

Mallon Oil Company

Denver/Colorado ♦ Carlsbad/New Mexico

a Mallon Resources subsidiary

March 19, 1998

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

Dear Mr. Stogner:

Mallon Oil Company is requesting an unorthodox location for the Jicarilla 459-17 Well No. 9 (1850' FNL 2510' FEL, Unit G) Sec. 17, T30N, R3W, Rio Arriba County, New Mexico. Mallon Oil Company is the offset operator to the acreage shown. The reason for this request is due to the topography in the unit. The only part of the 160 acres suitable for drilling by topographical standards other than the location applied for would be in the NE ¼ NE ¼. However, this area is used for grazing cattle and hay production. The surface leaseholder would not negotiate for surface damages. The relief in the remaining quarter quarter section was too prohibitive.

Please feel free to contact me at (505) 885-4596 should you have additional questions.

Sincerely,



Terry Lindeman
Operations Superintendent

DISTRICT I
P.O. Box 1980, Hobbs, N.M. 88241-1980

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised February 21, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT II
P.O. Drawer DD, Artesia, N.M. 88211-0719

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

AMENDED REPORT

DISTRICT III
1000 Rio Brasos Ed., Artec, N.M. 87410

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-039-25763		*Pool Code 72400	*Pool Name East Blanco Pictured Cliff
*Property Code	*Property Name JICARILLA 459-17		*Well Number 9
*GRID No.	*Operator Name MALLON OIL CO.		*Elevation 7165

¹⁰ Surface Location

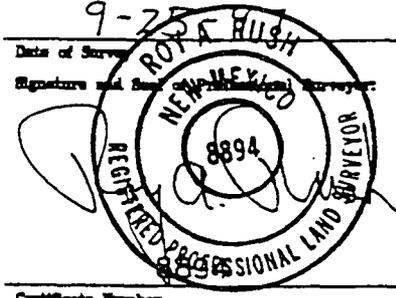
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
	17	30-N	3-W		1850	NORTH	2510	EAST	RIO ARRIBA

