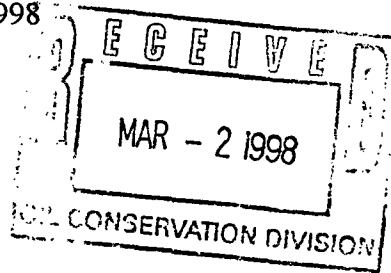


Mallon Oil Company

Denver/Colorado ♦ Carlsbad/New Mexico

NSP 3/23/98
a Mallon Resources subsidiary

February 27, 1998



Mr. Mike Stagner
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Dear Mr. Stagner:

Enclosed, you will find, the East Blanco Field map for Mallon Oil Company, eleven (11) C-102 survey plats with attached topographic maps for the respective wells.

Mallon Oil Company is requesting an exemption to rule 104 due to topographic conditions for the following wells:

- | | |
|---------------------------|---------------------------|
| 1. Jicarilla 457-4 No. 2 | 5. Jicarilla 459-20 No. 8 |
| 2. Jicarilla 457-10 No. 8 | 6. Jicarilla 459-20 No. 7 |
| 3. Jicarilla 458-8 No. 7 | 7. Jicarilla 460-16 No. 1 |
| 4. Jicarilla 459-17 No. 9 | 8. Jicarilla 464-29 No. 9 |

Note: Jicarilla 460-16 No. 1 has two plats attached showing the well was moved 100 feet west to avoid an archaeological site.

In addition to topographical conditions, due to irregular sections in Sec. 19-30N-3W and Sec. 30-30N-3W we are requesting non standard pro-ration units, for the following wells:

1. Jicarilla 459-19 No. 9
2. Jicarilla 464-30 No. 9
3. Jicarilla 464-30 No. 10

The only offset operator to the west is Robert L. Bayless and we have notified them of our request.

If any additional information is needed please contact me at (505) 885-4596

Mallon Oil Company
Sincerely,

Terry Lindeman
Exploration/Production Superintendent

DISTRICT II
P.O. Drawer DD, Artesia, N.M. 88211-0719DISTRICT III
1000 Rio Brazos Rd., Artec, 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

¹ API Number	² Pool Code	³ Pool Name Pictured Cliff	4500' T.D.
⁴ Property Code	⁵ Property Name JICARILLA 464-30		⁶ Well Number 10
⁷ CGRID No.	⁸ Operator Name MALLON OIL CO.		⁹ Elevation 7230'

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
	30	30-N	3-W		1700	NORTH	800	WEST	RIO ARriba

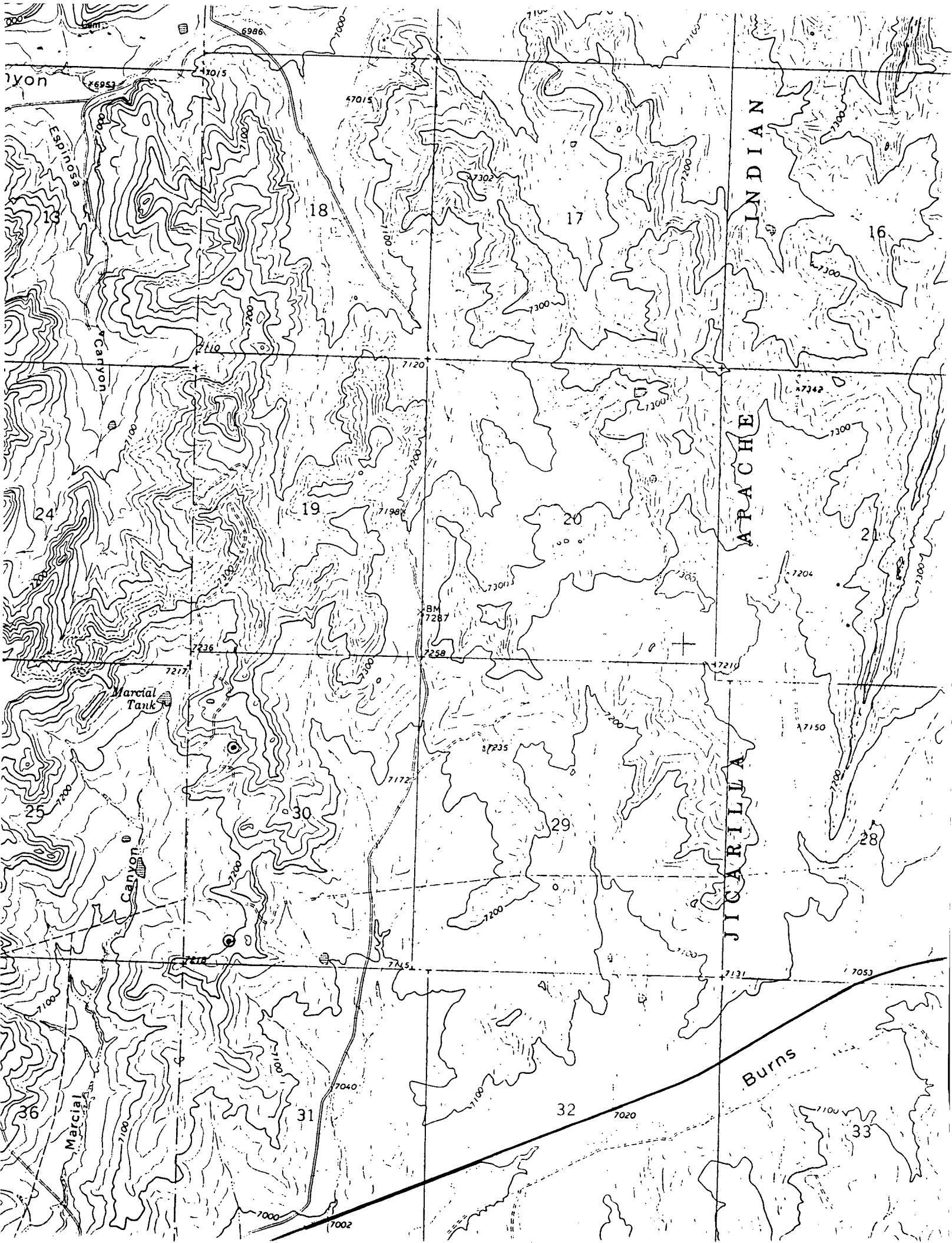
¹¹ Bottom Hole Location If Different From Surface

