

CONFIDENTIAL

Form 3160-3
(July 1992)UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTSUBMIT 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 Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other <input type="checkbox"/> Deepen <input type="checkbox"/>		5. LEASE DESIGNATION AND SERIAL NO. JIC 459	
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. UNIT AGREEMENT NAME N/A	
3. ADDRESS AND TELEPHONE NO. P.O. Box 2797 Durango, CO 81302 (970) 382-9100		8. FARM OR LEASE NAME, WELL NO. Jicarilla 459SJ No. 1	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface 1748' FSL and 992' FEL (NE/SE) Unit I		9. API WELL NO. 30-039-26241	
At proposed prod. zone 1748' FSL and 992' FEL (NE/SE) Unit I		10. FIELD AND POOL, OR WILDCAT Cabresto Canyon, San Jose ext.	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE 50 miles east of Bloomfield, New Mexico		11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Sec. 18, T30N-R03W	
15. DISTANCE FROM PROPOSED * LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 3086'		16. NO. OF ACRES IN LEASE 2,267	
18. DISTANCE FROM PROPOSED LOCATION * TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 100'		17. NO. OF ACRES ASSIGNED TO THIS WELL 165 / 160	
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, Etc.) 7082' GR		19. PROPOSED DEPTH 1800'	
22. APPROX. DATE WORK WILL START 09/01/99		20. ROTARY OR CABLE TOOLS Rotary	
23. PROPOSED CASING AND CEMENTING PROGRAM			
SIZE OF HOLE 12-1/4"	GRADE, SIZE OF CASING 8-5/8"	WEIGHT PER FOOT 24#	SETTING DEPTH 500'
7-7/8"	4-1/2"	14.7#	1800'
QUANTITY OF CEMENT Circulate to surface 300 sks 50/50 Poz w/additive			

Mallon Oil Co. proposes to drill this well to an approximate TD of 1800' in the San Jose formation. This well is placed on an existing well pad. Some additional pad extension may be required. The Jicarilla oil and Gas Administration has waived any necessity of re-onsiting the well pad as long as any required archaeology survey is submitted. Environmental assessment was previously submitted under the initial well APD. If productive, 4-1/2" 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: Archaeology Report

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: 07/26/99

(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: Dave Sizler TITLE: Asst Field Mgr DATE: 11/1/99

*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.

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WELL LOCATION AND ACREAGE DEDICATION PLAT

26541	*Pool Code 96822	*Pool Name Cabresto Canyon; San Jose ext.
*Property Name JICARILLA 459SJ		*Well Number 1
*Operator Name MALLON OIL COMPANY		*Elevation 7082'

10 Surface Location

on	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
3	30-N	3-W		1748	SOUTH	992	EAST	RIO ARRIBA

