



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

August 13, 1998

Mallon Oil Company
P. O. Box 3256
Carlsbad, New Mexico 88220

Attention: Duane C. Winkler

RE: Administrative application for an unorthodox gas well location within the Nacimiento and San Jose formations for your Jicarilla 464-30 Well No. 10 (API No. 30-039-25788) located 1700' FNL & 800' FWL (Lot 2/Unit F) of irregular Section 30, Township 30 North, Range 3 West, NMPM, Rio Arriba County, New Mexico.

Dear Mr. Winkler:

The subject application filed with the Division on July 23, 1998 appears to be incomplete:

(1) A previous application for this well in the East Blanco-Pictured Cliffs Pool filed by Mallon Oil Company in February, 1998 was for the formation of a non-standard 86.46-acre gas spacing and proration unit comprising Lots 1 and 2 of said Section 30 (which resulted in the issuance of Division Administrative Order NSP-1786(L) on March 23, 1998). At that time notice was sent to Robert L. Bayless identified as "the only offset operator to the west." This application identifies Mallon as the sole operator within a one-half mile radius. This appears to be contradictory.

(2) The attached C-102's indicate said Section 30 to be a standard 640-acre section which is not the case. Please provide me with an amended C-102 for both the Nacimiento and San Jose formations that correctly identifies the appropriate acreage for this well and the section and, should it be necessary pursuant to Division General Rule 104.B(2)(a), please amend this application to include a request for the formation of non-standard gas spacing and proration units in both zones.

Should there be any questions concerning this matter, you can either contact: (i) your legal counsel, Mr. James Bruce in Santa Fe at (505) 982-2043, who has filed on numerous occasions such applications for Mallon Oil Company in the southeast; (ii) Mr. Ernie Busch, the Division's geologist in Aztec, New Mexico, at (505) 334-6178; or, (iii) me in Santa Fe at (505) 827-8185.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

MES/kv

cc: New Mexico Oil Conservation Division - Aztec
James Bruce - Santa Fe