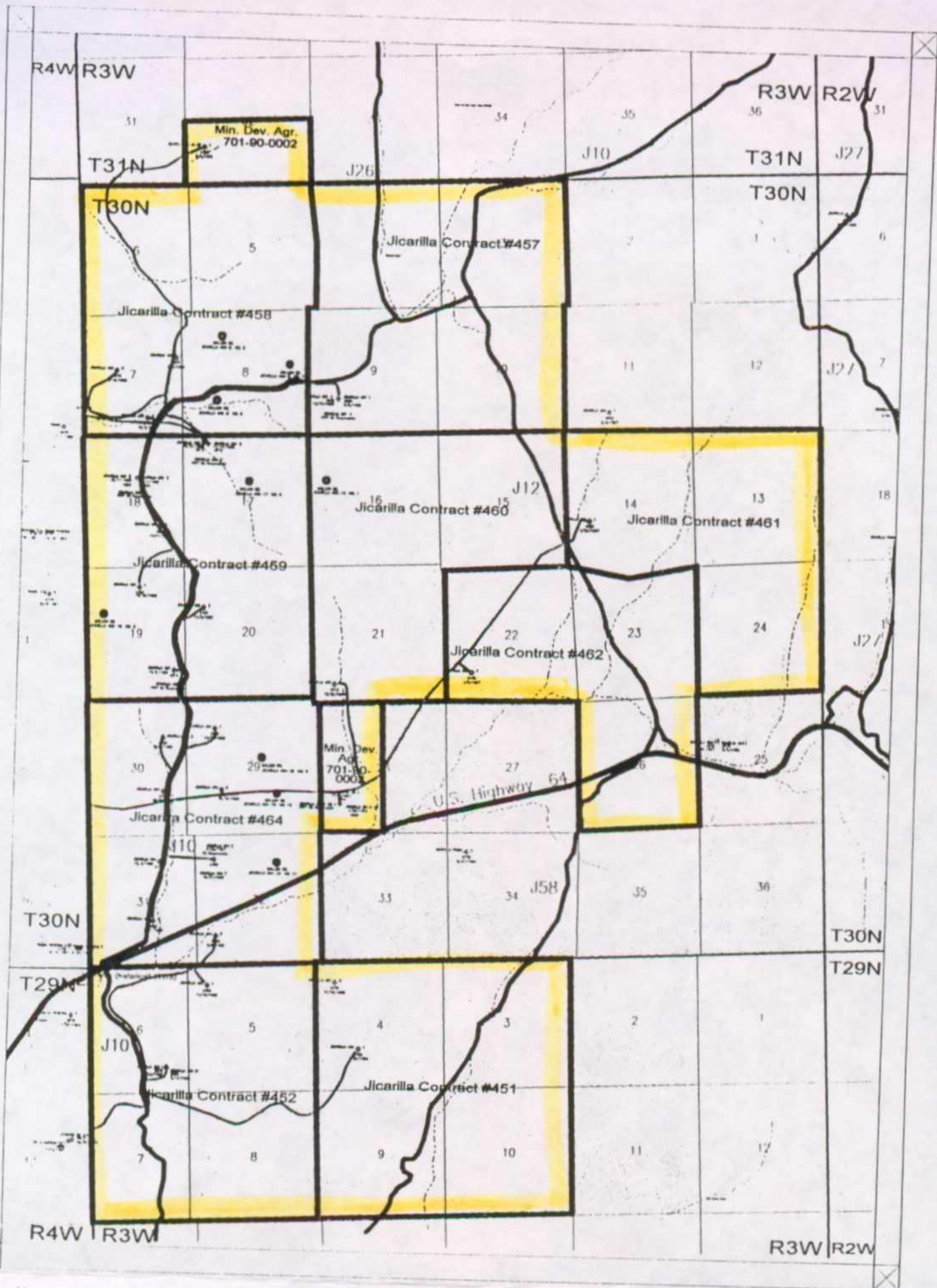
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.

