

**BEARCAT DRILLING**

P. O. Box 717

Farmington, New Mexico 87499

Office: (505) 327-5218 • FAX: (505) 564-9185

~~CONFIDENTIAL~~

November 5, 1999

Mallon Oil Company
Attn: Gay Davis
P.O. Box 2797
Durango, CO 81301

Re: Deviation Survey Record

Jicarilla 464 SJ #3

Section 30-T30N-R3W

Rio Arriba County, NM

30-039-27236

Dear Ms. Davis:

The following are the deviation surveys conducted by our Rig #1 crews on the above referenced well.

Depth	Deviation Degrees	Depth	Deviation Degrees	Depth	Deviation Degrees
93'	1/4	243'	1/4	493'	1
741'	3/4	1121'	3/4	1302'	2
1621'	2-1/2	1766'	3	1829'	3
2078'	3-1/4				

Bearcat Drilling Company

Bowen Vallejos

Bowen Vallejos
Drilling Superintendent

Subscribed and sworn before me on November 5, 1999.

G. R. Mahan

G. R. Mahan

My Commission Expires October 20, 2003

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Marathon Oil Company
Ohio F 1 B
1840' FNL & 710' FWL
Sec. 20, T. 31 N., R. 12 W.
San Juan County, New Mexico

3. EXISTING WELLS (See Page 12)

Sixteen gas wells are within a mile radius according to NM Oil Conservation Division records in Santa Fe reviewed on December 10, 1999. There are no water, oil, or injection wells within a mile.

4. PROPOSED PRODUCTION FACILITIES (See Page 15)

A 300 bbl oil tank, 30 barrel water tank, meter run, and three phase separator will be installed on the pad. Surface equipment will be painted a flat juniper green color.

A 3" OD steel Schedule 40 Grade X-42 welded steel natural gas pipeline will be laid 1,526.24' northeast to Marathon's Ohio F-1-A. Operating pressure = 20 psi. Test pressure = 1000 psi. Burst pressure >2000 psi. Pipe will be pressure tested with air or nitrogen. Wall thickness ≥ 0.2016 ". Burial depth ≥ 30 ". The route will be posted with intervisible markers. All of the route is on lease.

5. WATER SUPPLY

Water will be trucked from a private water source in Farmington.

6. CONSTRUCTION MATERIALS & METHODS

NM One Call (1-800-321-ALERT) and BLM will be notified before construction starts. Trees will be piled in arroyos on the fill side of the location to act as filter traps. The top 6" of soil and brush will be stockpiled south of the pit. A diversion ditch will be cut around the east side of the pad. A minimum 10 mil plastic liner will be installed in the reserve pit.