 1700 ♦ Denver, Colorado 80202 ♦ Phone: 303.293.2333 ♦ Fax: 303.293.3601 ♦
♦ P.O. Box 2797 ♦ Durango, Colorado 81302 ♦ Phone: 970382.9100 ♦ Fax: 970.382.7650 ♦
♦ P.O. Box 3256 ♦ Carlsbad, New Mexico 88220 ♦ Phone: 505.885.4596 ♦ Fax: 505.885.0022 ♦

(August 1999)

OMB No. 1004-0135
Expires: November 30, 2000

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill, or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE

5. LEASE SERIAL NO.: Jicarilla 459

6. IF INDIAN, ALLOTTEE OR TRIBE NAME: Jicarilla Apache

7. IF UNIT OR CA, AGREEMENT DESIGNATION: N/A

1 TYPE OF WELL: Oil Well [ ] Gas Well [X] Other:

8. WELL NAME AND NO.: Jicarilla 459-17 No. 9

2. NAME OF OPERATOR: **Mallon Oil Company**

9. API WELL NO.: 30-039-25763

3. ADDRESS AND TELEPHONE NO.: 999 18th Street, Suite 1700, Denver, CO 80202
CONTACT: Ray E. Jones
PHONE: 303-293-2333

10. FIELD AND POOL, OR EXPLORATORY AREA: E. Blanco

4. LOCATION OF WELL (Footage, T, R, M, or Survey Description): 1,850' FNL 2,510' FEL Sec. 17 T 30N R 3W
Unit G (SW/4 NE/4)

11. COUNTY OR PARISH, STATE: Rio Arriba NM

12. CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION				
[X] Notice of Intent	[ ] Acidize	[ ] Deepen	[ ] Production (start/resume)	[ ] Water Shut-Off	
[ ] Subsequent Report	[ ] Alter Casing	[ ] Reclamation	[ ] Reclamation	[ ] Well Integrity	
	[ ] Casing Repair	[ ] New Construction	[ ] Recomplete	[X] Other	
[ ] Final Abandonment Notice	[ ] Change Plans	[ ] Plug and Abandon	[ ] Temorarily Abandon	**Commingle**	
	[ ] Convert to Injection	[ ] Plug Back	[ ] Water Disposal		

13. Describe Proposed or completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with the BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Mallon Oil Company intends to commingle the Ojo Alamo zone and the San Jose zone. An application has been made (see attached) to the State of New Mexico Oil Conservation Division for approval to down hole - mingle the Ojo Alamo and the San Jose zones.

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed): Ray E. Jones
Title: Vice President - Engineering
Signature: Ray E. Jones
Date: May 5, 2000

THIS SPACE FOR FEDERAL OR STATE OFFICE USE.

Approved by
Title: Petr. Eng.
Date: 5/24/00

Conditions of approval, if any, are attached. Approval of this notice 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.

Office: AFO

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.

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
DISTRICT II
811 South First St., Artesia, NM 88210
DISTRICT III
1000 Rio Brazos Rd, Aztec, NM 87410
DISTRICT IV
2040 S. Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

2040 S. Pacheco
Santa Fe, New Mexico 87505-6429

Form C-107-A
Revised August 1999

APPROVAL PROCESS:
_X_ Administrative ___Hearing

EXISTING WELLBORE
_X_ YES ___ NO

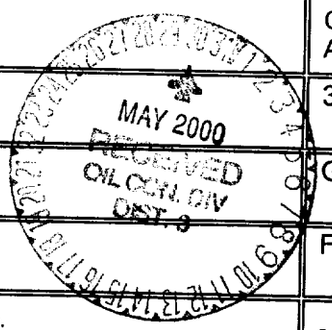
APPLICATION FOR DOWNHOLE COMMINGLING

Mallon Oil Company — Operator
999 18th Street, Suite 1700, Denver, CO 80202 — Address

Jicarilla 459-17 — Lease
No. 9 — Well No.
Unit G (SW/4 NE/4) Sec. 17 T30N R3W — Unit Ltr. - Sec - Twp - Rge
Rio Arriba — County

OGRID NO. 013925 Property Code 22211 API NO. 30-039-25763 Spacing Unit Lease Types: (check 1 or more) Federal _X_, State ___, (and/or) Fee ___

The following facts are submitted in support of downhole commingling:	Upper Zone	Intermediate Zone	Lower Zone
1. Pool Name and Pool Code	Cabresto Canyon San Jose Ext. 96822		Cabresto Canyon Ojo Alamo Ext. 96538
2. Top and Bottom of Pay Section (Perforations)	1,562' – 1,624'		3,190' – 3,232'
3. Type of production (Oil or Gas)	Gas		Gas
4. Method of Production (Flowing or Artificial Lift)	Flowing		Flowing
5. Bottomhole Pressure Oil Zones - Artificial Lift: Estimated Current Gas & Oil - Flowing: Measured Current All Gas Zones: Estimated Or Measured Original	a. (Current)	a.	a. 200 psi
	b. (Original)	b.	b.
6. Oil Gravity (EAPI) or Gas BTU Content	1,087 BTU Dry @ 15.025 psia		1,095 BTU Dry @ 15.025 psia
7. Producing or Shut-In?	Producing		Producing
Production Marginal? (yes or no)	Yes		Yes
* If Shut-In, give date and oil/gas/ water rates of last production Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data	Date: N/A Rates:	Date: Rates:	Date: N/A Rates:
* If Producing, give date andoil/gas/ water rates of recent test (within 60 days)	Date: February 2000 Rates: 433.5 mcf/d gas 0.081 mb water	Date: Rates:	Date: February 2000 Rates: 242.1 mcf/d gas 4.629 mb water
8. Fixed Percentage Allocation Formula -% for each zone (total of %'s to equal 100%)	Oil: % Gas: 64.0 %	Oil: % Gas: %	Oil: % Gas: 35.8 %



9. If allocation formula is based upon something other than current or past production, or is based upon some other method, submit attachments with supporting data and/or explaining method and providing rate projections or other required data.

10. Are all working, overriding, and royalty interests identical in all commingled zones? _X_ Yes ___ No
If not, have all working, overriding, and royalty interests been notified by certified mail? _____ Yes ___ No

11. Will cross-flow occur? ___ Yes _X_ No If yes, are fluids compatible, will the formations not be damaged, will any cross-flowed production be recovered, and will the allocation formula be reliable. ___ Yes ___ No (If No, attach explanation)

12. Are all produced fluids from all commingled zones compatible with each other? _X_ Yes ___ No

13. Will the value of production be decreased by commingling? ___ Yes _X_ No (If Yes, attach explanation)

14. If this well is on, or communitized with, state or federal lands, either the Commissioner of Public Lands or the United States Bureau of Land Management has been notified in writing of this application. _X_ Yes ___ No

15. NMOCD Reference Cases for Rule 303(D) Exceptions: ORDER NO(S). NSL 2831-A

16. ATTACHMENTS:
* C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
* Production curve for each zone for at least one year. (If not available, attach explanation.)
* For zones with no production history, estimated production rates and supporting data.
* Data to support allocation method or formula.
* Notification list of working, overriding, and royalty interests for uncommon interest cases.
* Any additional statements, data, or documents required to support commingling.

