

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPPLICATE
(Other instructions on
reverse side)

FORM APPROVED
OMB NO. 1004-0136
Expires February 28, 1995

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK Drill <input checked="" type="checkbox"/> Deepen <input type="checkbox"/>		5. LEASE DESIGNATION AND SERIAL NO. H0400-02		
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"/>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME Jicarilla Apache		
2. NAME OF OPERATOR Mallon Oil Company		7. FARM OR LEASE NAME, WELL NO. 460-15 No. 3		
3. ADDRESS AND TELEPHONE NO. P.O. Box 3256 Carlsbad, NM 88220 (505) 885-4596		8. FIELD AND POOL, OR WILDCAT E. Blanco, Pictured Cliffs		
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface 1239' FNL and 1502' FEL (NW/NE) Unit B At proposed prod. zone 1239' FNL and 1502' FEL (NW/NE) Unit B		9. SEC. T, R., M., OR BLK. AND SURVEY OR AREA Sec. 15, T30N-R03W		
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE * 54 miles east of Bloomfield, New Mexico		12. COUNTY OR PARISH Rio Arriba		
15. DISTANCE FROM PROPOSED * LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 1239'		13. STATE NM		
16. NO. OF ACRES IN LEASE 1920		17. NO. OF ACRES ASSIGNED TO THIS WELL 160		
18. DISTANCE FROM PROPOSED LOCATION * TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 7300' GL		19. PROPOSED DEPTH 4500'		
20. ROTARY OR CABLE TOOLS Rotary		21. ELEVATIONS (SHOW WHETHER DF, RT, GR, Etc.) 7300' GL		
22. APPROX. DATE WORK WILL START July 4, 1998		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#	500'	Circ. to surface
7-8/8"	5-1/2"	15.5#	4500'	570 sks

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: Existing Roads/Planned Access Roads
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: May 29, 1998

(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 (Original Signed) HECTOR A. VILLALOBOS TITLE: Asst. Field Mgr DATE: JUL 1 1998

*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 C-104 FOR NSC

DRILLING PROGRAM

Attached to Form 3160-3
Mallon Oil Company
Jicarilla 460-15 No. 3
1239' FNL & 1502' FEL (NW/NE) Unit B
Sec. 15, T30N-R3W
Rio Arriba County, New Mexico

Lease Number: JIC460

1. Geologic name of surface formation: San Jose

2. Estimated tops of important geologic markers:

San Jose	Surface
Ojo Alamo	3230'
Kirtland	3458'
Fruitland	3478'
Pictured Cliffs	3768'
Lower P.C.	4017'
Total Depth	4500'

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

San Jose	50'	Fresh Water
Ojo Alamo	3230'	Gas
Fruitland	3478'	Gas
Pictured Cliffs	3768'	Gas

No other formations are expected to give up oil, gas, or fresh water in measurable quantities. The surface fresh water sands will be protected by setting 8-5/8" casing at 500' and circulating cement back to surface.

DISTRICT I
P.O. Box 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
Fee Lease - 3 Copies

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 87504-2088

OIL CONSERVATION DIVISION

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-039-25903		*Pool Code 72400	*Pool Name E. BLANCO PC
*Property Code 22861	*Property Name Jicarilla 460-15		*Well Number #3
*GRID No. 13925	*Operator Name Mallon Oil Co.		*Elevation 7300'

