

1/21/99 - 2/10/99 - MS - N - NSL

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

460-16 SJ #1

ADMINISTRATIVE APPLICATION COVERSHEET

E-16-30N-3W

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]

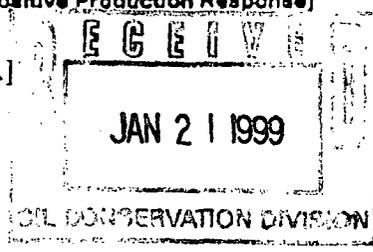
[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

- [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

NSL-3981
3981-A

[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.

Christy Serrano
Print or Type Name

Christy Serrano
Signature

Production Clerk
Title

1-19-99
Date

Mallon Oil Company

Denver/Colorado ♦ Durango/Colorado ♦ Carlsbad/New Mexico

a Mallon Resources Subsidiary

January 18, 1999

State of New Mexico
Oil Conservation Division
2040 South Pacheco
Santa Fe, NM 87505

Attn: Mr. Mike Stogner

Re: Jicarilla 460-16 SJ No. 1
1940' FNL and 734' FWL (SW NW) Unit E
Sec. 16, T30N-R03W

Dear Mr. Stogner:

On March 23, 1998, Mallon Oil Company received a Non-Standard Location approval (NSL 3981) for the East Blanco; Pictured Cliffs formation. Also, on August 12, 1998 Mallon Oil Company received a Non-Standard Location (NSL-3981-A) for the Cabresto Canyon; Ojo Alamo Ext. Formation. These approvals were issued under the Jicarilla 460-16 No. 1 (1850' FNL and 690' FEL, SW NW, Unit E, Sec. 16, T30N-R03W).

Mallon Oil Company would like to apply for a Non-Standard Location approval for Jicarilla 460-16 SJ No. 1 (1940' FNL and 734' FWL, SW NW, Unit E, Sec. 16, T30N-R03W), Cabresto Canyon, San Jose Ext. Formation. The well bore for this well is located on the same well pad as the Jicarilla 460-16 No. 1 (1850' FNL and 690' FEL, SW NW, Unit E, Sec. 16, T30N-R03W). Mallon Oil Company is the sole operator within a half mile radius. Please find enclosed a copy of Mallon Oil Company's C-102 along with a Site Facility Diagram.

Should you need any further information, please contact the undersigned at 970-382-9100.

Sincerely,

Mallon Oil Company



Christy Serrano
Production Secretary

DISTRICT II
P.O. Drawer 80, Artesa, N.M. 87811-0710

DISTRICT III
1000 Rio Grande Rd., Artesa, N.M. 87410

DISTRICT IV
PO Box 8000, Santa Fe, NM 87504-8000

Revised February 21, 1984
Instructions on back
submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

APN Number 30-039-25942		Pool Code 96822	Pool Name Cabresto Canyon; San Jose Ext.
Property Code 23626	Property Name Jicarilla 460-16SJ		Well Number 1
ORD No. 013925	Operator Name MALLON OIL CO.		Elevation 7167'

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
E	16	30-N	3-W		1940	NORTH	734	WEST	RIO ARRIBA