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

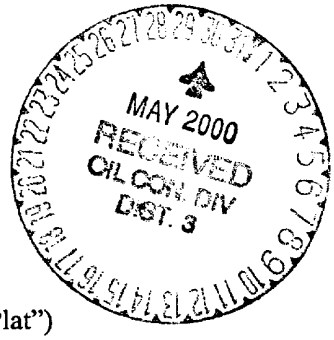
SIGNATURE [signature] TITLE V.P Engineering DATE May 5, 2000

TYPE OR PRINT NAME Ray E. Jones TELEPHONE NO. (303) 293-2333, ext 1450

Application for Downhole Commingling
Under NMOCD Rule 303C
For Gas Wells

Jicarilla 459-17 No. 9

a) By operator:
Mallon Oil Company
999 18th Street, Suite 1700
Denver, CO 80202



b) In the well:
Jicarilla 459-17 No. 9
Well location: Unit G (SW/4 NE/4) Sec. 17 T30N R3W
Rio Arriba County, New Mexico
Lease description: NE Sec. 17 T30N R3W
(See attached "Well Location and Acreage Dedication Plat")

For the pools:
Cabresto Canyon – Ojo Alamo Ext
Cabresto Canyon – San Jose Ext

c) A plat of the area surrounding the Jicarilla 459-17 No. 9 well showing the ownership of direct and diagonal offset locations is included.

d) The Ojo Alamo and the San Jose zones in this well produce dry gas; therefore, no state form C116 is required or available for the current completion.

e) A production decline curve is included that shows the Ojo Alamo zone production. The San Jose has also been completed in this well, but is completed separately from the Ojo Alamo. A production decline curve is also included that shows the San Jose zone production.

f) The San Jose bottom hole pressure was measured on May 16, 1999 after a one-day shut in and was 210 psi at 1,540'. The gradient is primarily filled with gas, as a static gas gradient was established very early in the test. Flowing bottomhole pressure for the Ojo Alamo was measured at 200 psi at 2,800'. It is intended that by commingling zones the bottom hole pressure will be reduced below that of the San Jose and that the combined gas flow and open-ended tubing configuration will allow for better lifting of produced water and ultimately improved daily production. Additionally, this configuration will allow for use of a plunger lift to more consistently lift produced water from the well bore.

g) There will be no loss in total gas quality or value due to mixing of the production streams.

The Ojo Alamo and the San Jose zones produce gas with no condensate. A copy of a gas analysis from each of these zones is included. The gas from the Ojo Alamo is 93.5% methane; from the San Jose, 93.8% methane.

h) Because of reduced operation costs per zone, commingling of the zones would allow each individual zone to be produced to a lower economic rate and would increase ultimate recovery from both zones.

i) No commingling presently occurs in the well.

The San Jose was flow tested during completion and has been measured during 1999. This rate and the well rate for 1999 from the Ojo Alamo will be used to determine an allocation factor. The allocation factor for the San Jose formation is 0.64

j) A reference map for the Jicarilla 459-17 No. 9 well and surrounding wells has been included. A circle with a radius of approximately one mile has been drawn around this well for reference only. The direct and diagonal offset wells:

Well Name	Location	Operator
Jicarilla 458 2	SW/4 SE/4 Sec. 7 T30 N R3W	Mallon Oil Company
Jicarilla 458 SJ 2	SW/4 SE/4 Sec. 7 T30 N R3W	Mallon Oil Company
Jicarilla 458-8 7	SE/4 NE/4 Sec. 8 T30 N R3W	Mallon Oil Company
Jicarilla 458-8 SJ 7	SE/4 NE/4 Sec. 8 T30 N R3W	Mallon Oil Company
Jicarilla 458-8 9	SW/4 SW/4 Sec. 8 T30N R3W	Mallon Oil Company
Jicarilla 458-8 SJ 9	SW/4 SW/4 Sec. 8 T30N R3W	Mallon Oil Company
Jicarilla 458-8 10	SE/4 SE/4 Sec. 8 T30N R3W	Mallon Oil Company
Jicarilla 458-8 SJ 10	SE/4 SE/4 Sec. 8 T30N R3W	Mallon Oil Company
Jicarilla 457 1	SW/4 SW/4 Sec. 9 T30 N R3W	Mallon Oil Company
Jicarilla 457 SJ 1	SW/4 SW/4 Sec. 9 T30 N R3W	Mallon Oil Company
Jicarilla 460-16 1	SW/4 NW/4 Sec. 16 T30N R3W	Mallon Oil Company
Jicarilla 460-16 SJ 1	SW/4 NW/4 Sec. 16 T30N R3W	Mallon Oil Company
Jicarilla 460-16 4	SW/4 SW/4 Sec. 16 T30N R3W	Mallon Oil Company
Jicarilla 460-16 SJ 4	SW/4 SW/4 Sec. 16 T30N R3W	Mallon Oil Company
Jicarilla 458 8	NW/4 NW/4 Sec. 17 T30N R3W	Mallon Oil Company
Jicarilla 458 SJ 8	NW/4 NW/4 Sec. 17 T30N R3W	Mallon Oil Company
Jicarilla 459 1	NE/4 SW/4 Sec. 18 T30N R3W	Mallon Oil Company
Jicarilla 459 SJ 1	NE/4 SW/4 Sec. 18 T30N R3W	Mallon Oil Company
Jicarilla 459-20 7	SW/4 SE/4 Sec. 17 T30N R3W	Mallon Oil Company
Jicarilla 459-17 10	SW/4 SW/4 Sec. 17 T30N R3W	Mallon Oil Company
Jicarilla 459 3	NE/4 NE/4 Sec. 18 T30N R3W	Mallon Oil Company
Jicarilla 459-20 7	SW/4 NE/4 Sec. 20 T30N R3W	Mallon Oil Company

The ownership of the two producing zones for the Jicarilla 459-17 No. 9 well is common so notification of this application is not necessary. The following is a list of the working, royalty, and overriding royalty interest owners for this well for both formations.

Jicarilla Apache Contract 459
MMS Aid #609-000459-0-000
Bureau of Indian Affairs
PO Box 507
Dulce, NM 87528

Bayless Grandchildren's Trust
c/o Tommy Roberts, Trustee
PO Box 129
Farmington, NM 87499

Jaco Production Company
PO Box 1807
Bakersfield, CA 93303

Jaco Production Company
PO Box 1807
Bakersfield, CA 93303

Ken Kamon
PO Box 10589
Midland, TX 79702

Kevin Fitzgerald
c/o Mallon Oil Company
999 18th Street, Suite 1700
Denver, CO 80202

Mallon Oil Company
999 18th Street, Suite 1700
Denver, CO 80202

James R Conway Revocable Trust (1998)
912 Cheney
Marion, OH 43302

William G. Dedert Trust dated 12/27/90
c/o Dedert Corporation
20000 Governor's Drive
Olympia Fields, IL 60461

