

6/25/98 - 7/15/98 - NSL

NEW MEXICO OIL CONSERVATION DIVISION

ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS. FOR EXCEPTIONS, SEE DIVISION RULES AND REGULATIONS.

Application Acronyms:

[NSP-Non-Standard Production] [NSL-Non-Standard Location]
[DD-Directional Drilling] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Case Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS-Off Lease Storage] [OLM-Off Lease Measurement]
[WEX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery] [PPR-Positive Production Response]

(1) TYPE OF APPLICATION Check One Only to Apply for [A]

[A] Location - Spacing Unit - Directional Drilling
☐ NSL ☐ DD ☐ DHC ☐ PC

Check One Only for [B] or [C]

[B] Commingling - Storage ☐ DHC ☐ CTB ☐ PLC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WEX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

(2) NOTIFICATION REQUIRED TO: Check One Which Apply or ☐ Does Not Apply

[A] ☐ Working, Beneficial or Mining Royalty Interest Owners

[B] ☒ Offset Operator - Leaseholder - Surface Owner

[C] ☐ Application - One Year - Published Legal Notice

[D] ☐ Notification and/or Consent Approval by BLM or SLO

U.S. Bureau of Land Management, Office of Public Lands, State Land Office

[E] ☒ For all of the above, Notification or Publication is Attached, and/or,

[F] ☐ Waivers are Attached

(3) INFORMATION DATA SUFFICIENTLY COMPLETE - Statement of Understanding

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. I further certify that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I further verify that all applicable API Numbers are included. I understand that any omission of data, information or notification is cause for the application package returned with no action taken.

JAMES BRUCE
P.O. BOX 1056
SANTA FE, NM 87504

Note: Signature must be made by individual with supervisory capacity.

Print or Type Name

Signature

Title

Date

6/26/98

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

SUITE B
612 OLD SANTA FE TRAIL
SANTA FE, NEW MEXICO 87501

(505) 982-2043
(505) 982-2151 (FAX)

June 26, 1998

Case 12025

Hand Delivered

Michael E. Stogner
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Dear Mr. Stogner:

Pursuant to Division Rule 104.F.(2), Mallon Oil Company ("Mallon") applies for administrative approval of an unorthodox gas well location for the following well:

Mescalero Ridge "19" Fed. Well No. 1
1650 feet FSL & 990 feet FWL
S½ §19, Township 19 South, Range 34 East, NMPM
Lea County, New Mexico

The well will be drilled to an approximate depth of 13,800 feet to test the Morrow formation (Undesignated Quail Ridge-Morrow Gas Pool). The pool is spaced on statewide rules,¹ with wells to be located no closer than 1650 feet to the end line of the unit, 660 feet to the side line of a unit, and 330 feet to a quarter-quarter section line. Attached as Exhibit A is a Form C-102 for the well.

The proposed location is based upon geological reasons. Attached as Exhibit B is a gross sand isopach of the Morrow B7 Channel, the primary zone of interest in this area. The Morrow trends northwest-southeast across the map area, and reaches a maximum thickness of approximately 30 feet. The proposed location is necessary in order to (a) remain in the center of the channel, and (b) encounter approximately 30 feet of gross sand in the Morrow B7 channel, which Mallon believes is necessary for a commercial well. This belief is based on the Pennzoil Mescalero 30 Fed. Well No. 1 (in the SE¼ of Section 30) and the Fasken Ling Fed. Well No. 1 (in the NE¼ of Section 31), both of which encountered about 30 feet of


¹The pool is spaced on 320 acres under Order No. R-3890.

gross sand, and both of which are commercial wells. In addition, the results of the Mallon Mescalero Ridge Unit 30 Well No. 4, in the NE¼ of Section 30, drilled in 1997, indicates the heart of the channel is located to the west of that well. The proposed location will reduce the risk involved in drilling the well.

Submitted as Exhibit C is a land plat which (a) outlines the proposed well unit, (b) marks the proposed well location, and (c) identifies offset operators. Exhibit D is a copy of the notice letter to the offsets.

This application is submitted in duplicate. Please call me if you need anything further regarding this matter.

