

(July 1992)

CONFIDENTIAL

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPlicate
(Other instructions on
reverse side)

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

APPLICATION FOR PERMIT TO DRILL OR DEEPEN				5. LEASE DESIGNATION AND SERIAL NO. MDA 701-98-0013	
1a. TYPE OF WORK Drill <input checked="" type="checkbox"/> Deepen <input type="checkbox"/>				6. IF INDIAN, ALLOTTEE OR TRIBE NAME Jicarilla Apache	
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"/>				7. UNIT AGREEMENT NAME N/A	
2. NAME OF OPERATOR Mallon Oil Company				8. FARM OR LEASE NAME, WELL NO. 34235 Jicarilla 30-3-35 #4	
3. ADDRESS AND TELEPHONE NO. P.O. Box 2797 Durango, CO 81302 (970) 382-9100				9. API WELL NO. 30-039-26113	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface 2176' FSL and 786' FWL (NW/SW) Unit L				10. FIELD AND POOL, OR WILDCAT E. Blanco, Pictured Cliffs	
At proposed prod. zone 2176' FSL and 786' FWL (NW/SW) Unit L				11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Sec. 35, 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 2263' PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)				13. STATE NM	
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 2766'				16. NO. OF ACRES IN LEASE 39,360	
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, Etc.) 7302' GR				17. NO. OF ACRES ASSIGNED TO THIS WELL 160	
22. APPROX DATE WORK WILL START 12/21/98				19. PROPOSED DEPTH 4500'	
20. ROTARY OR CABLE TOOLS Rotary					
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'	Circulate to surface	
7-7/8"	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: Roads and Pipelines
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.

SIGNED: Terry Lindeman TITLE: Operations Superintendent DATE: 12/14/98

(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: FEB 2

*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 COPY FOR NSL**CONFIDENTIAL**

Multi-Point Surface Use and Operation Plan

Attached to Form 3160-3

Mallon Oil Company

Jicarilla 30-3-35 #4

2176' FSL and 786' FWL, (NW/SW) Unit L

Sec. 35, T30N-R3W

Rio Arriba County, New Mexico

LEASE NUMBER: MDA 701-98-0013

1. Existing roads:

- A. The well site and elevation plat for the proposed well is shown in Exhibit A. It was staked by Daggett Enterprises, Inc., Farmington, NM.
- B. All roads to the location are shown in Exhibit B. The existing roads are illustrated in pink and are adequate for travel during drilling and production operations. Upgrading of the road prior to drilling will be done where necessary as determined during the onsite inspection.
- C. Directions to location: From Bloomfield, New Mexico, travel east on Highway 64 for 54 miles to J58. Turn right and travel approximately 1 mile. Turn left and travel approximately 0.2 miles to location.
- D. Routine grading and maintenance of existing roads will be conducted as necessary to maintain their condition as long as any operations continue on this lease.

2. Proposed access road:

Exhibit B shows the new access road to be constructed and is illustrated in yellow. The road will be constructed as follows:

- A. The maximum width of the running surface will be 15'. The road will be crowned and ditched. Ditches will be at 3:1 slope and 4 feet wide. Water will be diverted where necessary to avoid ponding, prevent erosion, maintain good drainage, and to be consistent with local drainage patterns.
- B. The average grade will be less than 1%.
- C. No turnouts are planned.
- D. No culverts, gates, or fence cuts are necessary.
- E. A low water crossing will be utilized to cross natural drainages.
- F. Surfacing material will consist of native soil. Any additional materials that are required will be purchased from the dirt contractor.
- G. The proposed access road as shown in Exhibit B has been center line flagged by Daggett Enterprises, Inc., Farmington, NM.