John Paul Simmet
c/o Simcote, Inc.
1646 Red Rock Road
St. Paul, MN 55119-6014

Peter C. Simmet
c/o Simcote, Inc.
1646 Red Rock Road
St. Paul, MN 55119-6014

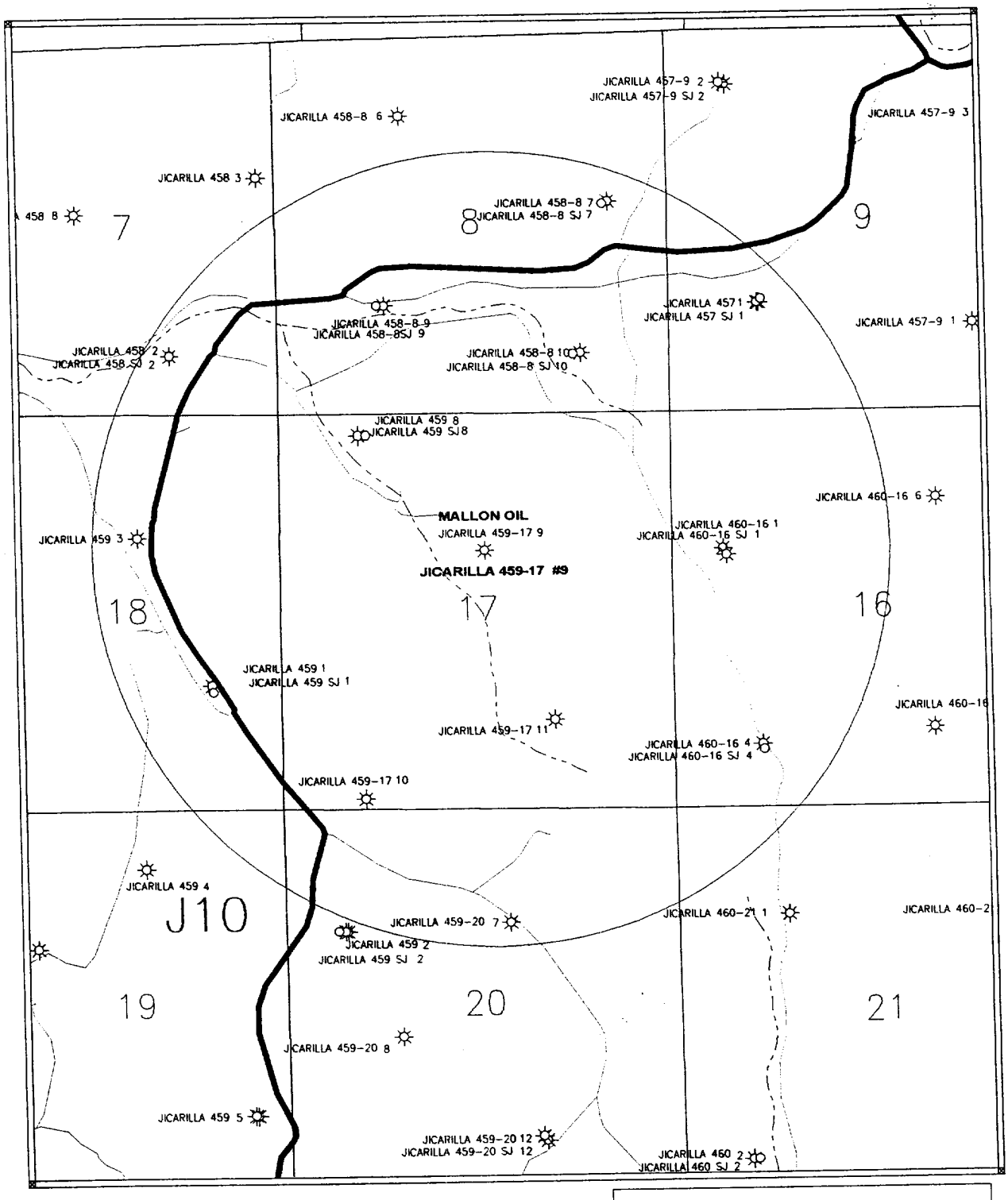
Robert Patrick Simmet
c/o Simcote, Inc.
1646 Red Rock Road
St. Paul, MN 55119-6014

Roger R. & Carol Irwin Mitchell
113 Cypress Cove Lane
Mooresville, NC 28117

Eugene A. Lehman
c/o Continental Accessories
PO Box 617
Sturgis, MI 49091

Philip G. Lux
54369 Susquehanna Court
Elkhart, IN 46516

Richard W. Stout
PO Box 563
Bristol, IN 46507



N

Scale 1:24000.

0.1 0. 0.1 0.2 0.3 0.4 0.5 miles

MALLON OIL COMPANY		
One Mile Radius Map Jicarilla 459-17 #9 Rio Arriba County, New Mexico		
45920_8M.GPF	J. Moore	03/30/2000

...ergy, Minerals & Natural Resources Departm...

...II
...awer DD, Artesia, N.M. 88211-0719

...STRICT III
...000 Rio Brazos Rd., Aztec, N.M. 87410

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

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

Revised Febuary 21, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

[1] API Number	[2] Pool Code	[3] Pool Name
30-039-25673	96538	Cabresto Canyon; Ojo Alamo Ext.

[4] Property Code	[5] Property Name	[6] Well Number
22211	JICARILLA 459-17	9

[7] OGRID No.	[8] Operator Name	[9] Elevation
013925	MALLON OIL CO.	7165

[10] Surface Location

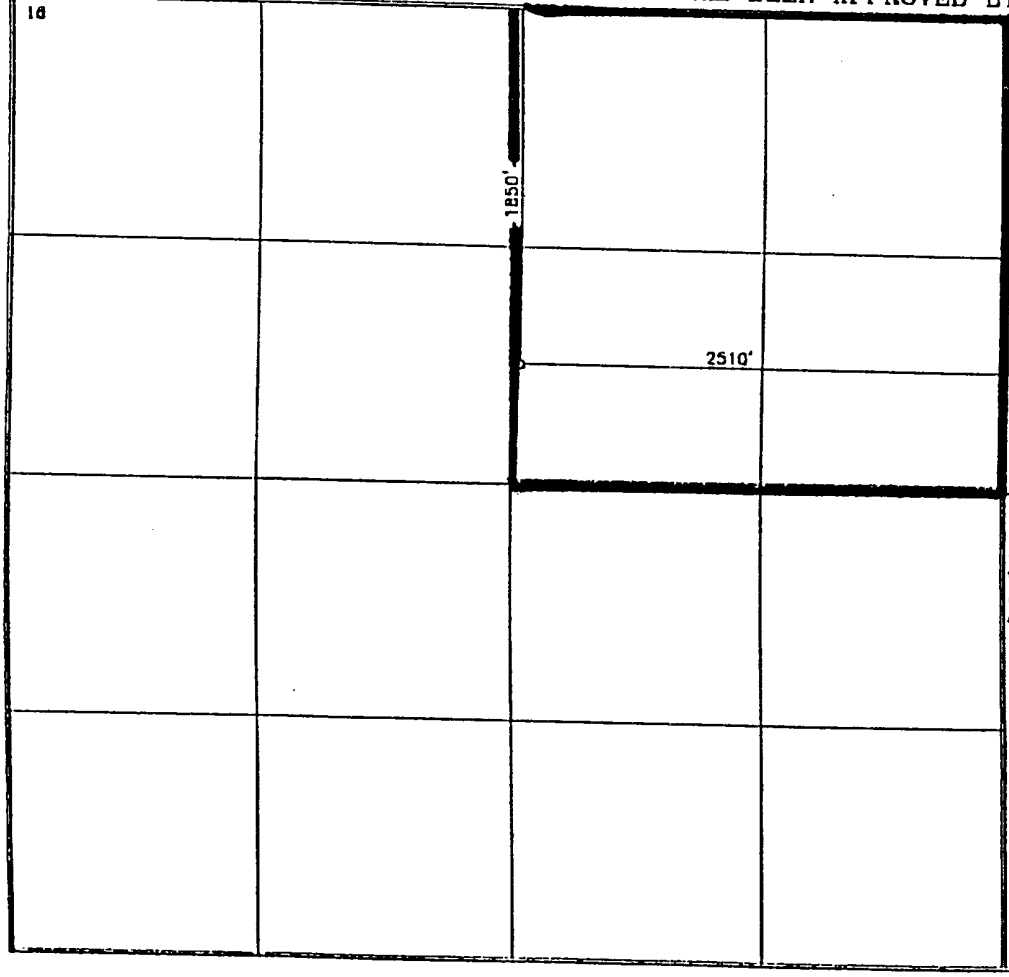
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
	17	30-N	3-W		1850	NORTH	2510	EAST	RIO ARRIBA

[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	[13] Joint or Infill	[14] Consolidation Code	[15] Order No.
160			

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



[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

Production Superintendent
Title

10/9/97
Date

[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.

