

4

February 1, 1999

Mallon Oil Company
P. O. Box 2797
Durango, Colorado 81302

Attention: Christy Serrano

Administrative Order NSL-3995-B

Dear Ms. Serrano:

Reference is made to your application dated January 7, 1999 for an unorthodox gas well location in the San Jose formation for Mallon Oil Company's (AMallon≡) existing Jicarilla 464-29 Well No. 9 (API No. 30-039-25765) located 2430 feet from the North line and 2405 feet from the East line (Unit G) of Section 29, Township 30 North, Range 3 West, NMPM, Rio Arriba County, New Mexico.

By Division Administrative Order NSL-3995, dated April 9, 1998, Mallon received authorization to drill to and complete the Jicarilla 464-29 Well No. 9 in both the East Blanco-Pictured Cliffs Pool and Mancos formation within a standard 175.15-acre gas spacing and proration unit for both intervals comprising Lots 1 and 2 and the W/2 NE/4 (NE/4 equivalent) of Section 29 at the above-described unorthodox gas well location.

By Division Administrative Order NSL-3995-A, dated August 12, 1998, Mallon received authorization to recomple this well into the Undesignated Cabresto Canyon-Ojo Alamo Pool at an unorthodox gas well location within the NE/4 equivalent of Section 29.

It is our understanding that Mallon drilled this well to a total depth of 6320 feet in February, 1998 and on April 10, 1998 completed it in the Undesignated Cabresto Canyon-Ojo Alamo Pool. It is our further understanding through conversations with the Division's Aztec District Office that Mallon has subsequently recomple this well into the San Jose formation and is currently producing gas. Pursuant to Division General Rule 104.C(3)(a), this location is also unorthodox. Lots 1 and 2 and the W/2 NE/4 (NE/4 equivalent) of Section 29 is to be dedicated to the well in order to form a standard 175.15-acre gas spacing and proration unit for San Jose gas production.

The application has been duly filed under the provisions of Rule 104.F of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division").

By the authority granted me under the provisions of Division General Rule 104.F(2), the above-described unorthodox gas well location within the San Jose formation is hereby approved.

Further all provisions of Orders NSL-3995 and NSL-3995-A shall remain in full force and affect until further notice.

Mallon Oil Company

Denver/Colorado ♦ Durango/Colorado ♦ Carlsbad/New Mexico

a Mallon Resources Subsidiary

January 7, 1999

State of New Mexico
Oil Conservation Division
2040 South Pacheco
Santa Fe, NM 87505

Attn: Mr. Mike Stogner

Re: Jicarilla 464-29 No. 9
2430' FNL and 2405' FEL (SW SE) Unit G
Sec. 2, T30N-R03W
Rio Arriba County, NM

RECEIVED
JAN 15 1999

OIL CON. DIV.
POST 3

Dear Mr. Stogner:

Mallon Oil Company received a Non Standard Location approval (NSL 3995) for the Pictured Cliff formation and a Non Standard Location approval (NSL 3995-A) for the Cabresto Canyon; Ojo Alamo Extension formation.

Mallon Oil Company would like to apply for Non Standard Location approval for the Cabresto Canyon; San Jose Ext. at the existing well bore location. Mallon Oil Company is the sole operator within a half mile radius of this location. Please find enclosed a copy of Mallon Oil Company's C-102.

Should you need any further information, please contact the undersigned at 970-382-9100.

Sincerely,

Mallon Oil Company

Christy Serrano

Christy Serrano
Production Secretary

Enclosures

♦ P.O. Box 2797 ♦ Durango, Colorado 81302 ♦ Phone: (970) 382-9100 ♦ Fax: (970) 382-7650 ♦

OFFICE OF
REGISTRATION
1000 New Mexico Bldg., Santa Fe, N.M. 87504
TELEPHONE 971-1111
FAX 971-1111

OIL CONSERVATION DIVISION
P.O. Box 8088
Santa Fe, NM 87504-8088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-038-25765	Well Code 96822	Well Name Cabresto Canyon; San Jose Ext.
Property Code	Property Name JICARILLA 484-29	Well Number 9
Lease No. 013925	Operator Name MALLON OIL CO.	Direction 7151'

