



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

February 4, 1999

Mallon Oil Company
P. O. Box 2797
Durango, Colorado 81302
Attention: Christy Serrano

Telefax No. (970) 382-7650

Administrative Order NSL-4199

Dear Ms. Serrano:

Reference is made to your application dated January 18, 1999 for a non-standard gas well location within the San Jose formation for Mallon Oil Company's proposed Jicarilla 457-9 "SJ" Well No. 2 (API No. 30-039-25905) to be drilled 719 feet from the North line and 802 feet from the West line (Lot 4/Unit D) of Section 9, Township 30 North, Range 3 West, NMPM, Rio Arriba County, New Mexico. Lots 3 and 4 and the S/2 NW/4 (NW/4 equivalent) of Section 9 is to be dedicated to the well in order to form a standard 152.12-acre gas spacing and proration unit.

The application has been duly filed under the provisions of Rule 104.F of the Rules and Regulations of the New Mexico Oil Conservation Division ("Division").

By the authority granted me under the provisions of Division Rule 104.F(2), the above-described unorthodox gas well location is hereby approved.

Sincerely,

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Albuquerque