9-25
Date of Survey

Signature and Seal of Professional Surveyor:

ROY A. HUSH
NEW MEXICO
8894
REGISTERED PROFESSIONAL LAND SURVEYOR

8894
Certificate Number

Exhibit A

...y, Minerals & Natural Resources Departm...

...ower DD, Artesia, N.M. 88211-0719

...STRICT III
...000 Rio Brazos Rd., Aztec, N.M. 87410

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

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

Form C-102
Revised Febuary 21, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

[1] API Number	[2] Pool Code	[3] Pool Name
30-039-25673	96822	Cabresto Canyon; San Jose Ext.

[4] Property Code	[5] Property Name	[6] Well Number
22211	JICARILLA 459-17	9

[7] OGRID No.	[8] Operator Name	[9] Elevation
013925	MALLON OIL CO.	7165

[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
	17	30-N	3-W		1850	NORTH	2510	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	[13] Joint or Infill	[14] Consolidation Code	[15] Order No.
160			

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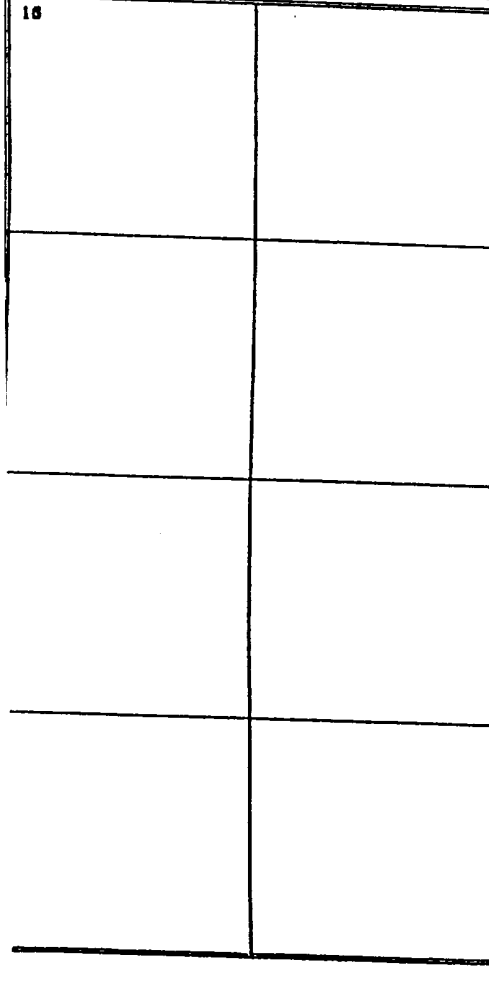


[17] OPERATOR CERTIFICATION

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

Production Superintendent
Title

10/9/97
Date

[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.

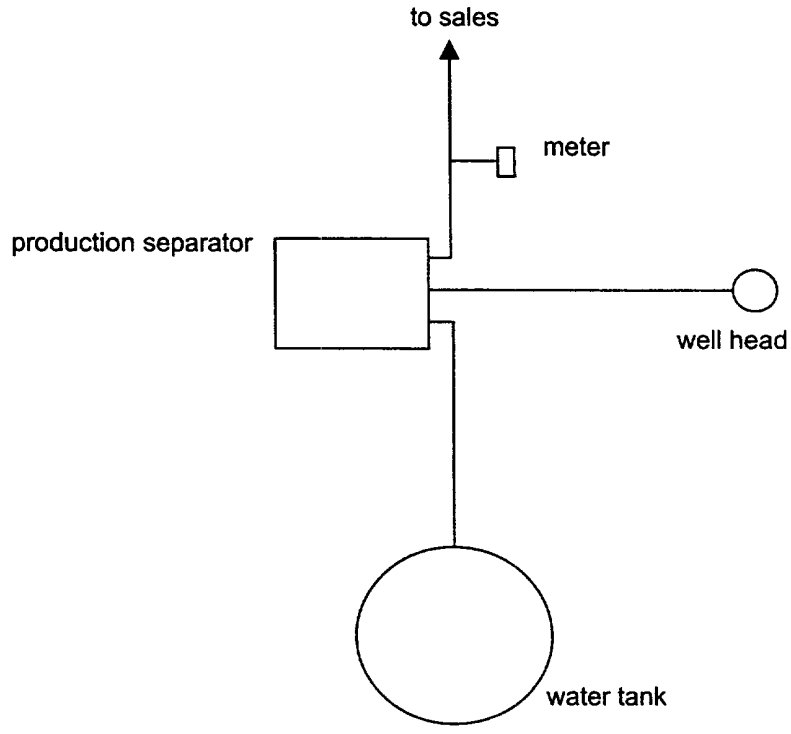
9-2...
Date of Survey

Signature and Seal of Professional Surveyor:

ROY A. HUGH
NEW MEXICO
8894
REGISTERED PROFESSIONAL LAND SURVEYOR

Certificate Number

Exhibit A



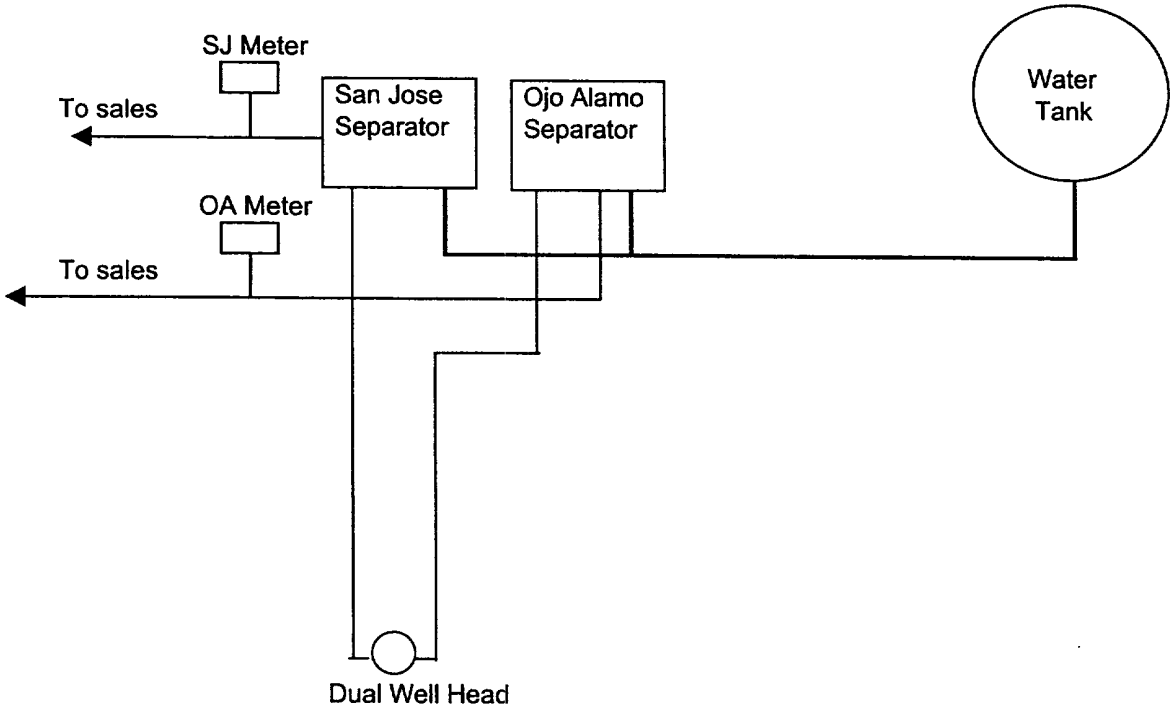
Site Facility Diagram Available At:

Mallon Oil & Gas Company
848 East 2nd Avenue
P.O. Box 2797
Durango, CO 81302

Telephone: 970-382-9100

Site Facility Diagram:

Company: Mallon Oil
Lease: Jicarilla
Well Name: 459-17 no. 9
Location: Sec 17, T30N R3W
County/State: Rio Arriba, NM



Dual Completion

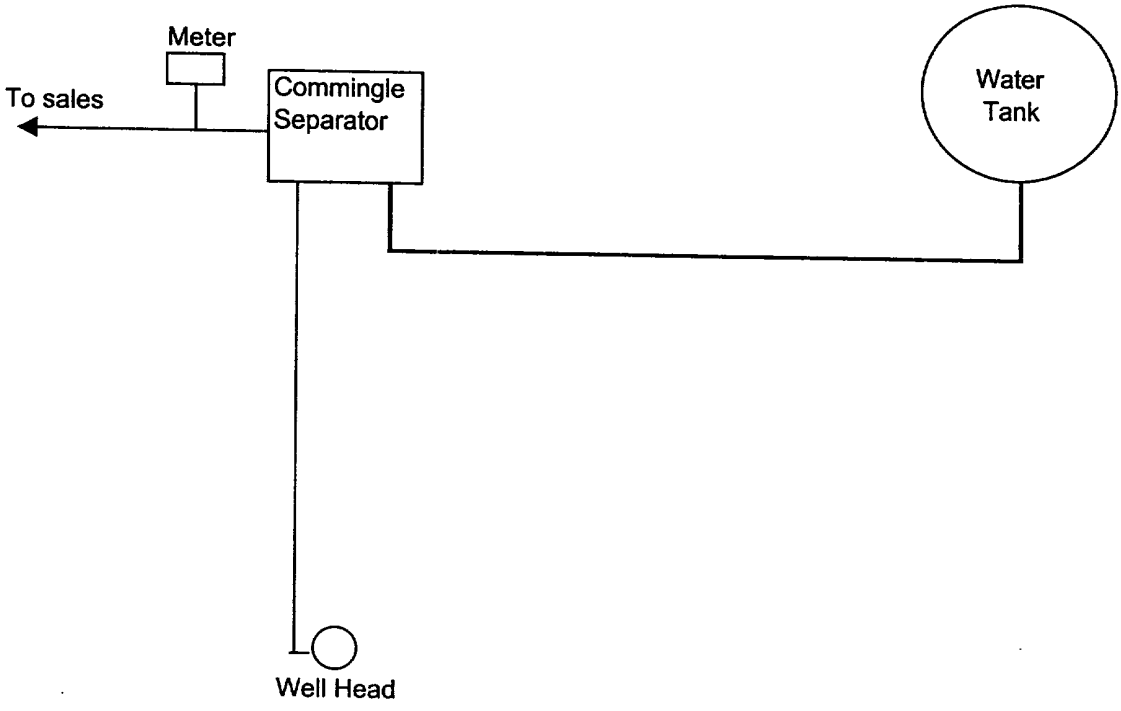
Site Facility Diagram Available At:

Mallon Oil & Gas Company
848 East 2nd Avenue
P.O. Box 2797
Durango, CO 81302

Telephone: 970-382-9100

Site Facility Diagram:

Company: Mallon Oil
Lease: Jicarilla
Well Name: 459-17 no. 9
Location: Sec 17, T30N R3W
County/State: Rio Arriba, NM



Commingled Completion

Site Facility Diagram Available At:

Mallon Oil & Gas Company
848 East 2nd Avenue
P.O. Box 2797
Durango, CO 81302

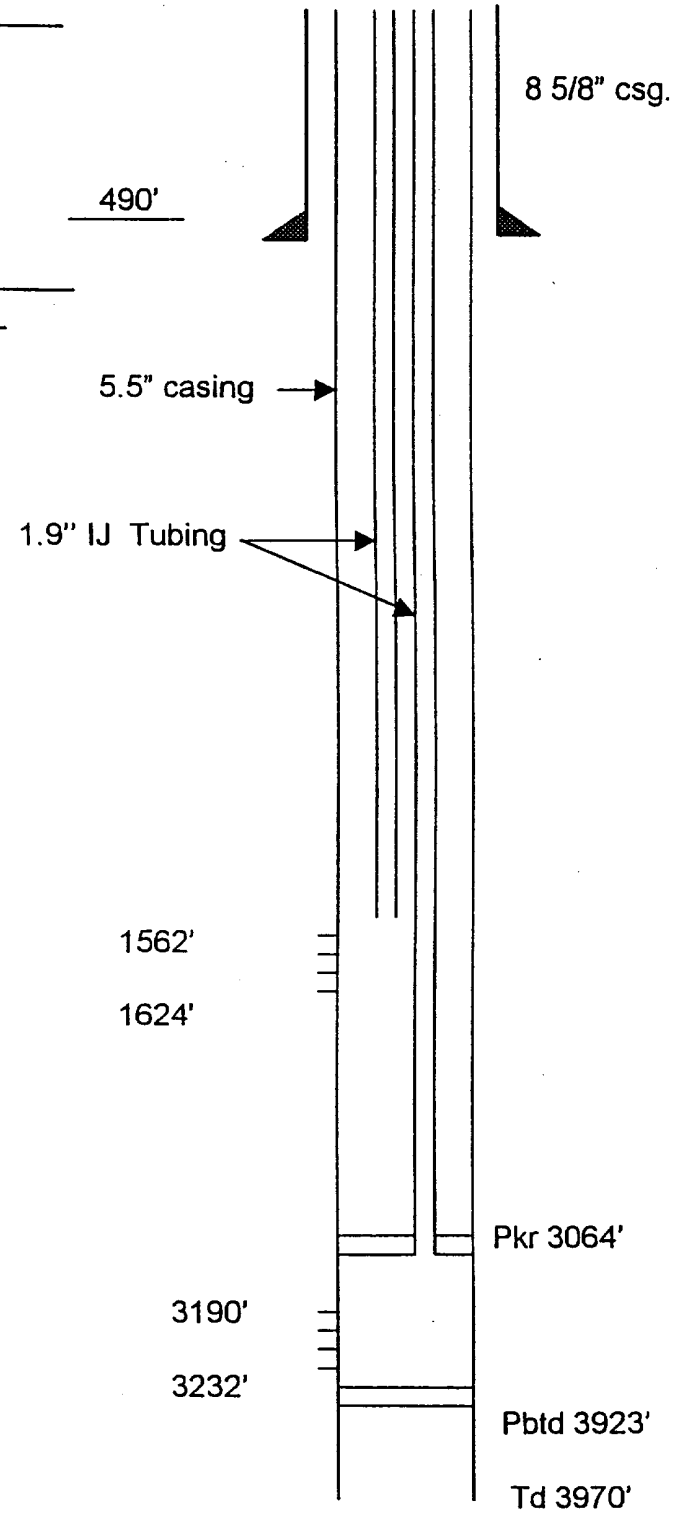
Telephone: 970-382-9100

Site Facility Diagram:

Company: Mallon Oil
Lease: Jicarilla
Well Name: 459-17 no. 9
Location: Sec 17, T30N R3W
County/State: Rio Arriba, NM

WELL NAME: JICARILLA 459-17#9
FIELD: EAST BLANCO
LEGAL: SEC 17 TN 30 RW 03
PRODUCING INTERVAL: 1562'-1624'
3190'-3232'

NOTES: San Jose Perfs: 1562'-1624'
Ojo Alamo Perfs: 3190'-3232'



