

7/23/98 | 8/12/98 | MS | W | NSL

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

10-30N-3W

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

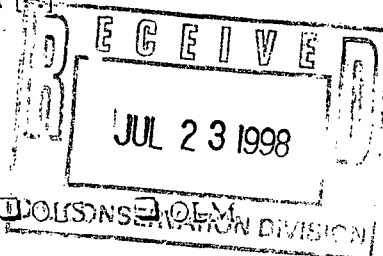
☒ NSL ☐ NSP ☐ DD ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement

☐ DHC ☐ CTB ☐ PLC ☐ PC

[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

Terry Linderan
 Signature

Operations Superintendent
 Title

7-14-98
 Date

Mallon Oil Company

Denver/Colorado ♦ Carlsbad/New Mexico

a Mallon Resources subsidiary

July 14, 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 457-10 No. 8 (2400' FSL, 1500' FWL, Unit K) Sec. 10, T30N-R03W, 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 $\frac{1}{4}$ NE $\frac{1}{4}$. 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,



Duane C. Winkler
Operations Manager

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

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

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

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, NM 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-039-25783		² Pool Code 96538	³ Pool Name Cabresto Canyon; Ojo Alamo Ext.
⁴ Property Code 22860	⁵ Property Name JICARILLA 457-10		⁶ Well Number 8
⁷ OGRID No. 013925	⁸ Operator Name MALLON OIL CO.		⁹ Elevation 7197'

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
	10	30-N	3-W		2400	SOUTH	1500	WEST	RIO ARRIBA

¹¹Bottom 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
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¹³ Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
160			

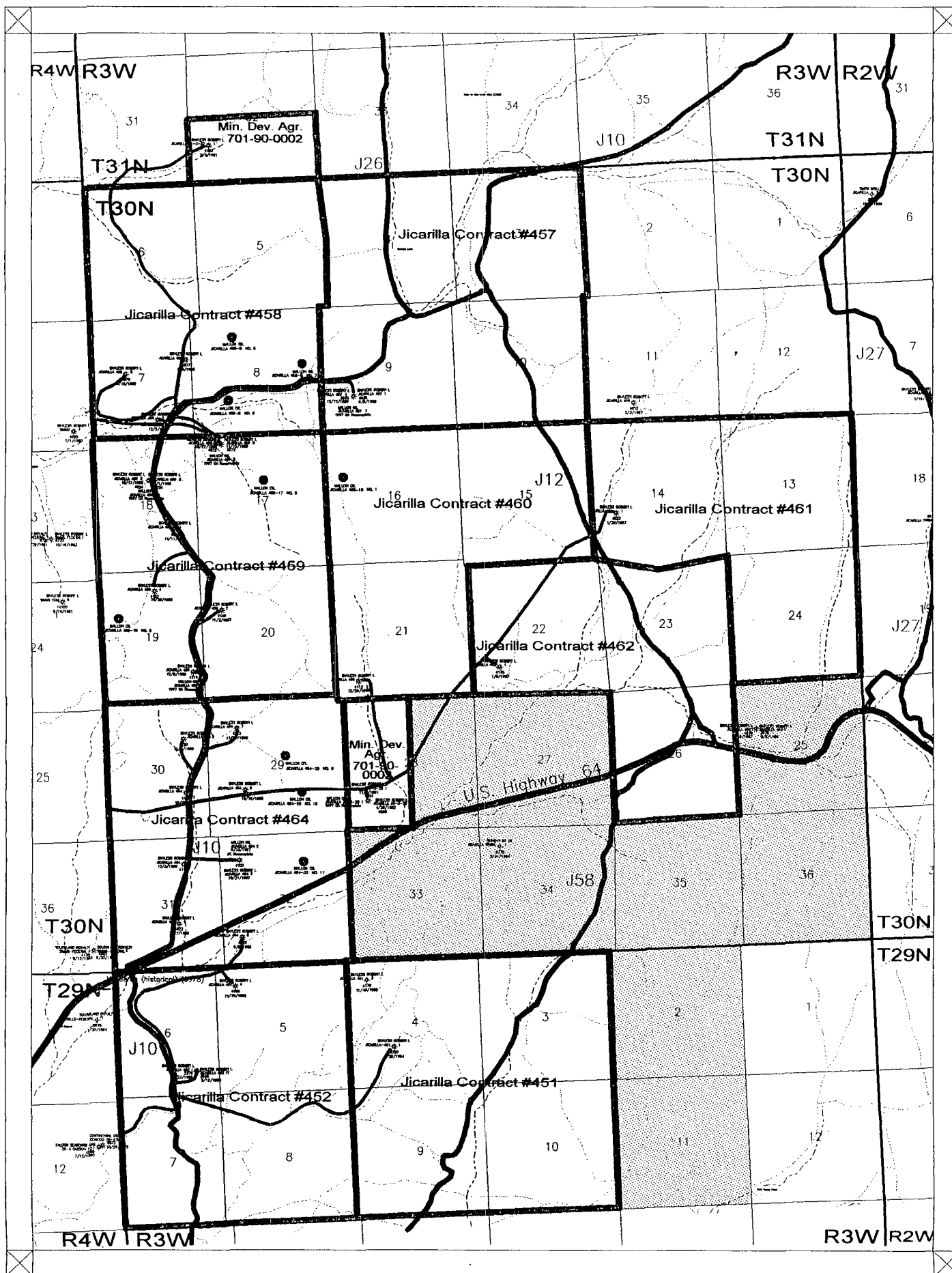
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