DISTRICT II
P.O. Drawer DD, Artesia, N.M. 88211-0719DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410DISTRICT IV
PO Box 2088, Santa Fe, NM 87504-2088

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, NM 87504-2088Instructions 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 30-039-26113		*Pool Code 72400	*Pool Name East Blanco; Pictured Cliffs EXT
*Property Code 24235	*Property Name JICARILLA 30-3-35		*Well Number 4
*GRID No. 013925	*Operator Name MALLON OIL COMPANY		*Elevation 7302'

¹⁰ Surface Location

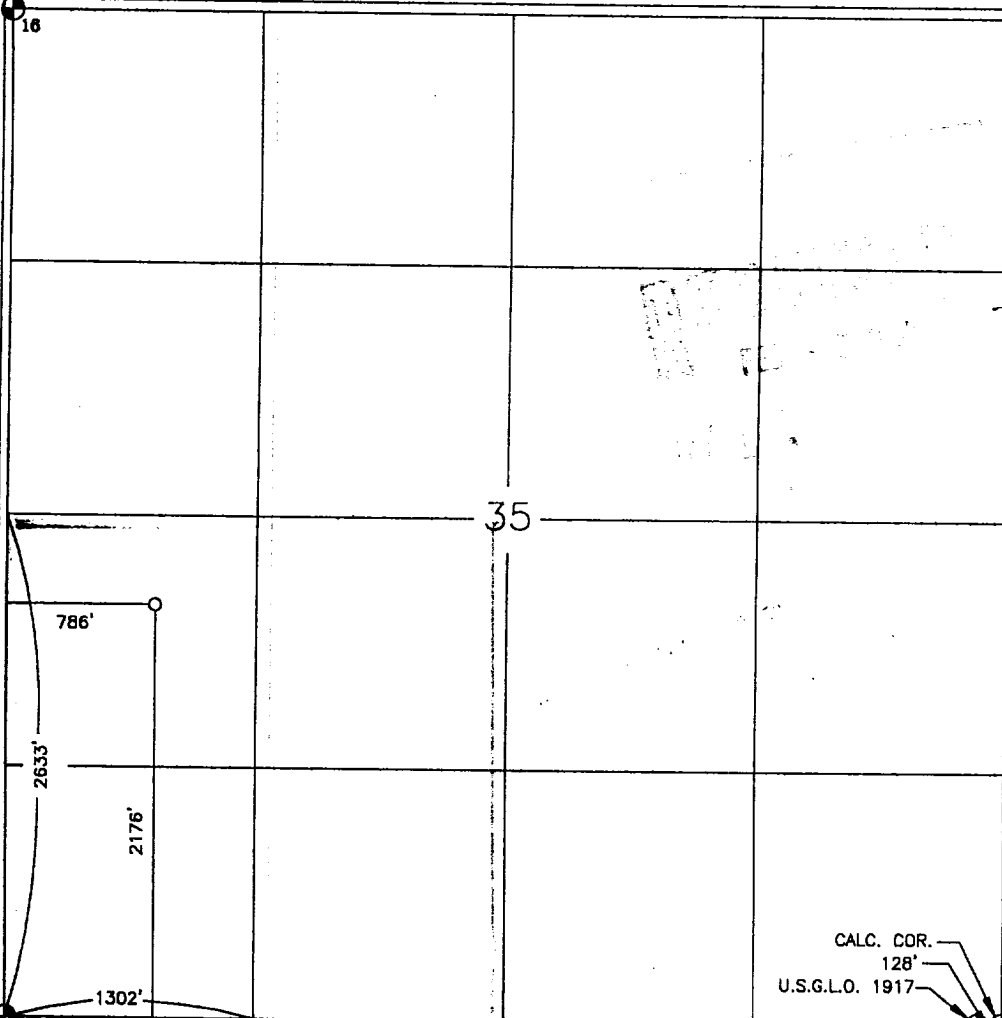



UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	35	30-N	3-W		2176	SOUTH	786	WEST	RIO ARRIBA

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.
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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 DIVISIONFD. MARKED
STONE

	¹⁶ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature:  Printed Name: T. G. Lindeman Title: Operations Superintendent Date: December 14, 1998
	¹⁷ 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 knowledge and belief. Date of Survey: 11-17-98 Signature:  Seal of Professional Land Surveyor:  Certificate Number: 8894