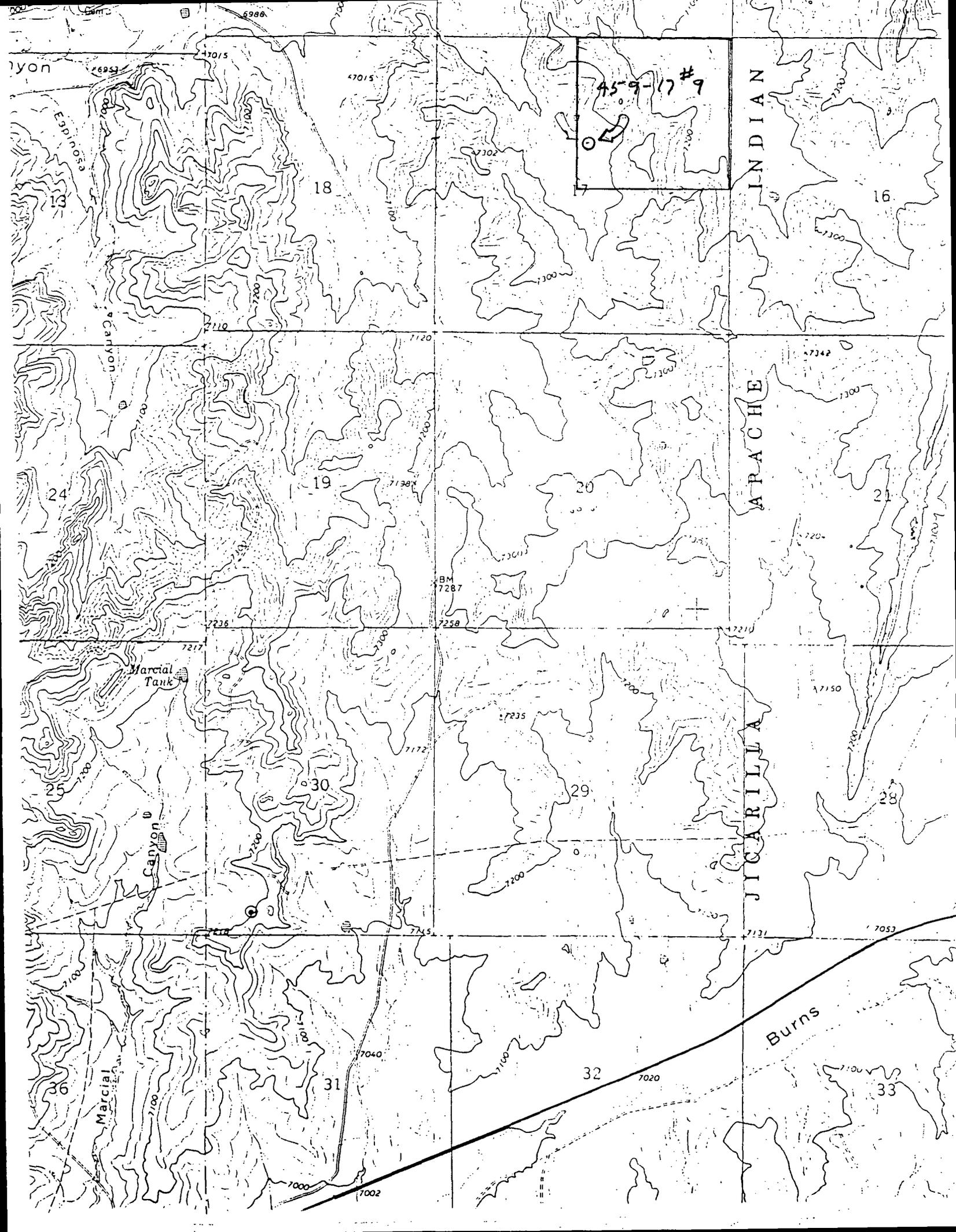
¹¹ Bottom Hole Location If Different From Surface