18				<p>17 OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</i></p> <p><u><i>Terry Lindeman</i></u></p> <p>Signature</p> <p>Terry Lindeman</p> <p>Printed Name</p> <p>Production Superintendent</p> <p>Title</p> <p><u>1-12-98</u></p> <p>Date</p>
(measured)				
N 00-39-38 W 5115'	1500'			<p>18 SURVEYOR CERTIFICATION</p> <p><i>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.</i></p> <p><u>12-1-98</u></p> <p>Date of Survey</p> <p><u><i>Terry Lindeman</i></u></p> <p>Signature and Seal of Professional Surveyor.</p> <p>NEW MEXICO</p> <p>REGISTERED PROFESSIONAL LAND SURVEYOR</p> <p>8894</p> <p>8894</p> <p>Certificate Number</p>
WEST 2640'	(record)			

Exhibit A

4075





Scale 1:63360.

0.2 0. 0.2 0.4 0.6 0.8 1. miles



LEGEND

- Yellow = Development Contracts
- Green = Proposed Acreage
- Purple Lines =
- Approximate Pipeline Locations
- Permitted Well Locations

MALLON OIL COMPANY

East Blanco Field
San Juan Basin
Rio Arriba County, New Mexico

10/17/1997



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

March 4, 1998

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

Attention: Terry Lindeman
Exploration/Production Superintendent

Re: Application for administrative approval to drill the Jicarilla 457-10 Well No. 8 to the Pictured Cliffs formation at an unorthodox gas well location 2400 feet from the South line and 1500 feet from the West line (Unit K) of Section 10, Township 30 North, Range 3 West, NMPM, Rio Arriba County, New Mexico.

Dear Mr. Lindeman:

I am returning the subject application as incomplete, please refer to Division Rule 104.F(3) and submit the appropriate information to justify the drilling of this well at an unorthodox gas well location within the subject 160-acre tract (SW/4 of said Section 10). Please explain in detail and show on attached plats why all other possible standard locations are not available to Mallon Oil Company for a drilling location.

Should you have any questions concerning this matter, you will first want to direct them to your legal counsel, Mr. James Bruce in Santa Fe at (505) 982-2043.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division - Aztec
Kathy Valdes, NMOCD - Santa Fe
James Bruce, Legal Counsel for Mallon Oil Company - Santa Fe

- (i) Affected parties in this instance shall be defined as those parties who own interests in the applicable half quarter section (80-acre spacing), quarter section (160-acre spacing), half section (320-acre spacing), or section (640-acre spacing) in which the non-standard spacing unit is situated and which acreage is not included in said non-standard spacing unit;
- (ii) the designated operator of any adjoining or diagonal spacing unit producing from the same pool(s) as the proposed non-standard spacing unit;
- (iii) in the absence of an operator, all lessees of record of any diagonal or adjoining lease owning interests in the same pool(s) as the proposed non-standard spacing unit; and
- (iv) in the absence of an operator or lessee, then to all owners of record of unleased mineral interests. [5-25-64...2-1-96]
- (d) The applicant shall submit a statement attesting that applicant, on or before the same date the application was submitted to the Division, has sent notification to the affected parties by submitting a copy of the application, including a copy of the plat described in Subpart (c) above by certified or registered mail-return receipt in accordance with Rule 1207(6) (a) advising them that if they have an objection it must be filed in writing within twenty days from the date notice was sent. The Division Director may approve the non-standard spacing unit upon receipt of waivers from all said parties or if no said party has entered an objection to the non-standard spacing unit within 20 days after the Director has received the application. [5-25-64...2-1-96]
- (e) The Division Director may set any application for administrative approval for a non-standard spacing unit for public hearing. [5-25-64...2-1-96]