Very truly yours,


James Bruce
Attorney for Mallon
Oil Company

JUN-24-98 WED 12:49 PM

MALLON OIL COMPANY

FAX NO. 15058850022
505 593 3450P. 02
P. 2

DISTRICT I

P.O. Box 1900, Tulsa, OK 74101-1900

DISTRICT II

P.O. Box 100, Ardmore, OK 73401-0100

DISTRICT III

1900 E. Main St., Tulsa, OK 74101

DISTRICT IV

P.O. Box 2000, Santa Fe, NM 87501-2000

State of New Mexico

Bureau, Minerals and Natural Resources Department

Form 61-102

Revised February 19, 1994

Submit to appropriate District Office

State Issues - 1 Copies

Fee Issues - 3 Copies

OIL CONSERVATION DIVISION

P.O. Box 2000

Santa Fe, New Mexico 87501-2000

(3) AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
Property Code	Property Name MESCALERO RIDGE "19"	Well Number 1
OGED No.	Operator Name MALLON OIL COMPANY	Wellbore 3679

Surface Location

UL or 1st No.	Section	Township	Range	Lot No.	Feet from the	North/South Line	Feet from the	East/West Line	County
L	19	10 S	34 E		1650	SOUTH	990	WEST	LEA

Bottom Hole Location if Different From Surface

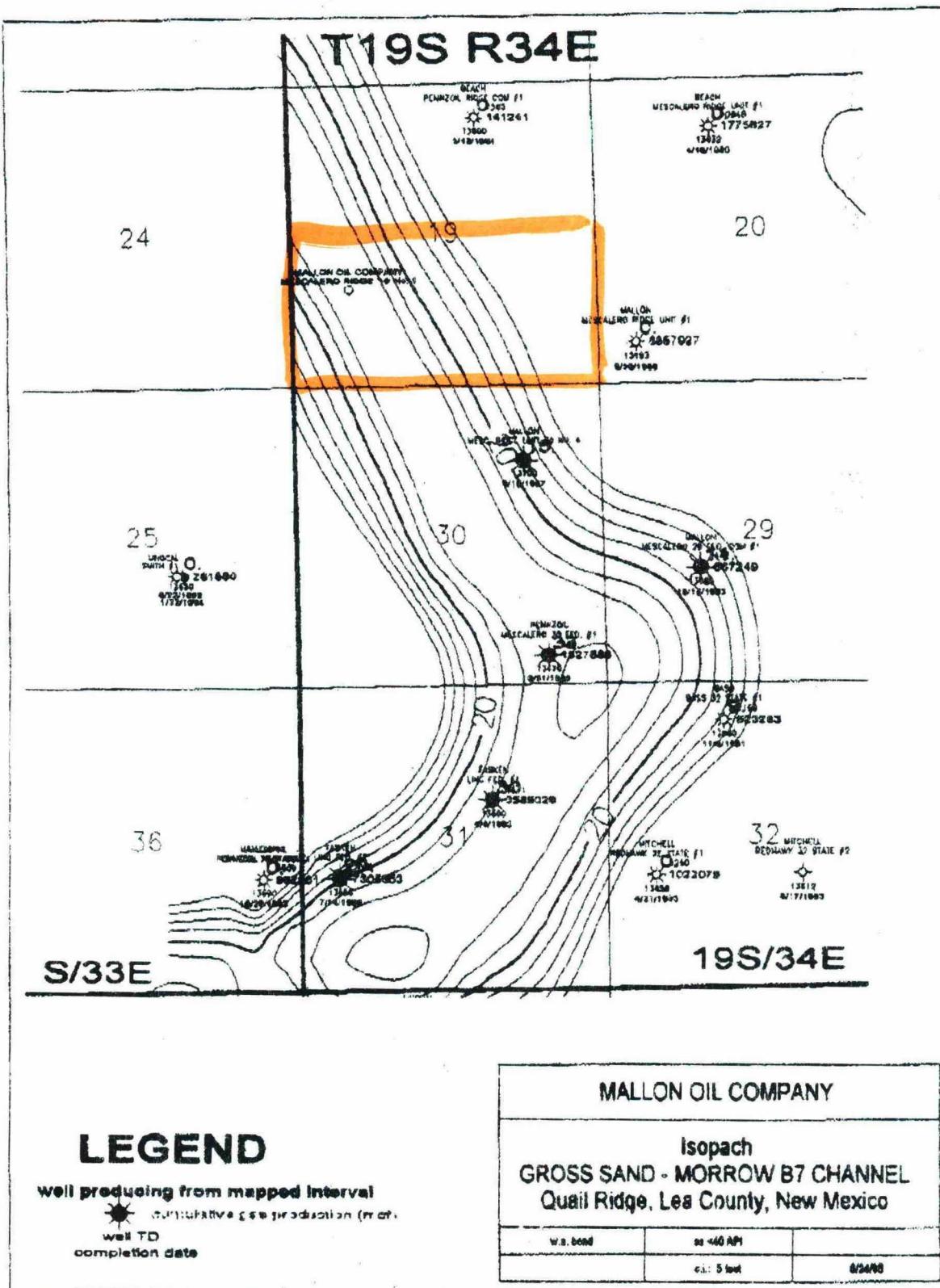
UL or 1st No.	Section	Township	Range	Lot No.	Feet from the	North/South Line	Feet from the	East/West Line	County
Dedicated Acre	Joint or Infill	Consolidation Code	Order No.						