11 Bottom Hole Location if Different From Surface

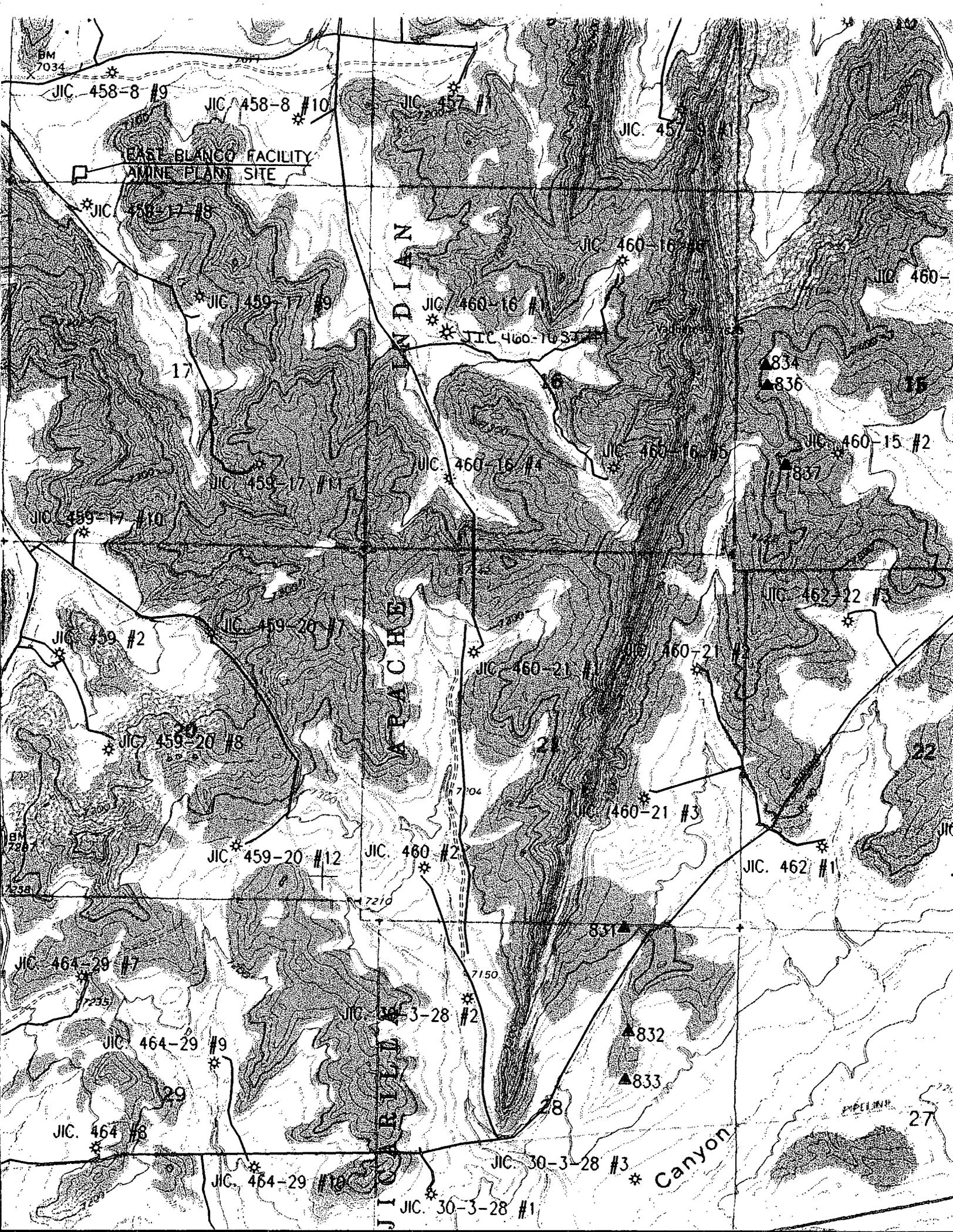
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