(3) Number of Wells Per Spacing Unit in Non-Prorated Gas Pools:
Unless otherwise permitted by special pool rules or authorized after notice and hearing, only one (1) well per spacing unit is permitted in non-prorated pools. [5-25-64...2-1-96]

104.E. Form C-102, "Well Location and Acreage Dedication Plat", for any well shall designate the exact legal subdivision allotted to the well and Form C-101, "Application for Permit to Drill, Deepen, or Plug Back", will not be approved by the Division without such proper designation of acreage. [12-29-52...2-1-96]

104.F. UNORTHODOX LOCATIONS

(1) Well locations for producing wells and/or injection wells which are unorthodox based on the well location requirements of Rule 104.C(1)(a) above and which are necessary to permit the completion of an efficient production and injection pattern within a secondary recovery, tertiary recovery, or pressure maintenance project are hereby authorized, provided that any such unorthodox location within such project is no closer than the required minimum orthodox distance to the outer boundary of the lease or the unitized area, nor closer than 10 feet to any quarter-quarter section line or subdivision inner boundary. Such locations shall only require such prior approval as is necessary for an orthodox location. [1-1-50...2-1-96]

(2) The Division Director shall have authority to grant an exception to the well location requirements of Sections 104.B and 104.C above or to the well location requirements of special pool rules without notice and hearing when the necessity for such unorthodox location is based upon geologic conditions, archaeological conditions, topographical conditions, or the recompletion of a well previously drilled to a deeper horizon provided said well was drilled at an orthodox or approved unorthodox location for such original horizon. [1-1-82...2-1-96]

(3) Applications for administrative approval of unorthodox locations pursuant to Rule 104.F(2), above, shall be accompanied by a plat showing the subject spacing unit, its proposed unorthodox well location, the diagonal and adjoining spacing units and/or leases (whichever is applicable) and wells, and a list of affected parties. If the proposed unorthodox location is based upon topography or archeology, the plat shall also show and describe the existent topographical or archaeological conditions. If the proposed unorthodox location is based upon geology, the application shall include appropriate geologic exhibits and a discussion of the geologic conditions which result in the necessity for the unorthodox location. [2-9-66...2-1-96]

- (a) Adjoining and diagonal spacing units shall be defined as those immediately adjacent existing spacing units in the same pool(s) as the proposed unorthodox well and towards which the unorthodox well location encroaches. [2-9-66...2-1-96]
- (b) Affected parties shall be defined as those parties who own interests in leases or operate wells on adjoining or diagonal spacing units and include:
 - (i) the designated operator of any adjoining or diagonal spacing unit producing from the same pool(s) as the proposed well;
 - (ii) in the absence of an operator, all lessees of record of any diagonal or adjoining lease owning interests in the same pool(s) as the proposed well; and
 - (iii) in the absence of an operator or lessee, all owners of record of unleased mineral interests in the same pool(s) as the proposed well. [2-9-66...2-1-96]
- (4) The applicant shall submit a statement attesting that applicant, on or before the same date the application was submitted to the Division, has sent notification to the affected parties by submitting a copy of the application, including a copy of the plat described in Rule 104.F(3) above by certified or registered mail-return receipt in accordance with Rule 1207(4) (5) advising them that if they have an objection it must be filed in writing within twenty days from the date notice was sent. The Division Director may approve the unorthodox location upon receipt of waivers from all said parties or if no said party has entered an objection to the unorthodox location within 20 days after the Director has received the application. [2-9-66...2-1-96]

(5) The Division Director may set any application for administrative approval of an unorthodox location for public hearing, and may require that a directional survey be run in the unorthodox well to establish the actual location of the producing interval(s). [1-1-82...2-1-96]

104.G. Whenever an exception is granted, the Division may take such action as will offset any advantage which the person securing the exception may obtain over other producers by reason of the unorthodox location. [1-1-50...2-1-96]

104.H.