Surface Location

Well No.	Section	Township	Range	Lot No.	Feet from the	North/South Line	Feet from the	East/West Line	County
29	30-N	3-W			2430	NORTH	2405	EAST	RIO ARriba

Bottom Hole Location If Different From Surface

Well No.	Section	Township	Range	Lot No.	Feet from the	North/South Line	Feet from the	East/West Line	County

Production Status 160	Joint or LHM	Supersession Code	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

<div data-bbox="162 1085 454 1212" data-label="Text"> <p>RECEIVED JAN 15 1999</p> </div> <div data-bbox="162 1234 487 1340" data-label="Text"> <p>OIL CON. DIV. DIST. 3</p> </div>	<div data-bbox="958 829 1331 872" data-label="Section-Header"> <h3>1. OPERATOR CERTIFICATION</h3> </div> <div data-bbox="909 861 1339 915" data-label="Text"> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> </div> <div data-bbox="909 1021 1339 1234" data-label="Text"> <p><i>Terry Lindeman</i> Signature Terry Lindeman Printed Name Production Superintendent Title 10/15/97 Date</p> </div>	<div data-bbox="958 1244 1331 1287" data-label="Section-Header"> <h3>2. SURVEYOR CERTIFICATION</h3> </div> <div data-bbox="909 1276 1339 1372" data-label="Text"> <p>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.</p> </div> <div data-bbox="909 1372 1339 1659" data-label="Text"> <p>10-0001 A RUSH Date of Survey <i>[Signature]</i> Signature and Title NEW MEXICO 8891 PROFESSIONAL LAND SURVEYOR 8894 Certificate Number</p> </div>	

Exhibit A



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87508
(505) 827-7131

August 12, 1998

Mallon Oil Company
P. O. Box 3256
Carlsbad, New Mexico 88220
Attention: Duane C. Winkler

Administrative Order NSL-3995-A

Dear Mr. Winkler:

Reference is made to your application dated July 13, 1998 for an unorthodox gas well location in the Undesignated Cabresto Canyon-Ojo Alamo Pool for Mallon Oil Company's ("Mallon") existing Jicarilla 464-29 Well No. 9 (API No. 30-039-25765) located 2430 feet from the North line and 2405 feet from the East line (Unit G) of Section 29, Township 30 North, Range 3 West, NMPM, Rio Arriba County, New Mexico.

By Division Administrative Order NSL-3995, dated April 9, 1998, Mallon received authorization to drill to and complete the Jicarilla 464-29 Well No. 9 in both the East Blanco-Pictured Cliffs Pool and Mancos formation within a standard 175.15-acre gas spacing and proration unit for both intervals comprising Lots 1 and 2 and the W/2 NE/4 (NE/4 equivalent) of Section 29 at the above-described unorthodox gas well location.

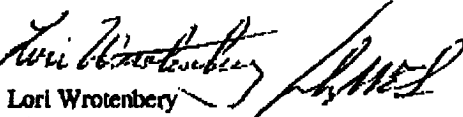
It is our understanding that Mallon drilled this well to a total depth of 6320 feet in February, 1998 and on April 10, 1998 completed it in the Undesignated Cabresto Canyon-Ojo Alamo Pool with perforations from 3185 feet to 3216 feet, which pursuant to Division General Rule 104.C(3)(a), is also unorthodox. Further, Lots 1 and 2 and the W/2 NE/4 (NE/4 equivalent) of Section 29 shall be dedicated to the well in order to form a standard 175.15-acre gas spacing and proration unit for this pool.

The application has been duly filed under the provisions of Rule 104.F of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division").

By the authority granted me under the provisions of Division General Rule 104.F(2), the above-described unorthodox gas well location within the Undesignated Cabresto Canyon-Ojo Alamo Pool is hereby approved.

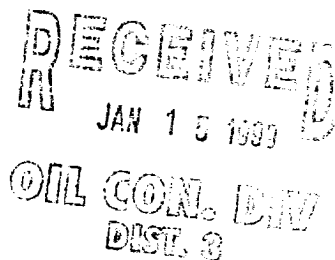
Further, all provisions of original Order NSL-3995 shall remain in full force and affect until further notice.