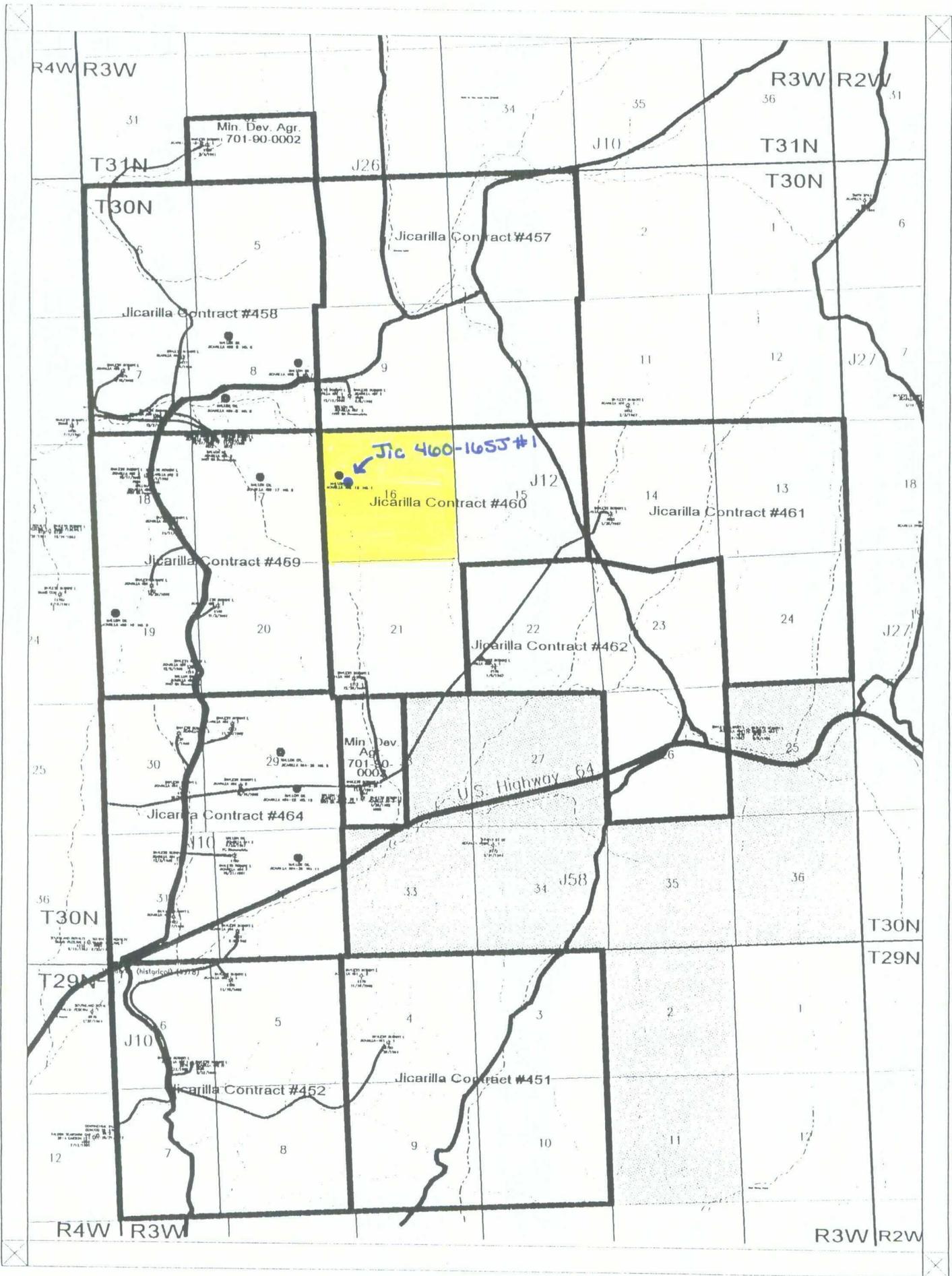
Dedicated Acres 160	Joint or Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

S 00-03-26 E 8284'

U.S.G.L.O. BRASS CAP 1917 W 08-02-16 W 2840' 1840' 734'										17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. <i>Christy Serrano</i> Signature Christy Serrano Printed Name Production Secretary Title January 7, 1999 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 knowledge and belief. 7-3 Date of Survey Registered by  8894 Certificate Number





Scale 1:63360.
 0.2 0.4 0.6 0.8 1.0 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

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

02/02/99 14:36:49
OGOMES -TPVN
PAGE NO: 1

Sec : 16 Twp : 30N Rng : 03W Section Type : NORMAL

D 40.00 Indian owned	C 40.00 Indian owned	B 40.00 Indian owned A	A 40.00 Indian owned
E 40.00 Indian owned A A	F 40.00 Indian owned	G 40.00 Indian owned	H 40.00 Indian owned

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06
PF07 BKWD PF08 FWD PF09 PRINT PF10 SDIV PF11 PF12

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

02/02/99 14:37:42
OGOMES -TPVN
PAGE NO: 2

Sec : 16 Twp : 30N Rng : 03W Section Type : NORMAL

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

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06
PF07 BKWD PF08 FWD PF09 PRINT PF10 SDIV PF11 PF12

CMD :
OG6IWCM

ONGARD
INQUIRE WELL COMPLETIONS

02/02/99 14:38:14
OGOMES -TPVN

API Well No : 30 39 25942 Eff Date : 10-02-1998 WC Status :
Pool Idn : 96822 WILDCAT CABRESTO CANYON;SAN JOSE
OGRID Idn : 13925 MALLON OIL CO
Prop Idn : 23626 JICARILLA 460-16 SJ

Well No : 001
GL Elevation: 7167

	U/L	Sec	Township	Range	North/South	East/West	Prop/Act (P/A)
B.H. Locn	: E	16	30N	03W	FTG 1940 F N FTG	734 F W	P

Lot Identifier:

Dedicated Acre: 160.00

Lease Type : J

Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :

M0025: Enter PF keys to scroll

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06
PF07	PF08	PF09	PF10 NEXT-WC	PF11 HISTORY	PF12 NXTREC

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No 1004-0135
Expires March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT --" for such proposals.