If the drilling tract is within an allocated oil pool or is

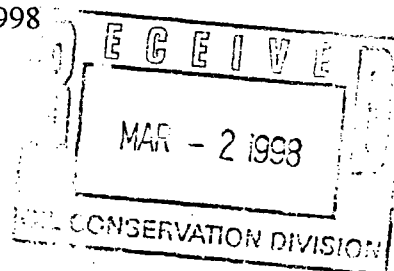
Mallon Oil Company

Denver/Colorado ♦ Carlsbad/New Mexico

NSL 3/23/98
a Mallon Resources subsidiary

February 27, 1998

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



Dear Mr. Stagner:

Enclosed, you will find, the East Blanco Field map for Mallon Oil Company, eleven (11) C-102 survey plats with attached topographic maps for the respective wells.

Mallon Oil Company is requesting an exemption to rule 104 due to topographic conditions for the following wells:

- | | |
|---------------------------|---------------------------|
| 1. Jicarilla 457-4 No. 2 | 5. Jicarilla 459-20 No. 8 |
| 2. Jicarilla 457-10 No. 8 | 6. Jicarilla 459-20 No. 7 |
| 3. Jicarilla 458-8 No. 7 | 7. Jicarilla 460-16 No. 1 |
| 4. Jicarilla 459-17 No. 9 | 8. Jicarilla 464-29 No. 9 |

Note: Jicarilla 460-16 No. 1 has two plats attached showing the well was moved 100 feet west to avoid an archaeological site.

In addition to topographical conditions, due to irregular sections in Sec. 19-30N-3W and Sec. 30-30N-3W we are requesting non standard pro-ration units, for the following wells:

1. Jicarilla 459-19 No. 9
2. Jicarilla 464-30 No. 9
3. Jicarilla 464-30 No. 10

The only offset operator to the west is Robert L. Bayless and we have notified them of our request.

If any additional information is needed please contact me at (505) 885-4596

Mallon Oil Company
Sincerely,

A handwritten signature in dark ink, appearing to read "Terry Lindeman".

Terry Lindeman
Exploration/Production Superintendent

Revised February 21, 1984

Instructions on back

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

Hobbs, N.M. 88241-1980

DO, Artesia, N.M. 88211-0719

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, NM 87504-2088

☐ AMENDED REPORTDISTRICT III
1000 Rio Brazos Rd., Artec, N.M. 87410DISTRICT IV
PO Box 2068, Santa Fe, NM 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number		*Pool Code		*Pool Name Pictured Cliff 4500' T.D.	
*Property Code		*Property Name JICARILLA 457-10			*Well Number 8
*OGRID No.		*Operator Name MALLON OIL CO.			*Elevation 7197'

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
	10	30-N	3-W		2400	SOUTH	1500	WEST	RIO ARRIBA

11 Bottom Hole Location If Different From Surface

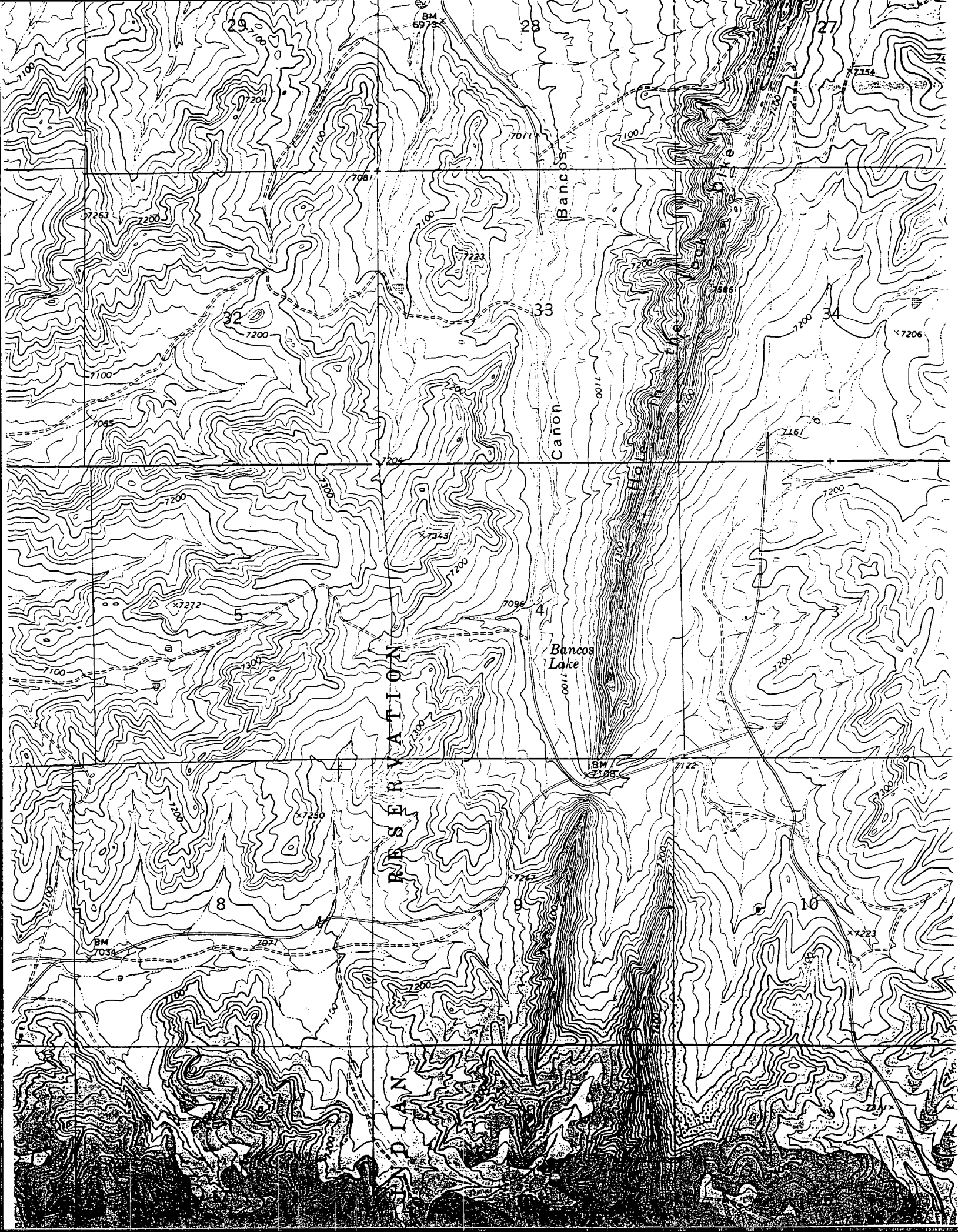
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