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

	OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Terry Lindeman Printed Name Production Superintendent Title Date June 4, 1998 Date
	SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual measurements made by me or under my supervision, and that the same is true and correct to the best of my belief. Date MAY 27, 1998 Date P.O. Box 98-11-0840 Surveyor, N.M. CONNOR ECKSON, 3679 P.O. Box 98-11-0840 Surveyor, N.M. CONNOR ECKSON, 3679

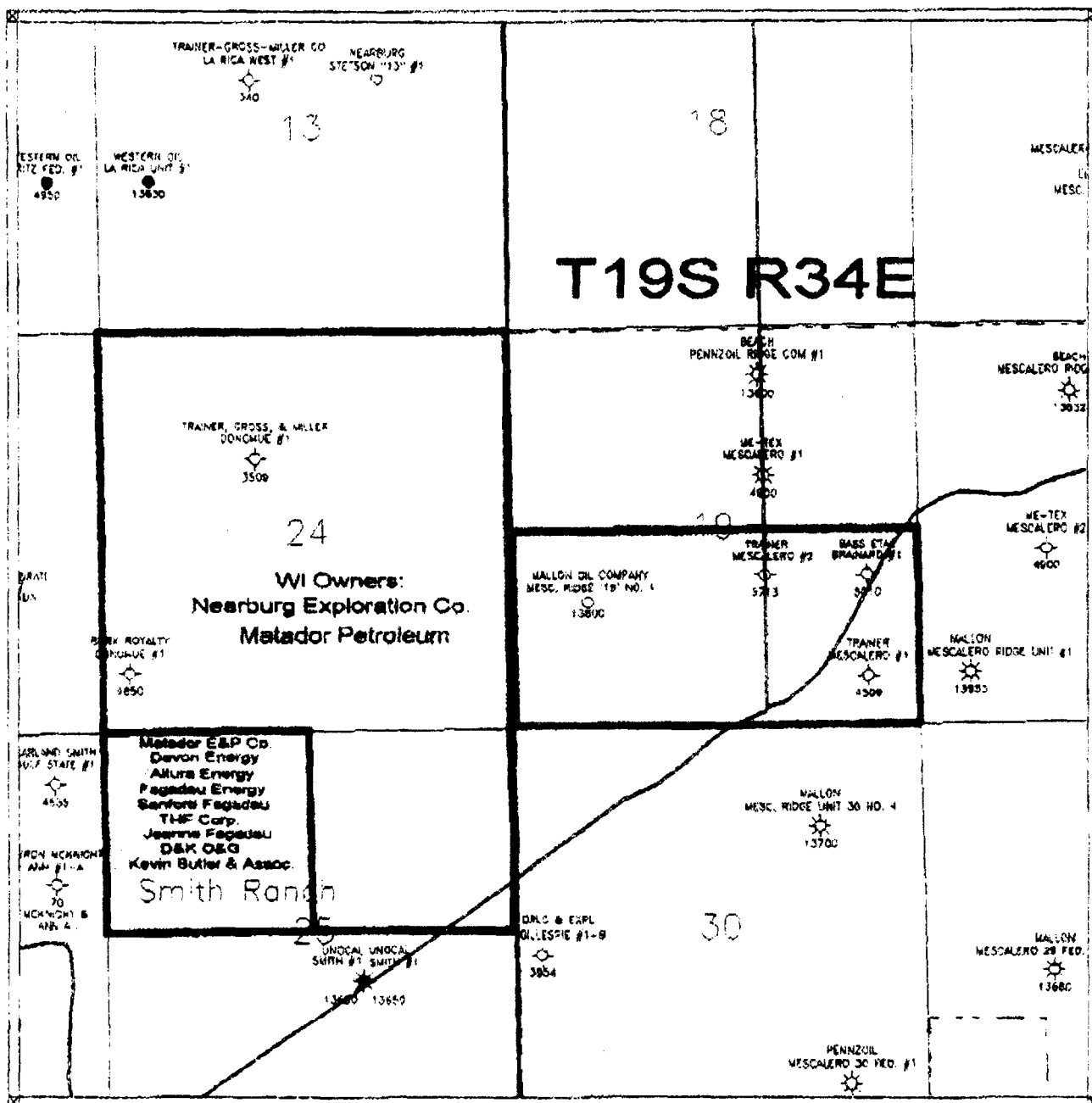
EXHIBIT

A



EXHIBIT

B



Scale 1:24000.

0.1 0.2 0.3 0.4 0.5 miles

MALLON OIL COMPANY

Mescalero Ridge 19 No. 1
Land Plat
Lea County, New Mexico

T19S R34E

1050 fsl 960 fwl

07/24/98

EXHIBIT

C

JAMES BRUCE
ATTORNEY AT LAW

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(505) 982-2043
(505) 982-2151 (FAX)

June 26, 1998

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

To: Persons on Exhibit A

Re: Mescalero Ridge "19" Fed. Well No. 1
1650 feet FSL & 990 feet FWL
S½ S19-19 South-34 East
Lea County, New Mexico

Operator: Mallon Oil Company

Dear Sirs:

