

CONFIDENTIAL

Form 3160-3

(July 1992)

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

1a. TYPE OF WORK Drill <input checked="" type="checkbox"/> Deepen <input type="checkbox"/>				5. LEASE DESIGNATION AND SERIAL NO. MDA 701-98-0013	
b. TYPE OF WELL Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other <input type="checkbox"/>				6. IF INDIAN, ALLOTTEE OR TRIBE NAME Jicarilla Apache	
2. NAME OF OPERATOR Mallon Oil Company				7. UNIT AGREEMENT NAME N/A	
3. ADDRESS AND TELEPHONE NO. P.O. Box 2797 Durango, Colorado 81302 (970) 382-9100				8. FARM OR LEASE NAME, WELL NO. Jicarilla 30-3-35 #3	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface 469' FNL and 2159' FEL (NW/NE) Unit B At proposed prod. zone 469' FNL and 2159' FEL (NW/NE) Unit B				9. API WELL NO. 30-039-26114	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE * 54 miles east of Bloomfield, New Mexico				10. FIELD AND POOL, OR WILDCAT E, Blanco, Pictured Cliffs EXT	
15. DISTANCE FROM PROPOSED * LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. 469' (Also to nearest drlg. unit line, if any)				11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Sec. 35, T30N-R03W	
16. NO. OF ACRES IN LEASE 39,360				12. COUNTY OR PARISH Rio Arriba	
17. NO. OF ACRES ASSIGNED TO THIS WELL 160				13. STATE NM	
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 2514'				19. PROPOSED DEPTH 4500'	
20. ROTARY OR CABLE TOOLS Rotary				21. ELEVATIONS (SHOW WHETHER DF, RT, GR, Etc.) 7325' GR	
22. APPROX. DATE WORK WILL START 12/28/98				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: 12/21/98

(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: NSL For 160 spacing - fits special pool rule for Jicarilla
 (Original Signed) HECTOR A. VILLALOBOS

APPROVED BY _____ TITLE: Asst. Field Mgr DATE: FEB 2 1999

*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 CLOSING FOR NSL

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Multi-Point Surface Use and Operation Plan

Attached to Form 3160-3

Mallon Oil Company

Jicarilla 30-3-35 #3

469' FNL and 2159' FEL, (NW/NE) Unit B

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 to road J58. Turn right and travel approximately 1.1 miles. Turn left and travel approximately 0.7 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. 88211-0719Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 CopiesDISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, NM 87504-2088DISTRICT IV
PO Box 2088, Santa Fe, NM 87504-2088☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-039-26114		*Pool Code 72400	*Pool Name East Blanco; Pictured Cliffs
*Property Code 24235	*Property Name JICARILLA 30-3-35		*Well Number 3
*GRID No. 013925	*Operator Name MALLON OIL COMPANY		*Elevation 7325'

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
B	35	30-N	3-W		469'	NOR	2159'	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.
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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

N 89-41-10 E 5202.50'

FD. MARKED STONE

18	35	469'	2601'	2159'	1316'	5264.00' W	N 00-06-29 W	17 OPERATOR CERTIFICATION	
								I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief	
								Signature Terrance G. Lindeman Printed Name Operations Superintendent Title December 21, 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 knowledge and belief	
								Date of Survey 11-16-98 Signature and Seal of Professional Surveyor 8894 Certificate Number	
								CALC. COR. 128' U.S.G.L.O. 1917	

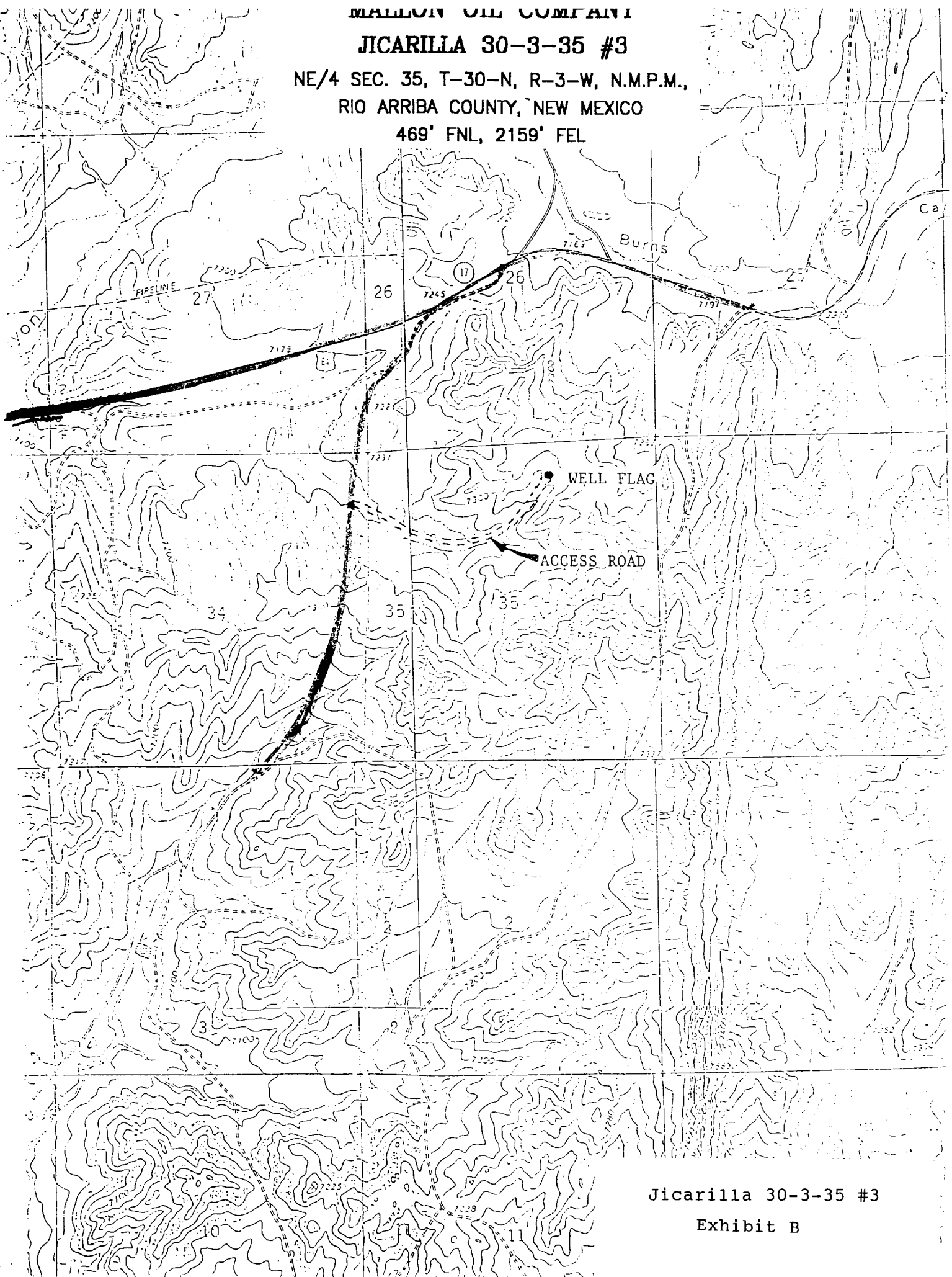
MALLON OIL COMPANY

JICARILLA 30-3-35 #3

NE/4 SEC. 35, T-30-N, R-3-W, N.M.P.M.,

RIO ARriba COUNTY, NEW MEXICO

469' FNL, 2159' FEL



Jicarilla 30-3-35 #3

Exhibit B