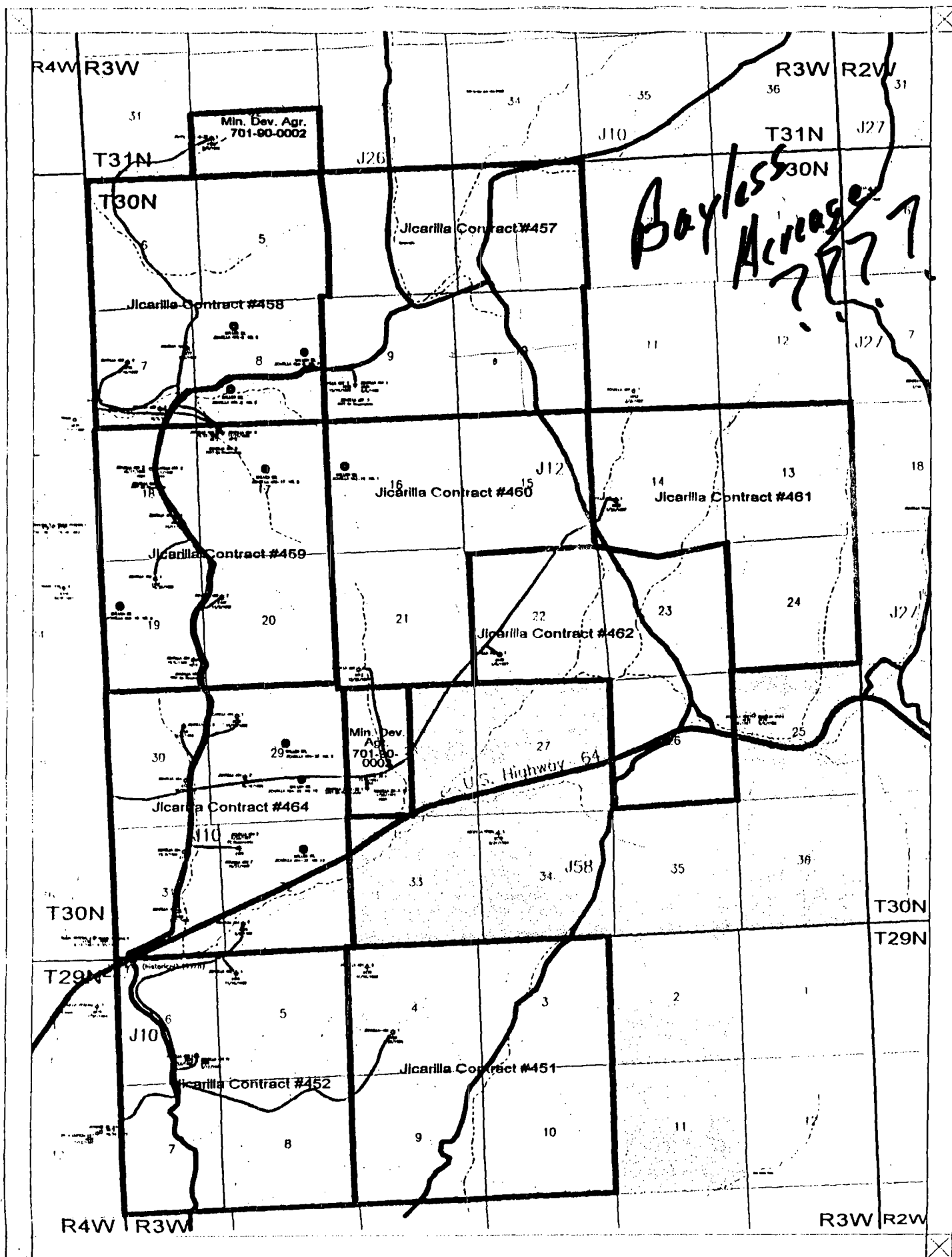
12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.