Sincerely,


Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Albuquerque
File: NSL-3995



Mallon Oil Company

Denver/Colorado ♦ Carlsbad/New Mexico

a Mallon Resources subsidiary

July 13, 1998

State of New Mexico
Oil Conservation Division
2040 South Pacheco
Santa Fe, NM 87505

Attn: Mr. Miko Stogner

Re: Jicarilla 464-29 No. 9
2430 FNL', 2405' FEL (SW SE) Unit G
Sec. 2, T30N-R03W
Rio Arriba County, NM

Dear Mr. Stogner:

Mallon Oil Company received a Non Standard Location approval (NSL 3995) for the Pictured Cliffs formation.

In April 1998 Mallon Oil Company completed the well into the Cabresto Canyon, Ojo Alamo Extension formation which is also a non standard location.

Mallon Oil Company would like to apply for Non Standard Location approval for the Cabresto Canyon Ojo Alamo Extension at the existing wellbore location. Mallon Oil Company is the sole operator within a half mile radius of this location.

Please find enclosed a copy of Mallon Oil Company's C-102 which was sent April 24, 1998 and a copy of the completion report (3160-4).

Should you need any further information, Please contact the undersigned at 505-885-4596.

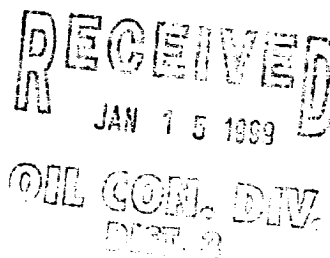
Sincerely,

MAILLON OIL COMPANY



Duane C. Winkler
Operations Manager

Enclosures



♦ P.O. Box 3256 ♦ Carlsbad, New Mexico 88220 ♦ Phone: 505/885-4596 ♦ Fax: 505/885-0022 ♦

P. 05

FAX NO. 9703827650

JAN-14-99 THU 04:27 PM MAILLON OIL COMPANY

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN DUPLICATE
USE OTHER
ON REVERSE SIDE

FORM APPROVED
OMB NO 1004-0117
Expires February 28 1995

WELL COMPLETION OR RECOMPLETION REPORT AND LOG *

1. TYPE OF WELL OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> WELL <input type="checkbox"/> DRY <input type="checkbox"/> OTHER <input type="checkbox"/>		5. LEASE DESIGNATION AND SERIAL NO JIC 464	
2. TYPE OF COMPLETION NEW WELL <input checked="" type="checkbox"/> WORK OVER <input type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/> DIFF RESVR <input type="checkbox"/>		6. IF INDIAN ALLOTTEE OR TRIBE NAME Jicarilla Apache	
3. NAME OF OPERATOR Mallon Oil Company		7. UNIT AGREEMENT NAME N/A	
4. ADDRESS AND TELEPHONE NO P.O. Box 3256, Carlsbad, NM 88220 (505) 885-4596		8. FARM OR LEASE NAME WELL NO Jicarilla 464-29 No. 9	
9. LOCATION OF WELL At surface 2430' FNL and 2405' FEL (SW SE) Unit G		9. APPROX WELL NO 30-039-25765	
At top prod interval reported below 2430' FNL and 2405' FEL (SW SE) Unit G		10. FIELD AND POOL OR WILLCAT Cabresto Canyon, Ojo Alamo Ext	
At total depth 2430' FNL and 2405' FEL (SW SE) Unit G		11. SEC T R M OR BLOCK AND SURVEY OR AREA Sec. 29 T30N-R03W	
14. PERMIT NO N/A		12. COUNTY OR PARISH Rio Arriba	
15. DATE SPUNDED 2-5-98		13. STATE NM	
16. DATE TO REACHED 2-19-98		17. DATE COMP (Ready to Prod) 4/10/98	
18. ELEVATION IDF, RKB, RT GR ET 7151'		19. ELEV CASINGHEAD 7152'	
20. TOTAL DEPTH MD & TVD 6320'		21. PLUGBACK TO MD & TVD 6276'	
22. IF MULTIPLE COMP. HOW MANY* N/A		23. INTERVALS DRILLED BY ROTARY TOOLS Yes	
24. PRODUCING INTERVAL (S) OF THIS COMPLETION - TOP BOTTOM NAME (MD AND TVD) 3185' - 3216' Ojo Alamo		25. WAS DIRECTIONAL SURVEY MADE Yes	
26. TYPE ELECTRIC AND OTHER LOGS RUN GR, DIMP, SGRD, SDL, DSN		27. WAS WELL CORED No	