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

U.S.G.L.O. B.C. 1917	WEST	4067' (RECORD)	17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief
18 ① 43.22 1700'	NW ¹ / ₄ NE ¹ / ₄	NE ¹ / ₄ NE ¹ / ₄	 Signature Printed Name Title Date
800' (MEASURED) ② 48.24	SW ¹ / ₄ NE ¹ / ₄	SE ¹ / ₄ NE ¹ / ₄	
5633.59' ③ 43.23	NW ¹ / ₄ SE ¹ / ₄	NE ¹ / ₄ SE ¹ / ₄	
N 0°06'57" W ④ 52.17	⑤ 48.60	⑥ 48.75	
U.S.G.L.O. B.C. 1917			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 belief
			12-18 ROY A. RUSH Date of Survey Signature and Seal of Professional Surveyor 8894 8894 Certificate Number





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. Jicarilla 464		
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 13925		7. UNIT AGREEMENT NAME N/A		
3. ADDRESS AND TELEPHONE NO. P.O. Box 3256 Carlsbad, NM 88220 (505) 885-4596		8. FARM OR LEASE NAME, WELL NO. Jicarilla 464-30 No. 10 22864		
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface 1700' FNL and 800' FWL (SW NW) Unit E At proposed prod. zone 1700' FNL and 800' FWL (SW NW) Unit E		9. API WELL NO. 31-039-25788		
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE 50 miles east of Bloomfield, New Mexico		10. FIELD AND POOL, OR WILDCAT E. Blanco, Pictured Cliffs 72460		
15. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 800'		11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA F Sec. 30, T30N-R3W		
16. NO. OF ACRES IN LEASE 2410		12. COUNTY OR PARISH Rio Arriba		
17. NO. OF ACRES ASSIGNED TO THIS WELL 180 86.46		13. STATE NM		
18. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 2100'		20. ROTARY OR CABLE TOOLS Rotary		
19. PROPOSED DEPTH 4500'		22. APPROX. DATE WORK WILL START February 28, 1998		
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, Etc.) 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'	Circ. to surface
7-8/8"	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
Exhibit H: Archaeological Clearance

RECEIVED
FEB 23 1998
OIL CON. DIV.

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: Jerry Lindeman TITLE: Production Superintendent DATE: 01/12/98

(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 Joe Incardine TITLE Lands and Mineral Resources DATE FEB 18 1998

*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 C-104 FOR NSP

Box 1980, Hobbs, N.M. 88241-1980
DISTRICT II
P.O. Drawer DD, Artesia, N.M. 88211-0719

DISTRICT III
1000 Rio Brazos Rd., Artec, N.M. 87410

DISTRICT IV
PO Box 2088, Santa Fe, NM 87504-2088

STATE OF NEW MEXICO
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, NM 87504-2088

Exhibit A Revised February 21, 1994
Instructions 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 30-039-25788	*Pool Code 72400	*Pool Name E. B. HARRIS Pictured Cliffs	*Well Number 10
*Property Code 22864	*Property Name JICARILLA 464-30		*Elevation 7230'
*OGRID No. 13925	*Operator Name MALLON OIL CO.		

