



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-4202

Dear Ms. Serrano:

Reference is made to your application dated December 3, 1998 for a non-standard gas well location within both the San Jose formation and the Cabresto Canyon-Ojo Alamo Pool for Mallon Oil Company's proposed Jicarilla 458-5 Well No. 3 (API No. 30-039-25911) to be drilled 532 feet from the South line and 1361 feet from the East line (Lot 15/Unit O) of Section 5, Township 30 North, Range 3 West, NMPM, Rio Arriba County, New Mexico. Lots 9, 10, 15, and 16 (SE/4 equivalent) of Section 5 is to be dedicated to the well in order to form a standard 156.76-acre gas spacing and proration unit for both intervals.

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 location in both the San Jose formation and the Cabresto Canyon-Ojo Alamo Pool for the proposed Jicarilla 458-5 Well No. 3 is hereby approved.

Sincerely,

A handwritten signature in cursive script, appearing to read "Lori Wrotenbery" followed by a flourish.

Lori Wrotenbery
Director

LW/MES/kv

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