Mallon Oil Company has filed an administrative application for approval of the above unorthodox gas well location with the New Mexico Oil Conservation Division. A copy of the application is enclosed. If you object to the well location, you must notify the Division in writing no later than Thursday, July 16, 1998. The Division's address is 2040 South Pacheco Street, Santa Fe, New Mexico 87505 (Attention: Michael E. Stogner).

Very truly yours,

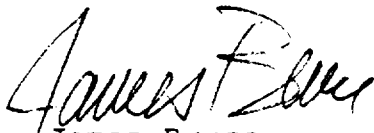

James Bruce
Attorney for Mallon Oil Company



EXHIBIT A

Matador E&P Company, Inc.
c/o Matador Petroleum Corporation
Suite 158
8340 Meadow Road
Dallas, Texas 75231

Devon Energy Corporation (Nevada)
Suite 1500
20 North Broadway
Oklahoma City, Oklahoma 73102
Attention: Ken Gray

Altura Energy Ltd.
P.O. Box 4294
Houston, Texas 77210-4294
Attention: Donnie B. Champlin

Fagadu Energy Corporation
Sanford P. Fagadu
THF Corporation
Jeanne M. Fagadu
D&K Oil & Gas
Suite 1770
2323 Bryan Street
Dallas, Texas 75201

D&K Oil & Gas
3003 North Mesa Street
El Paso, Texas 79902

Kevin O. Butler & Associates, Inc.
P.O. Box 1171
Midland, Texas 79702

Nearburg Exploration Company, L.L.C.
3300 North "A" Street
Building 2, Suite 120
Midland, Texas 79705