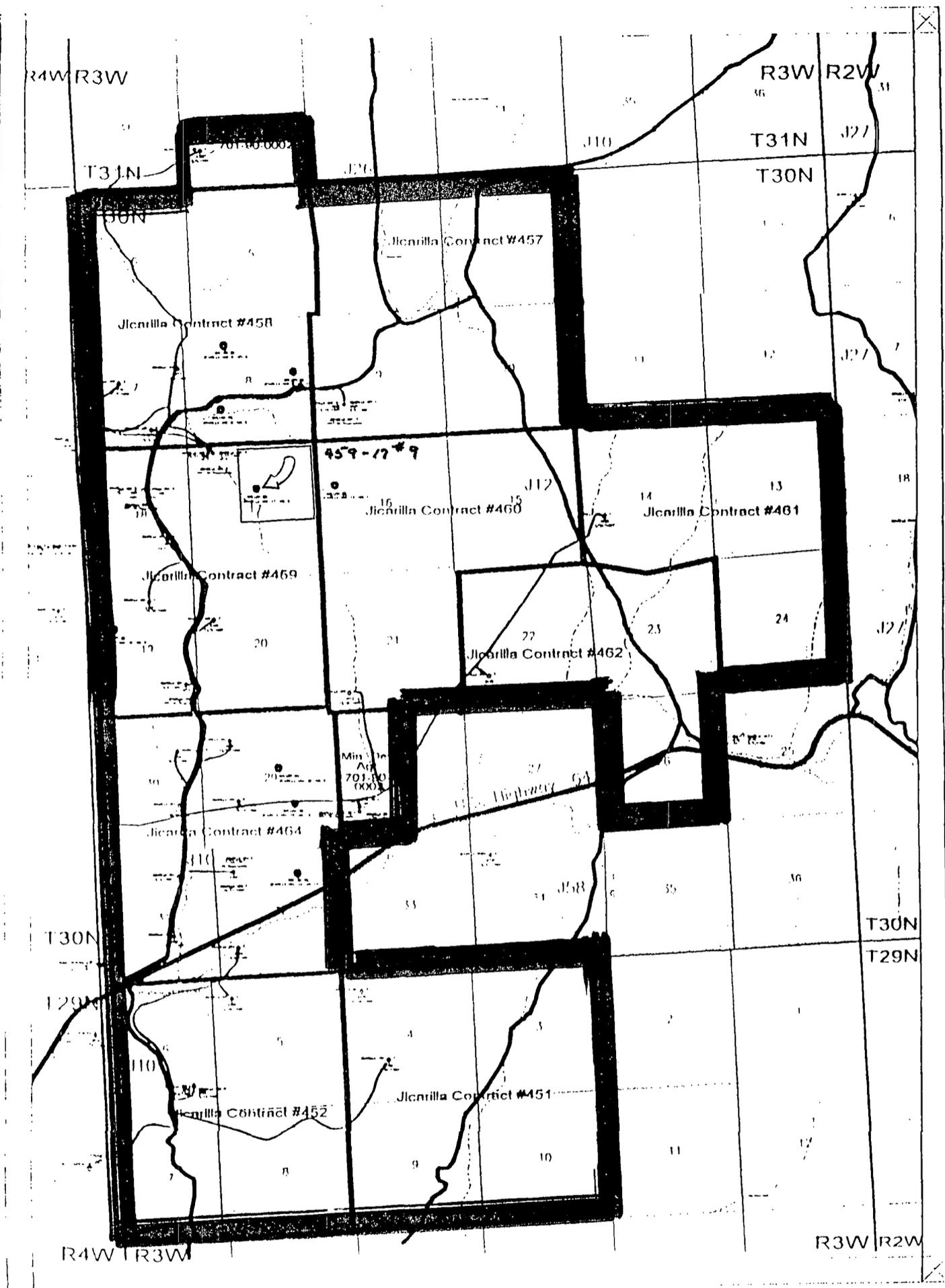
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres 160	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

18	1850'	2510'	17 OPERATOR CERTIFICATION	
			I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.	
			<p><i>Terry Lindeman</i> Signature</p> <p>Terry Lindeman Printed Name</p> <p>Production Superintendent Title</p> <p>10/9/97 Date</p>	
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.	
9-25			Date of Survey	
ROSA RUSH			Signature and Seal of Professional Surveyor	
			<p>Certificate Number</p>	





Scale 1:63360.

0 0.2 0.4 0.6 0.8 1 miles



MALLON OIL COMPANY
 East Blanco Field - San Juan Basin
 Townships 29-30 North
 Rio Arriba County, New Mexico

10/21/91

3/23/98 | 4/13/98 | MS | MV | NSL

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

Application Acronyms:

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

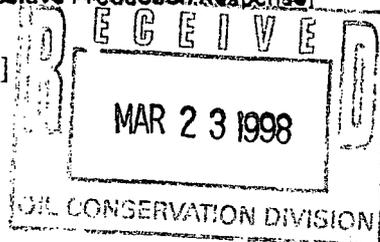
[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Directional Drilling
 NSL NSP DD SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM

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



[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply

- [A] Working, Royalty or Overriding Royalty Interest Owners
[B] Offset Operators, Leaseholders or Surface Owner
[C] Application is One Which Requires Published Legal Notice
[D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
[E] For all of the above, Proof of Notification or Publication is Attached, and/or,
[F] Waivers are Attached

[3] INFORMATION / DATA SUBMITTED IS 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. Further, I assert 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 to have the application package returned with no action taken.

Note: Statement must be completed by an individual with supervisory capacity.