JIC 459-17 #09 (OA)
RIO ARRIBA CO., NM - G 17 T30N R03W
BLANCO EAST (OJO ALAMO)
MALLON OIL COMPANY
OJO ALAMO
1PDP

DATE: 05/03/**
TIME: 08:44:13
FILE: 2000
GET : 345
STID: 1Q2000
.CMD: JUNK
.OUT: JIC_PROD

PRODUCTION DATA

THROUGH 2/28/2000

PERIOD ENDING	DAYS PROD	OIL, MB	OIL BBL/D	GAS, MMF	GAS MCF/D	YIELD BBL/MMF	WATER,MB	WATER PCT	CUM. OIL, MB	CUM. GAS, MMF	CUM. WATER,MB	FTP,PSI
PRIOR 1/98		0.000		0.000		0.000	0.000	0.0	0.000	0.000	0.000	
1/98	0	0.000	0.0	0.000	0.0	0.000	0.000	0.0	0.000	0.000	0.000	0
2/98	0	0.000	0.0	0.000	0.0	0.000	0.000	0.0	0.000	0.000	0.000	0
3/98	0	0.000	0.0	0.000	0.0	0.000	0.000	0.0	0.000	0.000	0.000	0
4/98	30	0.000	0.0	23.837	794.6	0.000	1.334	100.0	0.000	23.837	1.334	0
5/98	31	0.000	0.0	17.520	565.2	0.000	0.883	100.0	0.000	41.356	2.217	0
6/98	29	0.000	0.0	18.243	629.1	0.000	0.946	100.0	0.000	59.599	3.163	0
7/98	30	0.000	0.0	17.875	595.8	0.000	0.922	100.0	0.000	77.474	4.085	0
8/98	31	0.000	0.0	16.901	545.2	0.000	0.721	100.0	0.000	94.376	4.806	0
9/98	30	0.000	0.0	13.366	445.5	0.000	0.678	100.0	0.000	107.742	5.484	0
10/98	26	0.000	0.0	10.179	391.5	0.000	0.654	100.0	0.000	117.920	6.138	0
11/98	30	0.000	0.0	10.235	341.2	0.000	0.522	100.0	0.000	128.155	6.660	0
12/98	31	0.000	0.0	8.052	259.8	0.000	0.506	100.0	0.000	136.208	7.166	0
YR 98	268	0.000	0.0	136.208	508.2	0.000	7.166	100.0	0.000	136.208	7.166	
1/99	31	0.000	0.0	6.707	216.4	0.000	0.374	100.0	0.000	142.915	7.540	0
2/99	28	0.000	0.0	4.875	174.1	0.000	0.232	100.0	0.000	147.790	7.772	0
3/99	17	0.000	0.0	3.354	197.3	0.000	0.041	100.0	0.000	151.144	7.813	0
4/99	30	0.000	0.0	6.119	204.0	0.000	0.684	100.0	0.000	157.263	8.497	0
5/99	16	0.000	0.0	2.994	187.1	0.000	0.178	100.0	0.000	160.257	8.676	0
6/99	1	0.000	0.0	0.001	0.9	0.000	0.000	0.0	0.000	160.258	8.676	0
7/99	0	0.000	0.0	0.000	0.0	0.000	0.000	0.0	0.000	160.258	8.676	0
8/99	21	0.000	0.0	6.006	286.0	0.000	0.733	100.0	0.000	166.265	9.409	0
9/99	30	0.000	0.0	9.341	311.4	0.000	0.972	100.0	0.000	175.605	10.380	0
10/99	31	0.000	0.0	8.629	278.3	0.000	0.306	100.0	0.000	184.234	10.686	0
11/99	30	0.000	0.0	8.298	276.6	0.000	0.210	100.0	0.000	192.532	10.896	0
12/99	31	0.000	0.0	7.998	258.0	0.000	0.310	100.0	0.000	200.530	11.207	0
1/00	31	0.000	0.0	7.635	246.3	0.000	0.302	100.0	0.000	208.165	11.509	0
2/00	29	0.000	0.0	6.968	240.3	0.000	0.286	100.0	0.000	215.133	11.795	0
YR 00	326	0.000	0.0	78.925	242.1	0.000	4.629	100.0	0.000	215.133	11.795	
SUB TOTAL	594	0.000	0.0	215.133	362.2	0.000	11.795	100.0	0.000	215.133	11.795	-
TOTAL		0.000		215.133		0.000	11.795	100.0	0.000	215.133	11.795	

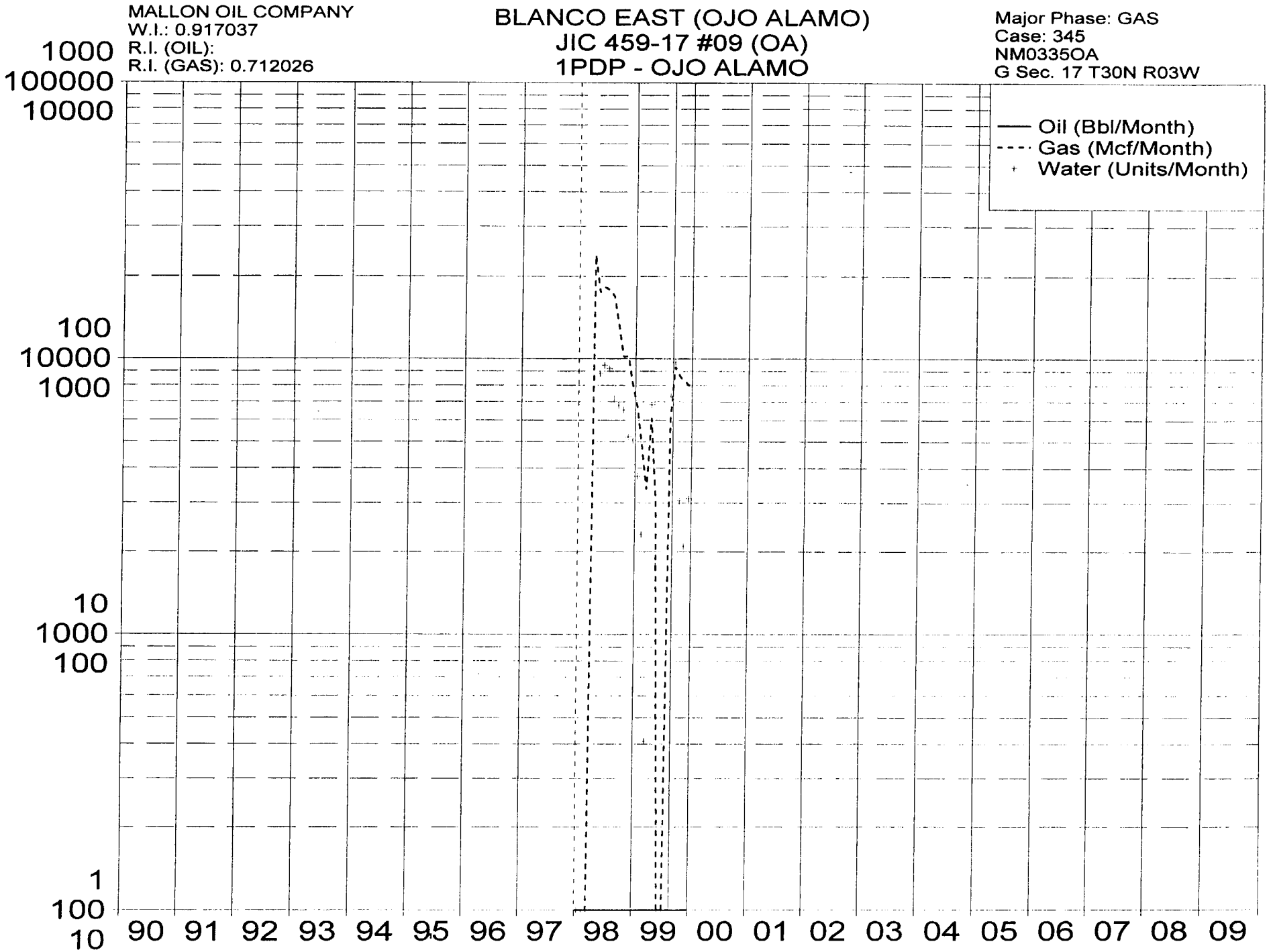
JIC 459-17 #09 (SJ)
RIO ARRIBA CO., NM - G 17 T30N R03W
BLANCO EAST (SAN JOSE)
MALLON OIL COMPANY
SAN JOSE
1PDP