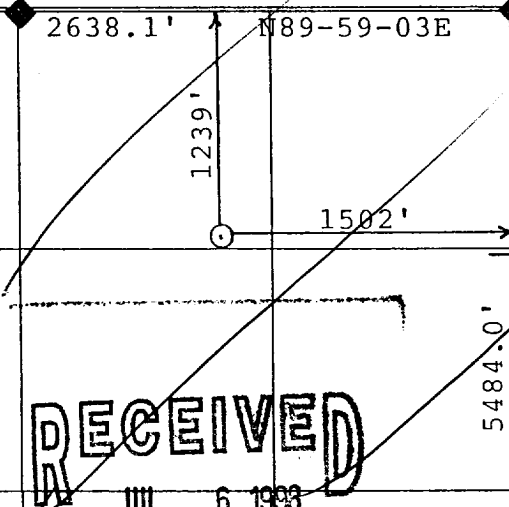
¹⁰ Surface Location

UL or lot no. X3	Section 15	Township 30 N	Range 3 W	Lot Idn	Feet from the 1239	North/South line North	Feet from the 1502	East/West line East	County Rio Arriba
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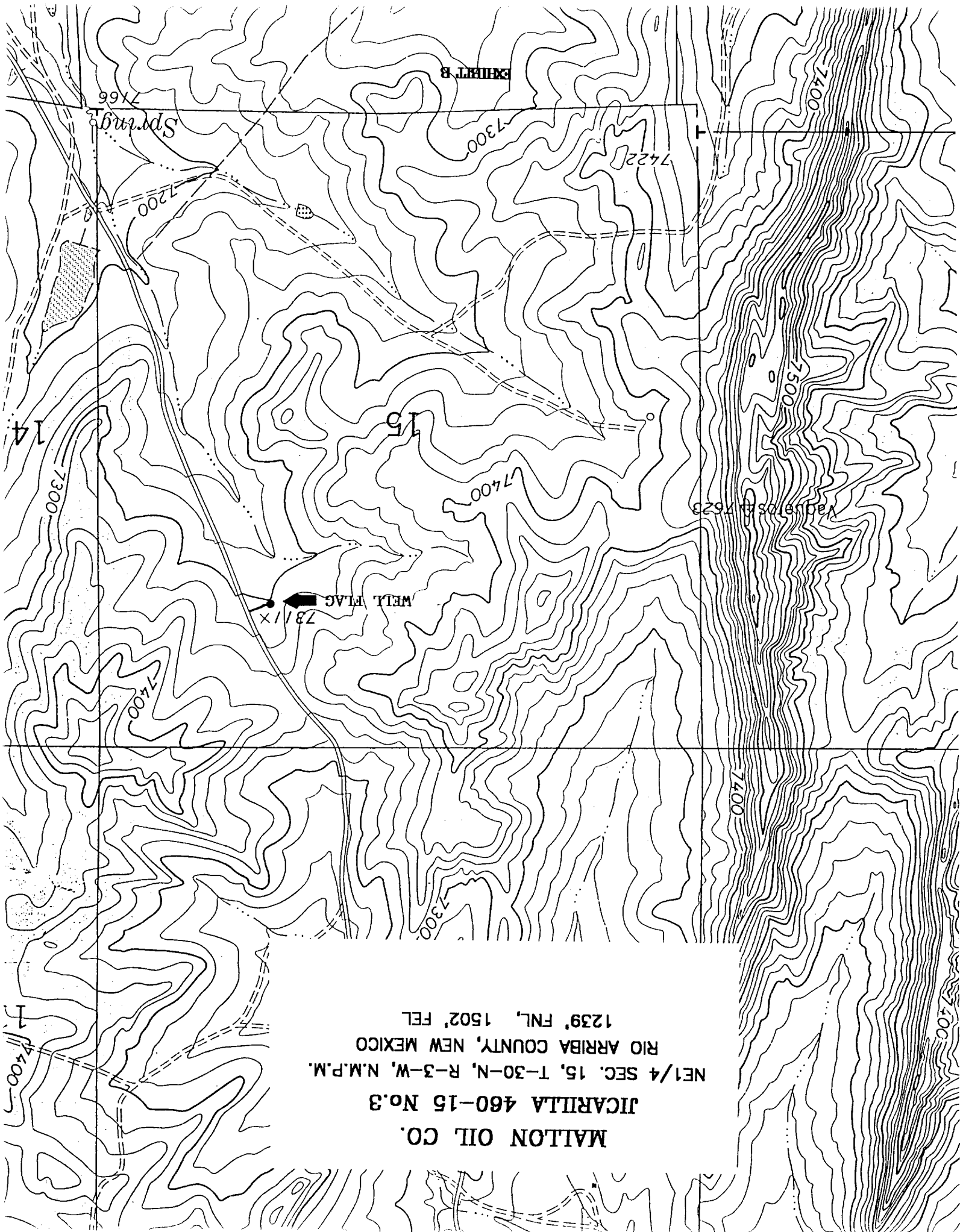
¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
*Dedicated Acres 760		*Joint or Infill		*Consolidation Code		*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	1917 B.C.		2638.1'	N89-59-03E	1917 B.C.		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 Terry Lindeman		Title Operations Superintendent
Date June 4, 1998		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.			
Date of Survey 3-27-98		Signature and Seal of Professional Land Surveyor		Certificate Number					
EXHIBIT A		1917 B.C.							