Terry Linderan
Print or Type Name

[Signature]
Signature

Operations Superintendent
Title

3-19-98
Date

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 Deepen

b. TYPE OF WELL
Oil Well Gas Well Other Single Zone Multiple Zone

2. NAME OF OPERATOR
Mallon Oil Company 13925

3. ADDRESS AND TELEPHONE NO.
P.O. Box 3256
Carlsbad, NM 88220 (505) 885-4596

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)
At surface 1850' FNL and 2510' FEL (SW NE) Unit G
At proposed prod. zone 1850' FNL and 2510' FEL (SW NE) Unit G

5. LEASE DESIGNATION AND SERIAL NO
JIC459

6. IF INDIAN, ALLOTTEE OR TRIBE NAME
Jicarilla Apache

7. UNIT AGREEMENT NAME
N/A

8. FARM OR LEASE NAME, WELL NO.
Jicarilla 459-17 No. 9 22211

9. API WELL NO.
30-039-25763

10. FIELD AND POOL, OR WILDCAT
E. Blanco, Pictured Cliffs 72400

11. SEC., T., R., M., OR BLK
AND SURVEY OR AREA
Sec. 17, T30N-R03W

12. COUNTY OR PARISH (13. STATE)
Rio Arriba NM

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE *
50 miles east of Bloomfield, New Mexico

15. DISTANCE FROM PROPOSED *
LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT. 1850'
(Also to nearest drlg. unit line, if any)

16. NO. OF ACRES IN LEASE
2267.2

17. NO. OF ACRES ASSIGNED
TO THIS WELL 160

18. DISTANCE FROM PROPOSED LOCATION*
TO NEAREST WELL, DRILLING, COMPLETED,
OR APPLIED FOR, ON THIS LEASE, FT. 2400'

19. PROPOSED DEPTH
4500'

20. ROTARY OR CABLE TOOLS
Rotary

21. ELEVATIONS (SHOW WHETHER DF, RT, GR, Etc.) 7165'

22. APPROX. DATE WORK WILL START
October 20, 1997

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
8-3/4"	7"	17# 20 lb	500'	Circ. to surface
6-1/4"	4-1/2"	11.6#	4500'	365 sks Surface

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

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.

SIGNED: Terry Lipdeman TITLE: Production Superintendent DATE: 10/16/97

(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:

(Original Signed) HECTOR A. VILLALOBOS

APPROVED BY _____ TITLE _____ DATE DEC 8 1997

*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 USLE

RECEIVED
DEC 12 1997

OIL CON. DIV.

DISTRICT I
P.O. Box 1980, Hobbs, N.M. 88241-1980

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Energy, Minerals & Natural Resources Department

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P.O. Box 2088
Santa Fe, NM 87504-2088

AMENDED REPORT

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

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-039-25763		2 Pool Code 72400		3 Pool Name E BLANCO; PC	
4 Property Code 22211		5 Property Name JICARILLA 459-17			6 Well Number 9
7 GRID No. 13925		8 Operator Name MALLON OIL CO.			9 Elevation 7165

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
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11 Bottom Hole Location If Different From Surface