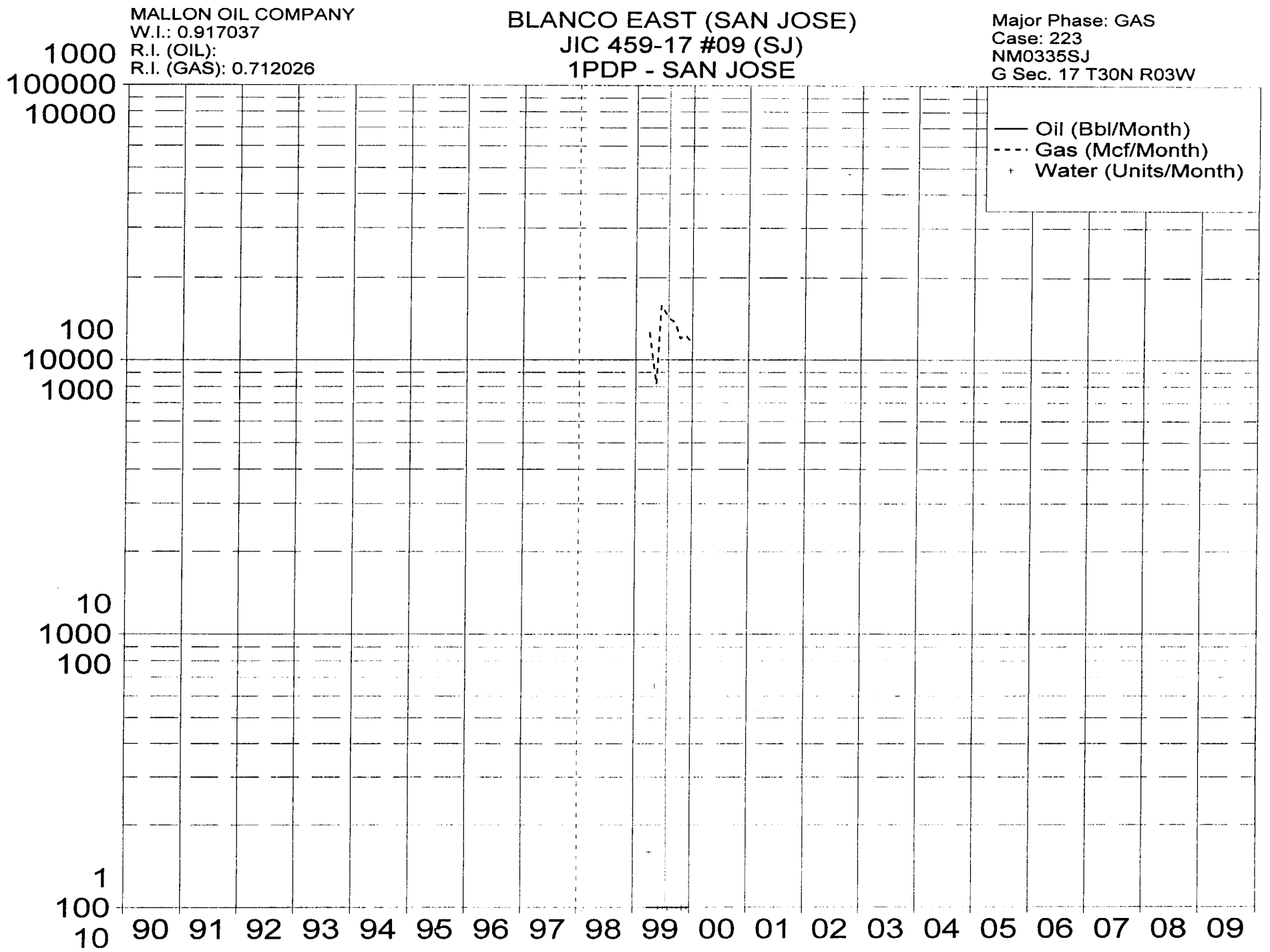
DATE: 05/03/**
TIME: 08:44:13
FILE: 2000
GET : 223
STID: 1Q2000
.CMD: JUNK
.OUT: JIC_PROD

PRODUCTION DATA

THROUGH 2/28/2000

PERIOD ENDING	DAYS PROD	OIL, MB	OIL BBL/D	GAS, MMF	GAS MCF/D	YIELD BBL/MMF	WATER,MB	WATER PCT	CUM. OIL, MB	CUM. GAS, MMF	CUM. WATER,MB	FTP,PSI
PRIOR 1/98		0.000		0.000		0.000	0.000	0.0	0.000	0.000	0.000	
1/98	0	0.000	0.0	0.000	0.0	0.000	0.000	0.0	0.000	0.000	0.000	0
2/98	0	0.000	0.0	0.000	0.0	0.000	0.000	0.0	0.000	0.000	0.000	0
3/98	0	0.000	0.0	0.000	0.0	0.000	0.000	0.0	0.000	0.000	0.000	0
4/98	0	0.000	0.0	0.000	0.0	0.000	0.000	0.0	0.000	0.000	0.000	0
5/98	0	0.000	0.0	0.000	0.0	0.000	0.000	0.0	0.000	0.000	0.000	0
6/98	0	0.000	0.0	0.000	0.0	0.000	0.000	0.0	0.000	0.000	0.000	0
7/98	0	0.000	0.0	0.000	0.0	0.000	0.000	0.0	0.000	0.000	0.000	0
8/98	0	0.000	0.0	0.000	0.0	0.000	0.000	0.0	0.000	0.000	0.000	0
9/98	0	0.000	0.0	0.000	0.0	0.000	0.000	0.0	0.000	0.000	0.000	0
10/98	0	0.000	0.0	0.000	0.0	0.000	0.000	0.0	0.000	0.000	0.000	0
11/98	0	0.000	0.0	0.000	0.0	0.000	0.000	0.0	0.000	0.000	0.000	0
12/98	0	0.000	0.0	0.000	0.0	0.000	0.000	0.0	0.000	0.000	0.000	0
YR 98	0	0.000	0.0	0.000	0.0	0.000	0.000	0.0	0.000	0.000	0.000	
1/99	0	0.000	0.0	0.000	0.0	0.000	0.000	0.0	0.000	0.000	0.000	0
2/99	0	0.000	0.0	0.000	0.0	0.000	0.000	0.0	0.000	0.000	0.000	0
3/99	0	0.000	0.0	0.000	0.0	0.000	0.000	0.0	0.000	0.000	0.000	0
4/99	23	0.000	0.0	10.889	473.5	0.000	0.016	100.0	0.000	10.889	0.016	0
5/99	16	0.000	0.0	8.146	509.1	0.000	0.065	100.0	0.000	19.035	0.081	0
6/99	30	0.000	0.0	15.837	527.9	0.000	0.000	0.0	0.000	34.872	0.081	0
7/99	31	0.000	0.0	14.826	478.3	0.000	0.000	0.0	0.000	49.698	0.081	0
8/99	31	0.000	0.0	14.002	451.7	0.000	0.000	0.0	0.000	63.701	0.081	0
9/99	30	0.000	0.0	13.700	456.7	0.000	0.000	0.0	0.000	77.400	0.081	0
10/99	28	0.000	0.0	11.959	427.1	0.000	0.000	0.0	0.000	89.359	0.081	0
11/99	30	0.000	0.0	12.335	411.2	0.000	0.000	0.0	0.000	101.694	0.081	0
12/99	31	0.000	0.0	11.805	380.8	0.000	0.000	0.0	0.000	113.499	0.081	0
1/00	31	0.000	0.0	10.621	342.6	0.000	0.000	0.0	0.000	124.120	0.081	0
2/00	29	0.000	0.0	10.272	354.2	0.000	0.000	0.0	0.000	134.392	0.081	0
YR 00	310	0.000	0.0	134.392	433.5	0.000	0.081	100.0	0.000	134.392	0.081	
SUB TOTAL	310	0.000	0.0	134.392	433.5	0.000	0.081	100.0	0.000	134.392	0.081	
TOTAL		0.000		134.392		0.000	0.081	100.0	0.000	134.392	0.081	