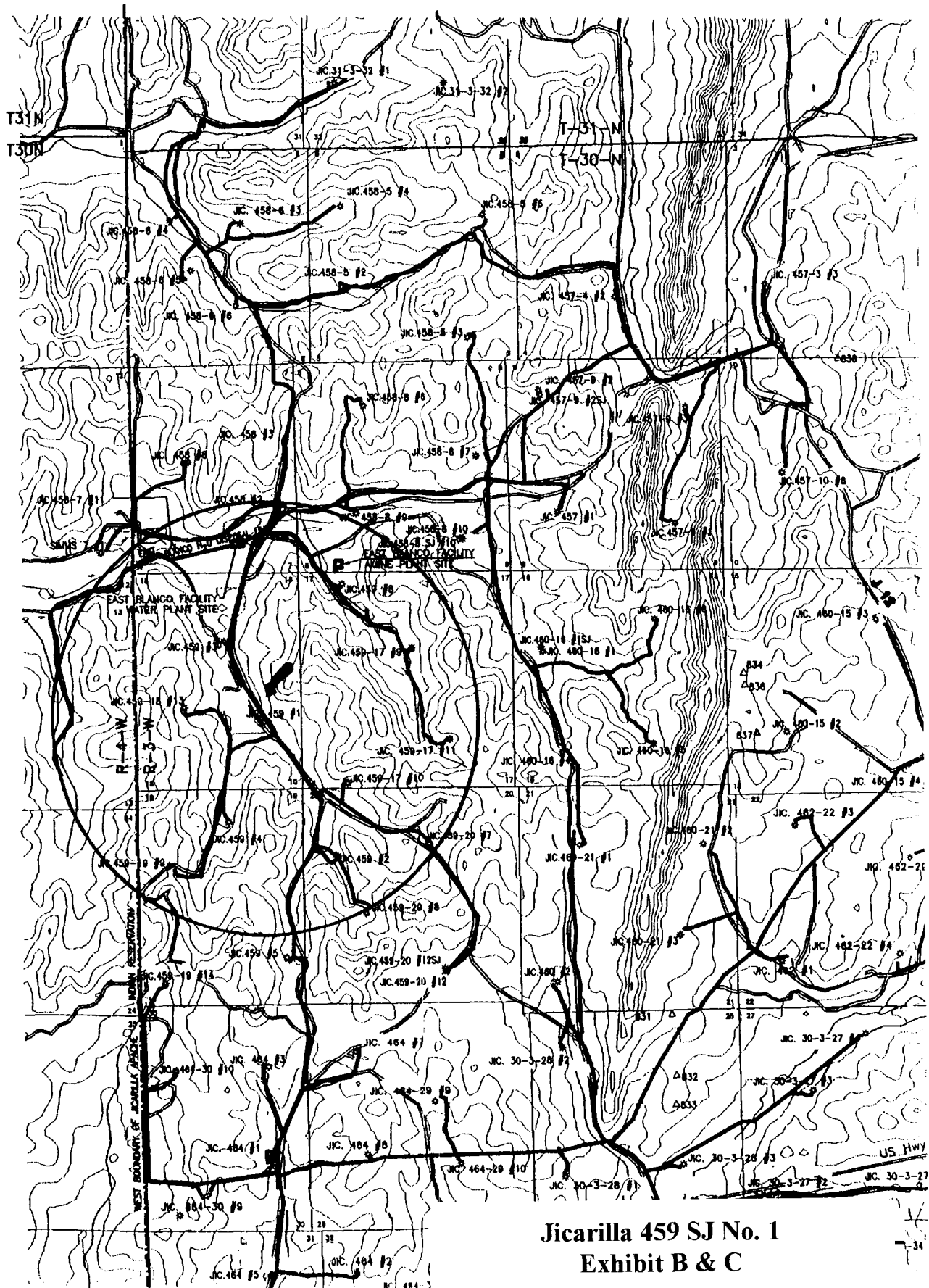
11 Bottom Hole Location If Different From Surface

on	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Int or Infill	*Consolidation Code	*Order No.

WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<div>FD. U.S.G.L.O. BC. 1917</div> <div>RECEIVED NOV - 3 1999 OIL CONSERVATION DIV.</div>		17 OPERATOR CERTIFICATION	
		<p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <div><div>Signature</div><div>Terry Lindeman</div><div>Printed Name</div><div>Operations Superintendent</div><div>Title</div><div>July 26, 1999</div><div>Date</div></div>	
18		18 SURVEYOR CERTIFICATION	
<div>FD. U.S.G.L.O. BC. 1917</div> <div>N 89-58-29 W 4078.5'</div>		<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>7-</div><div>ROY A. RUSH</div><div>NEW MEXICO</div><div>REGISTERED PROFESSIONAL LAND SURVEYOR</div><div>8894</div></div> <div><div>Date of Survey</div><div>Signature and Seal of Professional Surveyor</div></div> <div>Certificate Number</div>	
<div>FD. U.S.G.L.O. BC. 1917</div> <div>N 0-05-08 W 5281.7'</div> <div>992'</div> <div>EXISTING WELL</div> <div>1748'</div>			



Jicarilla 459 SJ No. 1
Exhibit B & C