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12 Dedicated Acres 140	13 Joint or Infill	14 Consolidation Code	15 Order No.
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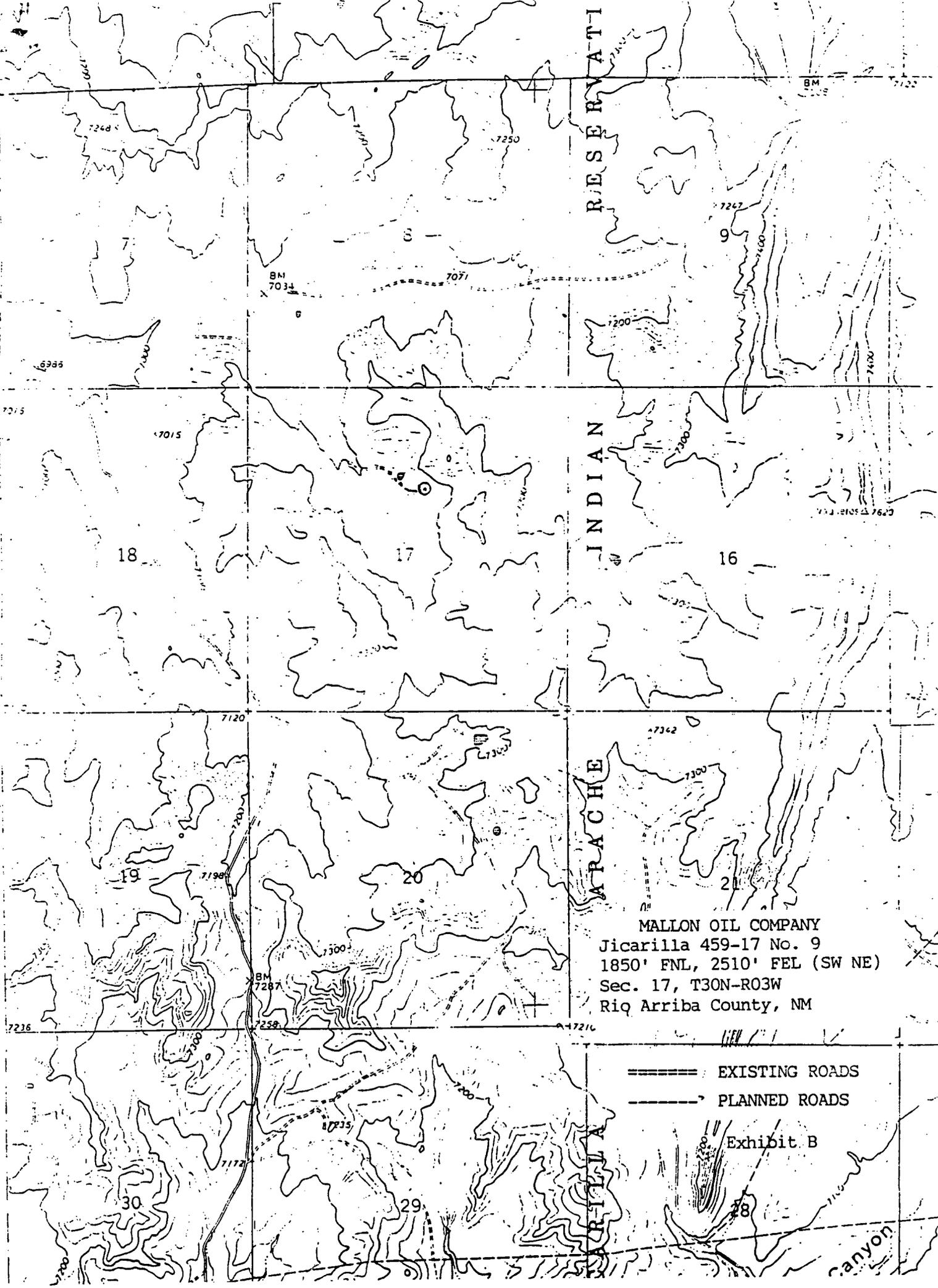
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		<p>Signature: <u>Terry Lindeman</u> Printed Name: Terry Lindeman Title: Production Superintendent Date: 10/9/97</p>
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	<p>RECEIVED DEC 12 1997 OIL CON. DIV. DIST. 3</p>	<p>9-25 Date of Survey</p> <p>Signature and Seal of Registered Professional Land Surveyor: </p> <p>Certification Number</p>

R.E.S.E.R.V.A.T.I

I.N.D.I.A.N

A.P.A.C.H.E

J.I.C.A.R.I.L.L.A



MALLON OIL COMPANY
 Jicarilla 459-17 No. 9
 1850' FNL, 2510' FEL (SW NE)
 Sec. 17, T30N-R03W
 Rio Arriba County, NM

- ==== EXISTING ROADS
- PLANNED ROADS

8 / Exhibit B

canyon

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Print or Type Name

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Operations Superintendent
Title

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Date

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March 19, 1998

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Operations Superintendent

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Energy, Minerals & Natural Resources Department