SUBMIT IN TRIPLICATE

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other:		5. Lease Designation and Serial No. Jic 460
2. Name of Operator Mallon Oil Company		6. If Indian, Allote or Tribe Name Jicarilla Apache Tribe
3. Address and Telephone No. P.O. Box 3256, Carlsbad, NM 88220 (505) 885-4596		7. If Unit or CA, Agreement Designation N/A
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 1940' FNI and 734' FWL (SW NW) Unit E Sec. 16, T30N-R03W		8. Well Name and No. Jicarilla 460-16 No. 1 SJ
		9. Well API No.
		10. Field and Pool, or Exploratory Area Cabresto Canyon; San Jose Ext.
		11. County or Parish, State Rio Arriba County, New Mexico

12. CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA	
TYPE OF SUBMISSION	TYPE OF ACTION
<input type="checkbox"/> Notice of Intent <input checked="" type="checkbox"/> Subsequent Report <input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Abandonment <input type="checkbox"/> Recompletion <input type="checkbox"/> Plugging Back <input type="checkbox"/> Casing Repair <input type="checkbox"/> Altering Casing <input checked="" type="checkbox"/> Other: Spud Notice <input type="checkbox"/> Change of Plans <input type="checkbox"/> New Construction <input type="checkbox"/> Non-Routine Fracturing <input type="checkbox"/> Water Shut-Off <input type="checkbox"/> Conversion to Injection <input type="checkbox"/> Dispose Water
<small>(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)</small>	

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this zone.)*

Mallon Oil company spud the above referenced well on 9-4-98 at 2:30 pm. Drilled 12-1/4" hole, 8-5/8" x 24 lb/ft csg was set at 1182' and cemented with 800 sxs Class "H" cmt. Circulated 140 sxs to surface.

14. I hereby certify that the foregoing is true and correct

Signed Christy Serrano Title Production Secretary Date 11-9-98

(THIS SPACE FOR FEDERAL OR STATE OFFICE USE)

Approved B Patricia M. Hester Title Land and Mineral Resources Date 12-1-98

Conditions of approval, if any:

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 104-0135
Expires March 31, 1989

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT -" for such proposals.

SUBMIT IN TRIPPLICATE

RECEIVED
SEP 7 4 1998

1. Type of Well

Oil Well Gas Well Other:

2. Name of Operator

Mallon Oil Company

3. Address and Telephone No.

P.O. Box 3256, Carlsbad, NM 88220

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

1940' FSL and 734' FWL (SW NW) Unit E
Sec. 16, T30N-R03W

5. Lease Designation and Serial No.

6. If Indian, Allottee or Tribe Name
Jicarilla Apache Tribe

7. If Unit or CA, Agreement Designation

N/A

8. Well Name and No.

Jicarilla 460-16 1#

9. Well API No.

10. Field and Pool, or Exploratory Area

Cabrest Canyon: San Jose Ext

11. County or Parish, State

Rio Arriba County, New Mexico

12. CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

TYPE OF ACTION

- Notice of Intent
- Subsequent Report
- Final Abandonment Notice

- Abandonment
- Recompletion
- Plugging Back
- Casing Repair
- Altering Casing
- Other: Name Change
- Change of Plans
- New Construction
- Non-Routine Fracturing
- Water Shut-Off
- Conversion to Injection
- Dispose Water

(New Report requires completion of Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this zone.)

Mallon Oil company proposes to change the name of the existing APD to Jicarilla 460-16 No. 1SJ.

SJ #1

14. I hereby certify that the foregoing is true and correct

Signed

Christy Serrano

Title

Production Secretary

Date

9-3-98

(THIS SPACE FOR FEDERAL OR STATE OFFICE USE)

Approved By

Patricia M. Nease

Title

Lands and Mineral Resources

Date

9-10-98

Conditions of approval, if any.