MALTON OIL CO.
JICARILLA 460-15 No.3
NE1/4 SEC. 15, T-30-N, R-3-W, N.M.P.M.
RIO ARriba COUNTY, NEW MEXICO
1239' FNL, 1502' FEL



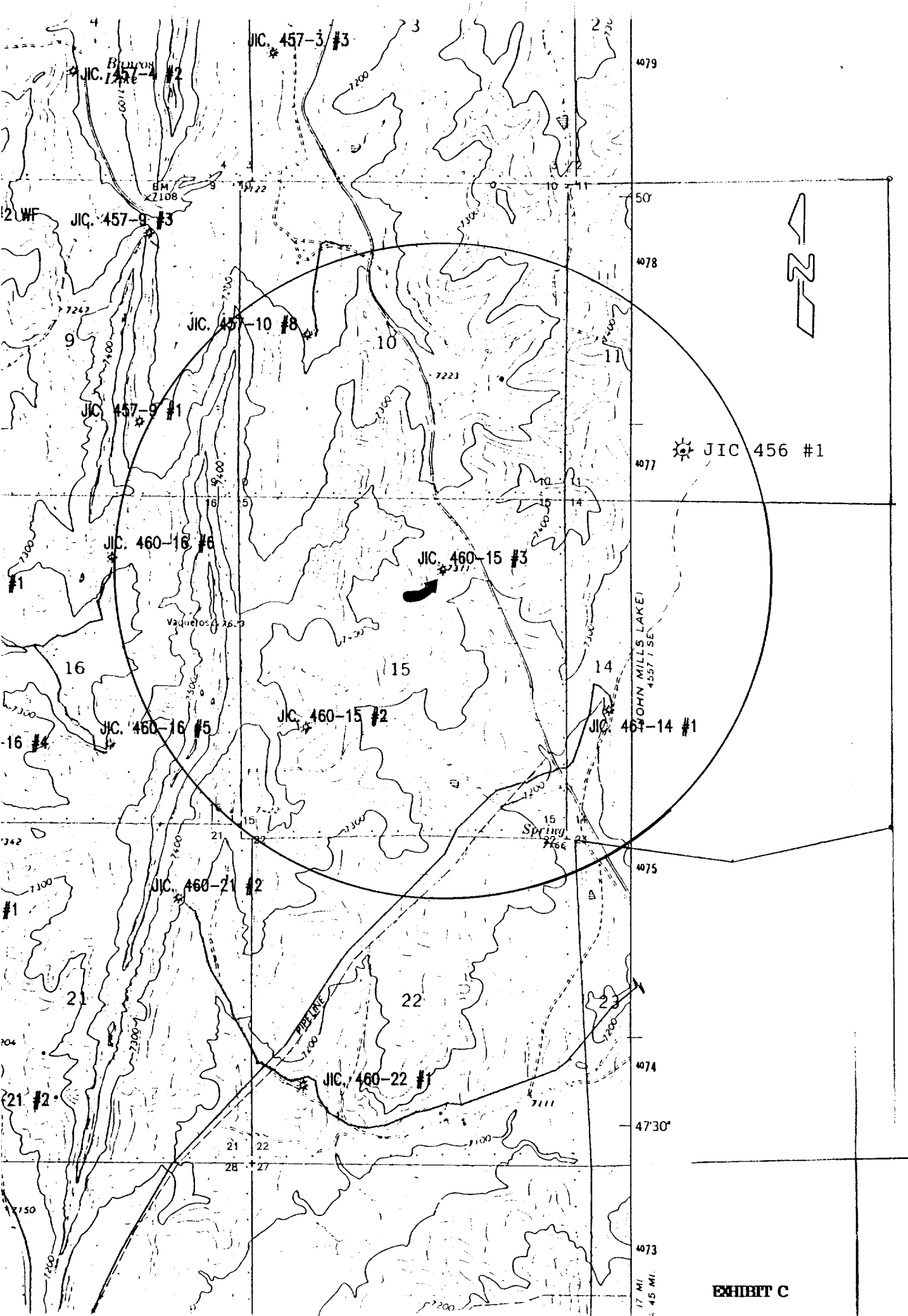


EXHIBIT C

Drilling Site Layout

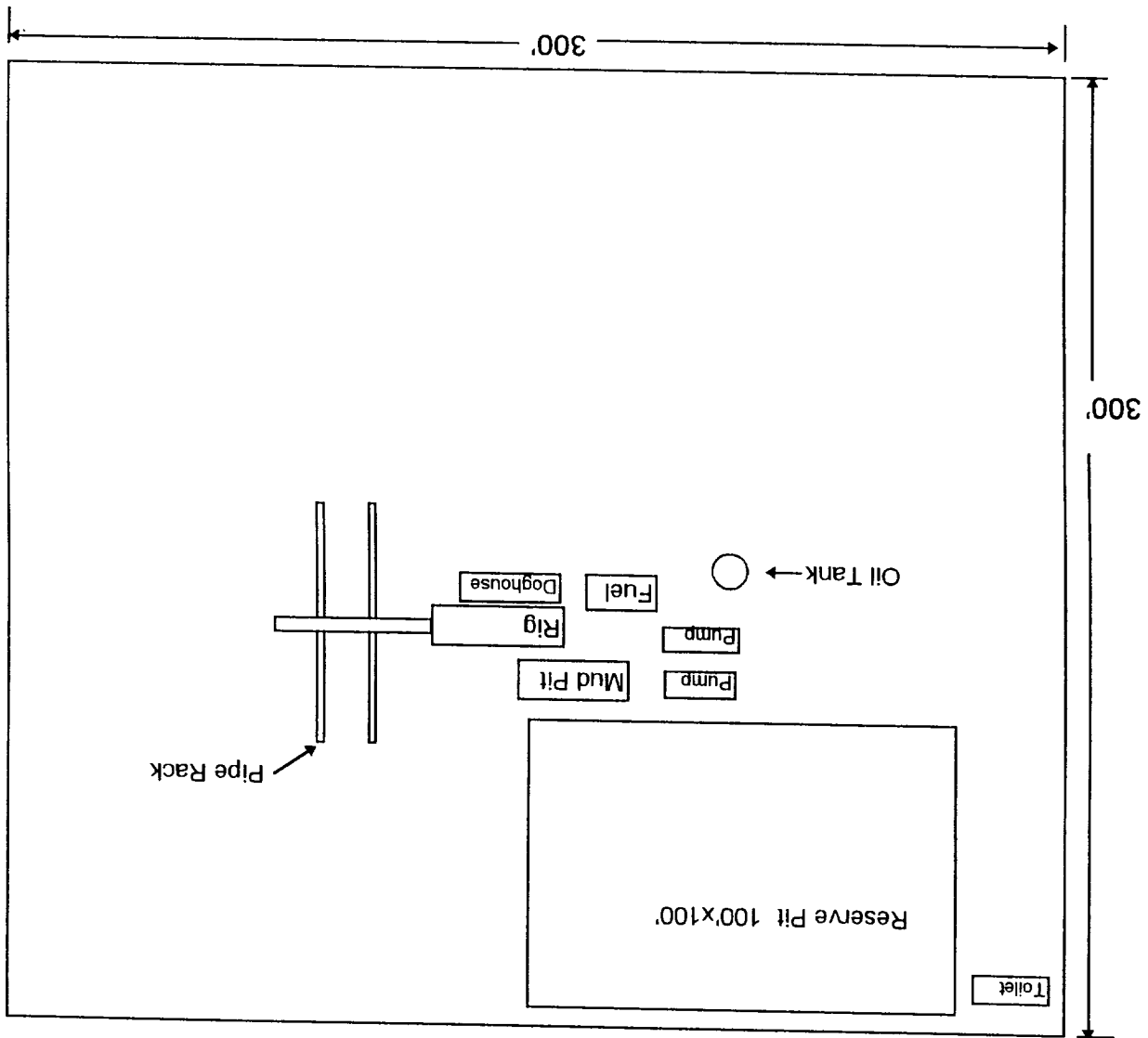


Exhibit D