¹⁰ Surface Location

UL or lot no. F	Section 30	Township 30-N	Range 3-W	Lot Idn	Feet from the 1700	North/South line NORTH	Feet from the 800	East/West line WEST	County RIO ARRIBA
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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
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¹² Dedicated Acreage 86.46	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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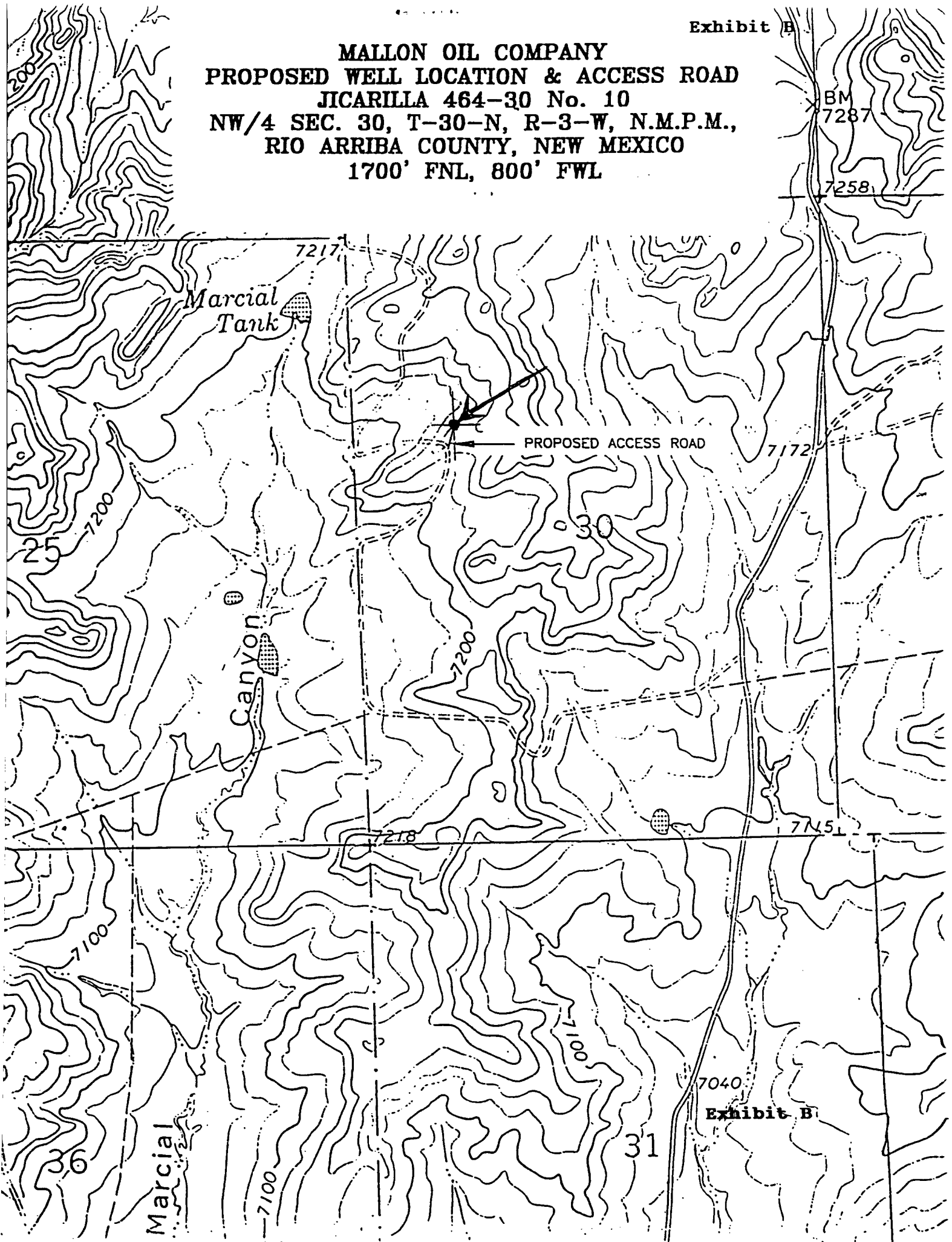
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

U.S.G.L.O. B.C. 1917 18 WEST 4067' (RECORD) 43.22 800' 43.24 N 06'57" W 5633.59' (MEASURED) U.S.G.L.O. B.C. 1917	¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief Signature Terry Lindeman Printed Name Production Superintendent Title 1-15-98 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 belief 12-18-98 Date of Survey Signature and Seal of Professional Surveyor 8894 8894 Certificate Number
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Exhibit A

Exhibit B

MALLON OIL COMPANY
PROPOSED WELL LOCATION & ACCESS ROAD
JICARILLA 464-30 No. 10
NW/4 SEC. 30, T-30-N, R-3-W, N.M.P.M.,
RIO ARRIBA COUNTY, NEW MEXICO
1700' FNL, 800' FWL



County RIO ARriba Pool EAST BLANCO-PICTURED
CLIFFS

CLIFFS

TOWNSHIP 30 N South, RANGE 3 W East, NEW MEXICO PRINCIPAL MERIDIAN

A 36x6 grid with numbers 1-36 in a boustrophedon pattern. The numbers are arranged as follows:

6	5	4	3	2	1
7	8	9	10	11	12
13	17	16	15	14	13
19	20	21	22	23	24
29	28	27	26	25	24
31	32	33	34	35	36

EXT: ALL SECS 7-32 (R-8713, 8/12/88) Ext. w/2 Sec. 5 (R-10178, 8-30-94)