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

5. LEASE DESIGNATION AND SERIAL NO.
Jic460

6. IF INDIAN, ALLOTTEE OR TRIBE NAME
Jicarilla Apache

7. UNIT AGREEMENT NAME
N/A

8. FARM OR LEASE NAME, WELL NO.
Jicarilla 460-1C, SW 1/4 23624

9. API WELL NO.
30-039-25942

10. FIELD AND POOL, OR WILDCAT
Cabresto Canyon, San Jose E 96822

11. SEC., T., R., M., OR BLK.
AND SURVEY OR AREA
Sec. 16, T30N-R03W

12. COUNTY OR PARISH
Rio Arriba

13. STATE
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 690'
PROPERTY OR LEASE LINE, FT.
(Also to nearest drlg. unit line, if any)

16. NO. OF ACRES IN LEASE
1999.99

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. 3550'

19. PROPOSED DEPTH
1750'

20. ROTARY OR CABLE TOOLS
Rotary

21. ELEVATIONS (SHOW WHETHER DF, RT, GR, Etc.)
7168

22. APPROX. DATE WORK WILL START
08/10/98

RECEIVED
AUG 17 1998
OIL CON. DIV.
DIST. 3

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
11"	8-5/8"	24#	1180'	cir to surface
7-7/8"			1750'	Open Hole

Mallon Oil Company proposes to drill to a depth sufficient to test the San Jose formation. If productive, it will be open hole completed. 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: This bore hole is on an existing pad. The surface use plan is already in place.

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.

24. SIGNED: H. Gray Davis TITLE: Production Analyst DATE: 8/3/98
M: Gray Davis

(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: Confine all operations to the existing well pad.

APPROVED BY: Hector Villalobos TITLE: Asst. Field Mgr. DATE: 8/13/98

*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 NSL @

OIL CONSERVATION DIVISION

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-039-25942		Pool Code 96822	Pool Name Cabresto Canyon; San Jose Ext.	
Property Code 23626	Property Name JICARILLA 460-16 SJ		Well Number 16	
OCRD No. 013925	Operator Name MALLON OIL CO.		Elevation 7167'	

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
E	16	30-N	3-W		1940	NORTH	734	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

Dedicated Acres 160	Joint or Infill	Consolidation Code	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

S 00-01-28 E 5284.9'

16

	<p>U.S.G.L.O. BRASS CAP 1917</p>	<p>U.S.G.L.O. BRASS CAP 1917</p>	<p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p> <p>Signature <i>M. Gay Davis</i></p> <p>Printed Name M. Gay Davis</p> <p>Title Production Analyst</p> <p>Date 8-3-98</p>
	<p>U.S.G.L.O. BRASS CAP 1917</p>	<p>18 SURVEYOR CERTIFICATION</p> <p>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</p> <p>Date of Survey 7-3-98</p> <p>Signature and Seal of Professional Surveyor: <i>[Signature]</i></p> <p>8894</p> <p>Carroll Mackey Nuechew</p>	

4. Proposed Casing Program:

<u>Hole Size</u>	<u>Interval</u>	<u>Casing OD</u>	<u>Casing weight grade, Jt., Type Cond</u>
11"	0'-1180'	8-5/8"	24# K55 New
7-7/8"	1180'-1750'	Open hole	

Cement Program:

8-5/8" Surface casing: Cemented to Surface with 500 sks Class B 2% CaCl₂ +0.25 lb/sk Cello Seal mixed at 15.6#/gal, 1.18 cu. ft./sk.

5. Minimum Specifications for Pressure Control (2M System):

The blowout preventor equipment (BOP) shown in Exhibit 1 will consist of a double ram type (2000 psi WP) preventor. The unit will be hydraulically operated and the ram type preventor will be equipped with blind rams on top and drill pipe rams on bottom. The BOP will be nipped up on the 8-5/8" surface casing and used continuously until TD is reached. BOP and accessory equipment will be tested to 1000 psi before drilling out of surface casing. Pipe rams will be operationally checked on each trip out of the hole. These checks will be noted on the daily tour sheets. A 2" kill line and 2" choke line will be included in the drilling spool located below the ram-type BOP. Other accessories to the BOP equipment will include a kelly cock and floor safety valve and choke lines and choke manifold with 2000 psi WP rating.