



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

ADMINISTRATIVE ORDER DHC-1576

Mallon Oil Company
999 18th Street
Suite 1700
Denver, Colorado 80202

Attention: Mr. Ray E. Jones

Jicarilla 435G No. 3
API No.-30-043-20942
*Unit D, Section 8, Township 22 North, Range 4 West, NMPM,
Sandoval County, New Mexico.*
Basin-Fruitland Coal (Gas - 71629)
Ballard-Pictured Cliffs (Gas- 71439)
Wildcat Mesaverde (NA)
Otero-Sanostee (Oil - 48640)
South Lindrith Gallup-Dakota (Oil - 39179)

Dear Mr. Jones:

Reference is made to your recent application for an exception to Rule 303.A. of the Division Rules and Regulations to permit the above described well to commingle production from the subject pools in the wellbore.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of Rule 303.C., and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and any Division Order which authorized the dual completion and required separation of the zones is hereby placed in abeyance.

The maximum amount of oil and gas which may be produced daily from the well shall be determined by Division Rules and Regulations.

Assignment of allowable to the well and allocation of production from the well shall be on the following basis:

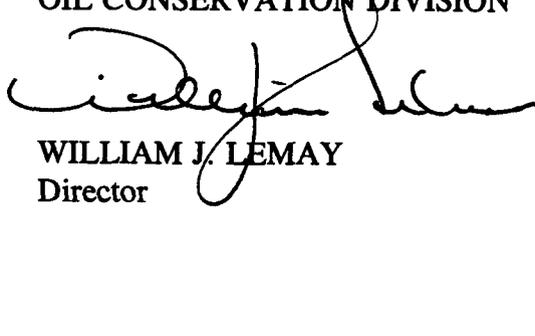
Basin-Fruitland Coal	Oil 0%	Gas 5%
Ballard-Pictured Cliffs	Oil 0%	Gas 72%
Wildcat Mesaverde	Oil 23%	Gas 1%
Otero-Sanostee	Oil 72%	Gas 17%
S. Lindrith Gallup-Dakota	Oil 5%	Gas 5%

REMARKS: The operator shall notify the Aztec District Office of the Division upon implementation of the commingling process.

Pursuant to Rule 303.H., the commingling authority granted herein may be rescinded by the Division Director if, in his opinion, conservation is not being best served by such commingling.

Approved at Santa Fe, New Mexico on this 30th day of June, 1997.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

S E A L

WJL/DRC

cc: Oil Conservation Division - Aztec
Bureau of Land Management-Farmington