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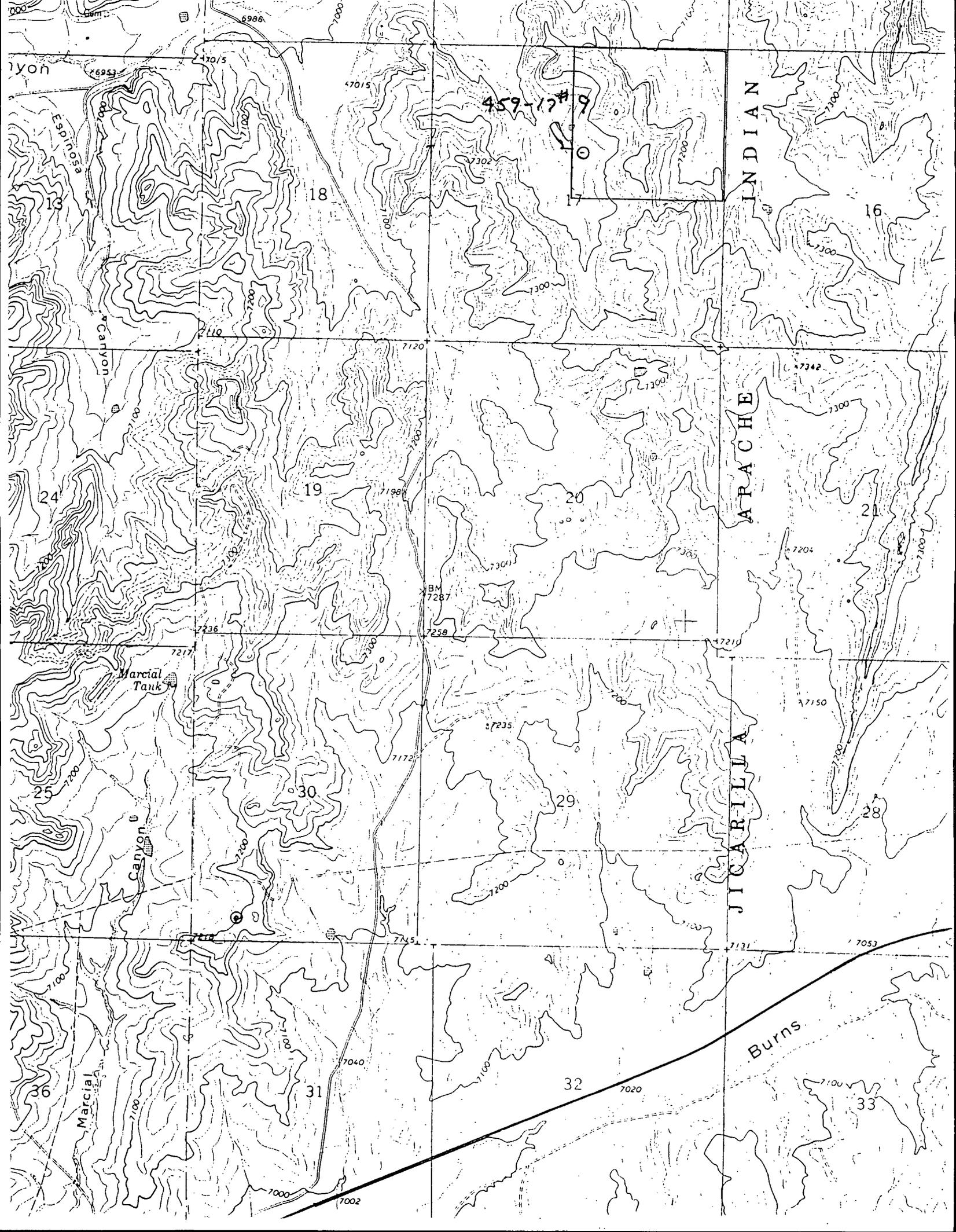
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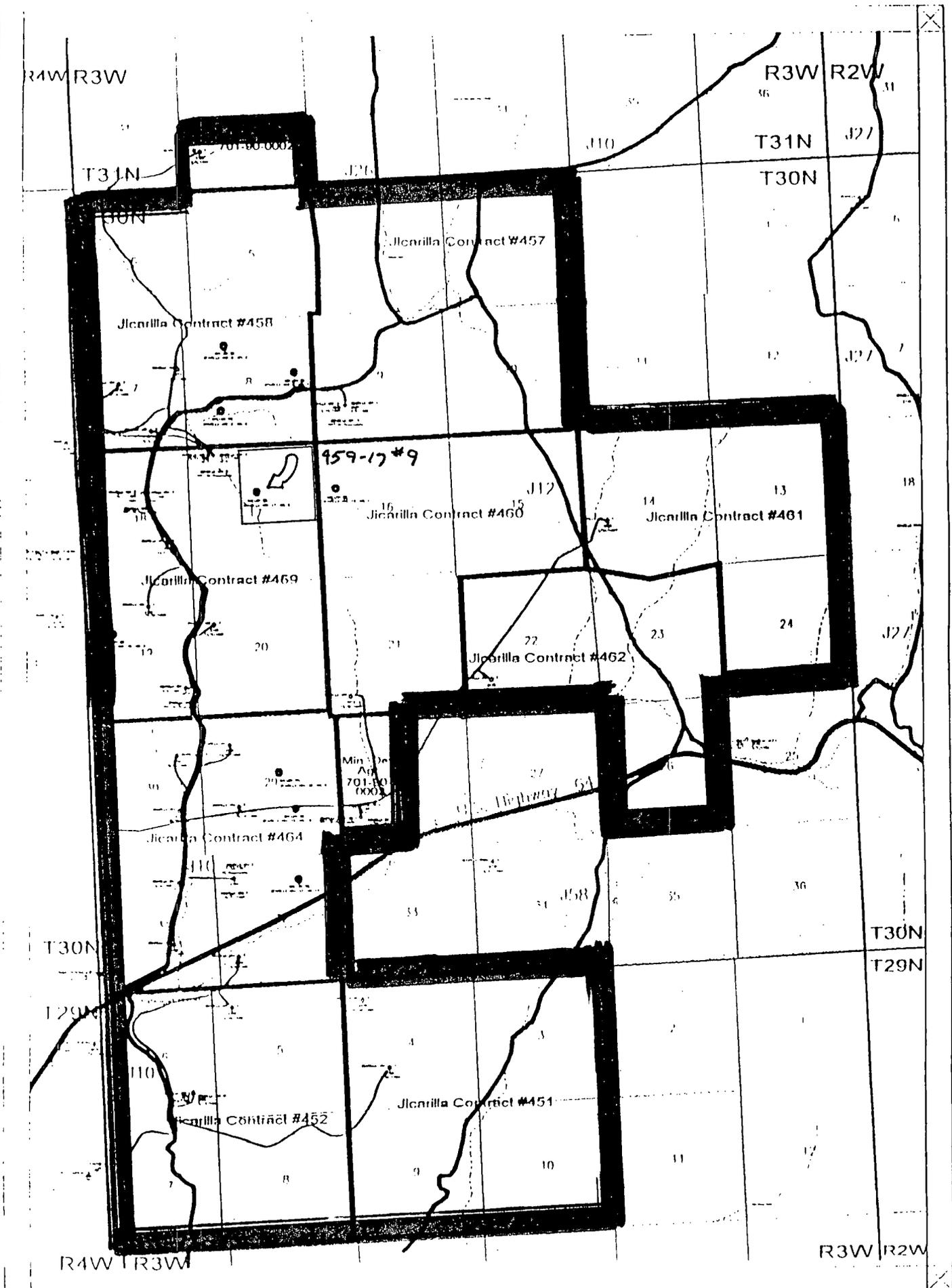
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			<p>Certificate Number</p>	





Scale 1:63360.



MALLON OIL COMPANY
 East Blanco Field - San Juan Basin
 Townships 29-30 North
 Rio Arriba County, New Mexico

10/21/91