

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK Drill <input checked="" type="checkbox"/> Deepen <input type="checkbox"/>						7. IF INDIAN, ALLOTTEE OR TRIBE NAME Jicarilla Apache	
b. TYPE OF WELL Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other _____ 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. Jicarilla 30-3-33 #4	
3. ADDRESS AND TELEPHONE NO. P.O. Box 2797 Durango, CO 81302 (970) 382-9100						9. API WELL NO. 30-039-261	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface 1851' FSL and 838' FWL (NW/SW) Unit L At proposed prod. zone 1851' FSL and 838' FWL (NW/SW) Unit L						10. FIELD AND POOL, OR WILDCAT E. Blanco, Pictured Cliffs	
						11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Sec. 33, T30N-R03W	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE * 52 miles east of Bloomfield, New Mexico						12. COUNTY OR PARISH Rio Arriba	
15. DISTANCE FROM PROPOSED * LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. 838' (Also to nearest drlg. unit line, if any)						13. STATE NM	
16. NO. OF ACRES IN LEASE 39,360						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. 2766'						19. PROPOSED DEPTH 4500'	
20. ROTARY OR CABLE TOOLS Rotary							
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, Etc.) 7075' GR						22. APPROX. DATE WORK WILL START 12/21/98	
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.

24.

SIGNED: Larry 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 Post Field Man 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.

CONFIDENTIAL

Multi-Point Surface Use and Operation Plan

Attached to Form 3160-3

Mallon Oil Company

Jicarilla 30-3-33 #4

1851' FSL and 838' FWL, (NW/SW) Unit L

Sec. 33, 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 approximately 53 miles. Turn right and travel approximately 0.1 miles. Turn right and travel approximately 1 mile. Turn left and travel approximately 0.2 miles. Turn right 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.

FEB-16-1999 10:51
P.O. Box 1004, Hobbs, N.M. 88241-1000

FROM DAGGETT ENTERPRISES INC. TO

19703827650 P.02

Energy, Minerals & Natural Resources Department

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 128, Arboles, N.M. 88411-0718

OIL CONSERVATION DIVISION

DISTRICT III
1008 New Mexico Rd., Arboles, N.M. 87414

P.O. Box 2088

Santa Fe, NM 87504-2088

DISTRICT IV
P.O. Box 2000, Santa Fe, NM 87501-2000☒ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-039-26116	*Pool Code 72400	*Pool Name East Blanco; Pictured Cliffs
*Property Code 24209	*Property Name JICARILLA 30-3-33	*Well Number 4
*Census No. 013925	*Operator Name MALLON OIL COMPANY	*Elevation 7075'

10 Surface Location

TL or lot no.	Section	Township	Range	Lot No.	Feet from the	North/South line	Feet from the	East/West line	County
L	33	30-N	3-W		1850	SOUTH	838	WEST	RIO ARriba

11 Bottom Hole Location If Different From Surface

TL or lot no.	Section	Township	Range	Lot No.	Feet from the	North/South line	Feet from the	East/West line	County

*Dedicated Acres 160	*Lease or Well	*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

16 FD. U.S.G.L.D. DRAGO GAT 1917	<div style="text-align: center;"> </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>Christy Serrano</u> Christy Serrano Production Secretary Date 2-17-99
				18 SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from first order of control coverage made by me or under my supervision, and that the same is true and correct to the best of my belief.
				Date of Survey Signature 8894 Certificate Number

FD. MARKED STONE

N 26-35-28 E 5813.60'

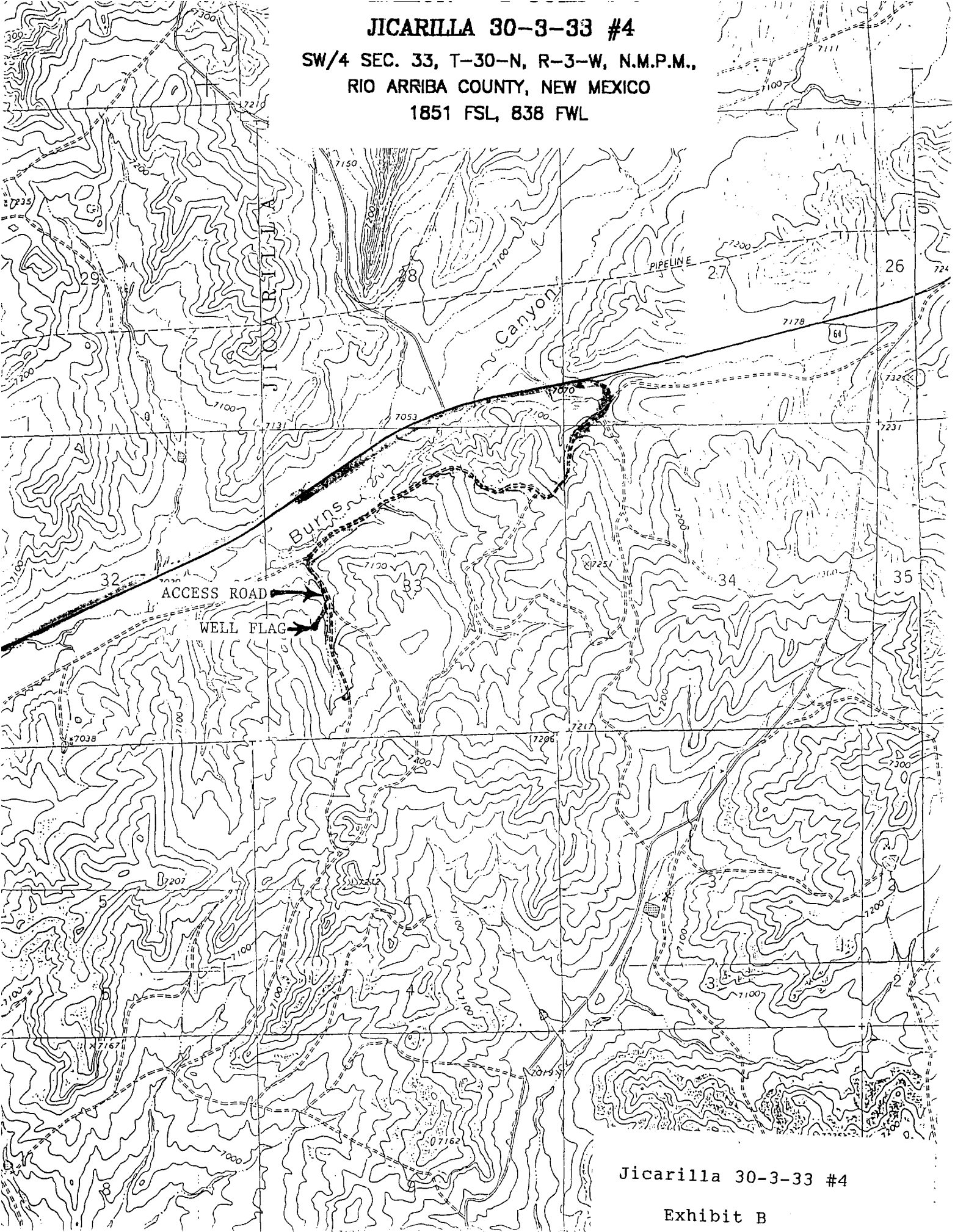
FD. MARKED STONE

JICARILLA 30-3-33 #4

SW/4 SEC. 33, T-30-N, R-3-W, N.M.P.M.,

RIO ARRIBA COUNTY, NEW MEXICO

1851 FSL, 838 FWL



Jicarilla 30-3-33 #4

Exhibit B