CASING RECORD (Report all strings set in well)					
CASING SIZE/GRADE	WEIGHT LBS/FT	DEPTH SET (MD)	HOLE SIZE	TOP OF CEMENT	CEMENTING RECORD
8-5/8"	24 lb	508'	12-1/4"	Cmt 345 Class B, circ 100 sxs	
				to surface	
5-1/2"	17 lb	6325'	7-7/8"	Cmt 1000 sxs, circ 110 sxs	
				to surface	

LINER RECORD				TUBING RECORD		
SIZE	TOP (MD)	BOTTOM (MD)	SACKS CEMENT * SCREEN (MD)	SIZE	DEPTH SET (MD)	PACKER SET "MC
N/A				2-3/8"	3054'	3055'

31. PERFORATION RECORD (Interval size and number)		32. ACID, SHOT, FRACTURE, CEMENT, SQUEEZE, ETC	
3185' - 3216' 4 JSPF 124 holes		DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED
Ojo Alamo		3185' 3216'	2500 gals 7-1/2 acid Frac 53,720 lbs sand

33. PRODUCTION							
DATE FIRST PRODUCTION		PRODUCTION METHOD (Flowing, gas lift, pumping - size and type of pump)				WELL STAT (Producing or Shut In)	
6/1/98		Flowing				SI	
DATE OF TEST	HOURS TESTED	CHOKE SIZE	PROOF FOR TEST PERIOD	OIL - BBL	GAS - MCF	WATER - BBL	GAS-OIL RATIO
3/5/98	24 hrs	3/8"		0	1555	80	N/A
FLOW TBO PRESS	CASING PRESSURE	CALCULATED 24-HOUR RATE	OIL - BBL	GAS - MCF	WATER - BBL	OIL GRAVITY - API (CORR)	
480	0		0	1555	80	N/A	

34. DISPOSITION OF GAS Sold	TEST WITNESSED BY Kisor
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35. LIST OF ATTACHMENTS

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records

SIGNED *[Signature]* Production Analyst DATE 4/20/98

*(See Instructions and Spaces for Additional Data on Reverse Side)

Title 18 U.S.C. 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
P.O. Box 1780, Hobbs, N.M. 88241-1880

DISTRICT II
P.O. Drawer 80, Artesia, N.M. 88211-0718

DISTRICT III
1006 San Marcos Rd., Alamo, N.M. 87410

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

State of New Mexico
Minerals & Natural Resources Department

Form C-102
Revised February 21, 1984
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-039-25765		*Pool Code 96538	*Pool Name Cabresto Canyon; Ojo Alamo Ext.	
*Property Code	*Property Name JICARILLA 464-29			*Well Number 9
*OGMD No. 013925	*Operator Name MALLON OIL CO.			*Elevation 7151'

1a Surface Location								
UT. or 1st. no.	Section	Township	Range	1st 1/4	Feet from the	North/South line	East/West line	County
	29	30-N	3-W		2430	NORTH	2405	RIO ARriba

1b Bottom Hole Location if Different From Surface								
UT. or 1st. no.	Section	Township	Range	1st 1/4	Feet from the	North/South line	East/West line	County

*Dedicated Acres 160	*Leak or InSD	*Consolidation Code	*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

<div>16</div> <div>2430'</div> <div>2405'</div> <div>RECEIVED JAN 15 1998 OIL CON. DIV. RMSL 3</div>				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>Production Superintendent</u> Date: <u>10/15/97</u>	
				18 SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of original 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: <u>10/15/97</u> Signature: <u>[Signature]</u> Printed Name: <u>JOE A. RUSH</u> Title: <u>Professional Land Surveyor</u> Certificate Number: <u>8894</u>	

Exhibit A