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

16 (measured)	1500'	2400'	1500'	WEST 2640' (record)	17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature Terry Lindeman Printed Name Production Superintendent Title 1-12-98 Date
	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. 12-1984 Date of Survey Signature and Seal of Professional Surveyor 8394 Certificate Number				

Exhibit A





Scale 1:63360.

0 2 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		
		10/23/1991

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

08/12/98 09:51:40
OGOIV -EME5
PAGE NO: 2

Sec : 10 Twp : 30N Rng : 03W Section Type : NORMAL

L 40.00	K 40.00	J 40.00	I 40.00
Indian owned	Indian owned	Indian owned	Indian owned
	A		
M 40.00	N 40.00	O 40.00	P 40.00
Indian owned	Indian owned	Indian owned	Indian owned

PF01 HELP
PF07 BKWD

PF02
PF08 FWD

PF03 EXIT
PF09 PRINT

PF04 GoTo
PF10 SDIV

PF05
PF11

PF06
PF12

CMD :
OG6C101

ONGARD
C101-APPLICATION FOR PERMIT TO DRILL

08/12/98 09:51:53
OGOIV -EME5

OGRID Idn : 13925 API Well No: 30 39 25783 APD Status(A/C/P): A
Opr Name, Addr: MALLON OIL CO Aprvl/Cncl Date : 02-18-1998
999 18TH ST
STE 1700
DENVER, CO 80202
Prop Idn: 22860 JICARILLA 457 10 Well No: 8

	U/L	Sec	Township	Range	Lot	Idn	North/South	East/West
	---	---	-----	-----	-----	-----	-----	-----
Surface Locn : K	10	30N	03W				FTG 2400 F S	FTG 1500 F W
OCD U/L : K		API	County	: 39				

Work typ(N/E/D/P/A) : N Well typ(O/G/M/I/S/W/C): G Cable/Rotary (C/R) : R
Lease typ(F/S/P/N/J/U/I): J Ground Level Elevation : 7197

State Lease No: Multiple Comp (Y/N) : N
Prpsd Depth : 4500 Prpsd Frmtn : E BLNCO PC

E7024: Only view is allowed

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06 CONFIRM
PF07	PF08	PF09 PRINT	PF10 C102	PF11 HISTORY	PF12

County Rio Arriba Pool Cabresto Canyon-Ojo Alamo

TOWNSHIP 30 North Range 3 West NMPM

6	5	4	3	2	1	
7	8	9	10	11	12	
18	17	16	15	14	13	
19	20	21	22	23	24	
30	29	28	27	26	25	
31	32	33	34	35	36	

Description: ^{NE} 1/4 Sec. 18 (R-10990, 5-20-98)

County RIO ARRIBA

Pool EAST BLANCO-PICTURED

CLIFFS

TOWNSHIP 30 N South, RANGE 3 W East, NEW MEXICO PRINCIPAL MERIDIAN

	6	5	4	3	2	1
7	8	9	10	11	12	
13	17	16	15	14	13	
19	20	21	22	23	24	
29	28	27	26	25	24	
31	32	33	34	35	36	

EXT: ALL SECS 7-32 (R-8713, 8/12/88) EXT: 1/2 Sec. 5 (R-10178, 8-30-94)