CALC. COR.
128'
U.S.G.L.O. 1917

SW/4 SEC. 35, T-30-N, R-3-W, N.M.P.M.,
RIO ARriba COUNTY, NEW MEXICO
2176' FSL, 786' FWL

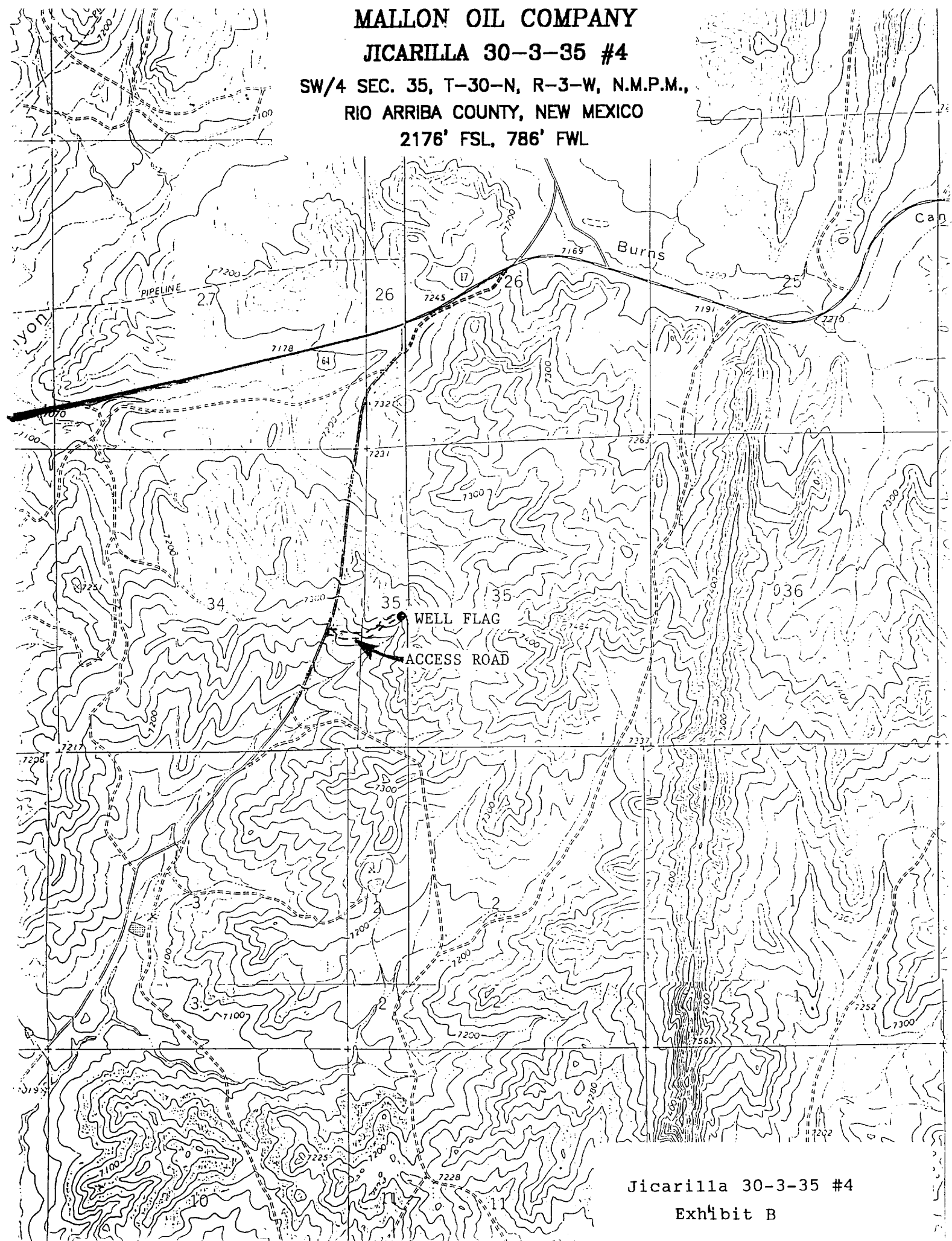


Exhibit B