MALLON OIL COMPANY
W.I.: 0.917037
R.I. (OIL):
R.I. (GAS): 0.712026
BLANCO EAST (OJO ALAMO)
JIC 459-17 #09 (OA)
1PDP - OJO ALAMO
Major Phase: GAS
Case: 345
NM0335OA
G Sec. 17 T30N R03W
Oil (Bbl/Month)
Gas (Mcf/Month)
Water (Units/Month)
1000
100000
10000
100
10000
1000
10
1000
100
1
100
10
90 91 92 93 94 95 96 97 98 99 00 01 02 03 04 05 06 07 08 09


MALLON OIL COMPANY
W.I.: 0.917037
R.I. (OIL):
R.I. (GAS): 0.712026
BLANCO EAST (SAN JOSE)
JIC 459-17 #09 (SJ)
1PDP - SAN JOSE
Major Phase: GAS
Case: 223
NM0335SJ
G Sec. 17 T30N R03W
Oil (Bbl/Month)
Gas (Mcf/Month)
Water (Units/Month)
1000
100000
10000
100
10000
1000
10
1000
100
1
100
10
90 91 92 93 94 95 96 97 98 99 00 01 02 03 04 05 06 07 08 09

GAS ANALYSIS SERVICE

2030 AFTON PLACE
FARMINGTON, N.M. 87401
(505) 325-6622

ANALYSIS NO. CES90186
CUST. NO. 16900- 10235

WELL/LEASE INFORMATION

CUSTOMER NAME	CDS ENVIROMENTAL SVCS	SOURCE	N/A
WELL NAME	JIC 459-17 # 9 OA	PRESSURE	58 PSI
COUNTY/ STATE	RIO ARRIBA NM	SAMPLE TEMP	DEG.F
LOCATION		WELL FLOWING	N/A
FIELD		DATE SAMPLED	7/8/99
FORMATION	OJO ALAMO	SAMPLED BY	JDW
CUST.STN.NO.		FOREMAN/ENGR.	

REMARKS MALLON OIL COMPANY
H2S = 8 PPM

ANALYSIS

COMPONENT	MOLE %	GPM**	B.T.U.*	SP.GR *
NITROGEN	0.466	0.0000	0.00	0.0045
CO2	0.016	0.0000	0.00	0.0002
METHANE	93.543	0.0000	946.94	0.5182
ETHANE	5.025	1.3442	89.13	0.0522
PROPANE	0.373	0.1028	9.41	0.0057
I-BUTANE	0.159	0.0520	5.18	0.0032
N-BUTANE	0.041	0.0129	1.34	0.0008
I-PENTANE	0.053	0.0194	2.13	0.0013
N-PENTANE	0.009	0.0033	0.36	0.0002
HEXANE PLUS	0.315	0.1374	16.19	0.0101
TOTAL	100.000	1.6720	1,070.68	0.5964

* @ 14.730 PSIA DRY & UNCORRECTED FOR COMPRESSIBILITY
** @ 14.730 PSIA & 60 DEG. F.

COMPRESSIBLITY FACTOR	(1/Z)	1.0023
BTU/CU.FT (DRY) CORRECTED FOR	(1/Z)	1,073.1
BTU/CU.FT (WET) CORRECTED FOR	(1/Z)	1,054.5
REAL SPECIFIC GRAVITY		0.5978

ANALYSIS RUN AT 14.730 PSIA & 60 DEGREES F

DRY BTU @ 14.650	1,067.3
DRY BTU @ 14.696	1,070.7
DRY BTU @ 14.730	1,073.1
DRY BTU @ 15.025	1,094.6

CYLINDER #	5EK081
CYLINDER PRESSURE	40 PSIG
DATE RUN	7/16/99
ANALYSIS RUN BY	ANDREW ZEC

GAS ANALYSIS SERVICE

2030 AFTON PLACE
FARMINGTON, N.M. 87401
(505) 325-6622

ANALYSIS NO. CES90187
CUST. NO. 16900- 10415

WELL/LEASE INFORMATION

CUSTOMER NAME	CDS ENVIROMENTAL SVCS	SOURCE	N/A
WELL NAME	JIC 459-17 # 9 SJ	PRESSURE	58 PSI
COUNTY/ STATE	RIO ARRIBA NM	SAMPLE TEMP	DEG.F
LOCATION		WELL FLOWING	N/A
FIELD		DATE SAMPLED	7/8/99
FORMATION	SAN JOSE	SAMPLED BY	JDW
CUST.STN.NO.		FOREMAN/ENGR.	

REMARKS MALLON OIL COMPANY
H2S = 6 PPM

ANALYSIS

COMPONENT	MOLE %	GPM**	B.T.U.*	SP.GR *
NITROGEN	0.418	0.0000	0.00	0.0040
CO2	0.014	0.0000	0.00	0.0002
METHANE	93.846	0.0000	950.00	0.5198
ETHANE	4.936	1.3204	87.55	0.0512
PROPANE	0.369	0.1017	9.31	0.0056
I-BUTANE	0.164	0.0536	5.35	0.0033
N-BUTANE	0.046	0.0145	1.50	0.0009
I-PENTANE	0.054	0.0198	2.17	0.0013
N-PENTANE	0.010	0.0036	0.40	0.0002
HEXANE PLUS	0.143	0.0624	7.35	0.0046
TOTAL	100.000	1.5760	1,063.63	0.5914

* @ 14.730 PSIA DRY & UNCORRECTED FOR COMPRESSIBILITY
** @ 14.730 PSIA & 60 DEG. F.

COMPRESSIBLITY FACTOR	(1/Z)	1.0023
BTU/CU.FT (DRY) CORRECTED FOR	(1/Z)	1,066.1
BTU/CU.FT (WET) CORRECTED FOR	(1/Z)	1,047.5
REAL SPECIFIC GRAVITY		0.5925

ANALYSIS RUN AT 14.730 PSIA & 60 DEGREES F

DRY BTU @ 14.650	1,060.3
DRY BTU @ 14.696	1,063.6
DRY BTU @ 14.730	1,066.1
DRY BTU @ 15.025	1,087.4

CYLINDER #	E1989
CYLINDER PRESSURE	45 PSIG
DATE RUN	7/15/99
ANALYSIS RUN BY	ANDREW ZEC