



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

March 22, 1999

Mallon Oil Company
P. O. Box 2797
Durango, Colorado 81302
Attention: Christy Serrano

Telefax No. (970) 382-7650

Administrative Order NSP-1788-A (L)

Dear Ms. Serrano:

Reference is made to the following: (i) your application dated February 26, 1999; and (ii) the records of the Division including the file on New Mexico Oil Conservation Division ("Division") Administrative Order NSP-1788 (L): all concerning Mallon Oil Company's ("Mallon") request for a non-standard 86.97-acre gas spacing and proration unit consisting of the following described acreage in the Cabresto Canyon-Ojo Alamo Pool:

RIO ARriba COUNTY, NEW MEXICO
TOWNSHIP 30 NORTH, RANGE 3 WEST, NMPM
Irregular Section 19: Lots 1 and 2.

Division Administrative Order NSP-1788 (L), as amended, established the above-described 86.97-acre area as a non-standard gas spacing and proration unit in the East Blanco-Pictured Cliffs Pool in which Mallon was given authorization to drill its Jicarilla 459-19 Well No. 9 (API No. 30-039-25764) at an unorthodox gas well location 1850 feet from the North line and 750 feet from the West line (Unit F) of Section 19.

It is our understanding that Mallon drilled this well to a total depth of 3970 feet in February, 1998 and on April 20, 1998 completed it in the Cabresto Canyon-Ojo Alamo Pool. Pursuant to Division Rule 104.C(3)(a), this location is also unorthodox.

The application has been duly filed under the provisions of Division Rules 104.F and 104.D(2).

By the authority granted me under the provisions of Division Rules 104.F(2) 104.D(2)(b), the above-described unorthodox gas well location and 86.97-acre non-standard gas spacing and proration unit are hereby approved.

It Is Further Ordered That: (i) the portion of Division Order No. R-8744, issued in Case No. 9495 dated October 28, 1988, which established a 173.21-acre non-standard gas spacing and proration unit within this producing interval comprising Lots 3 and 4 of irregular Section 18 and Lots

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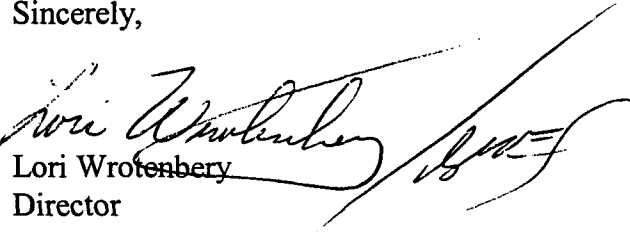
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1 and 2 of irregular Section 19, Township 30 North, Range 3 West, NMPM, Rio Arriba County, New Mexico [see Ordering Paragraph No. (1) on page 3 of Order No. R-8774]; and (ii) Division Administrative Order NSP-1788 (L), dated March 23, 1998, as amended by the Division on April 10, 1998: shall both be placed in abeyance until further notice.

Sincerely,



Lori Wrotenberg
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Albuquerque
File: NSP-1788 (L) /