

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. MDA 701-98-0013
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name JICARILA/APACHE
2. Name of Operator MALLON OIL COMPANY		7. If Unit or CA Agreement, Name and No. JICARILLA
Contact: BOB BLAYLOCK E-Mail: rblaylock@frontier.net		8. Lease Name and Well No. JIC 29-02-30 1
3a. Address PO BOX 2797 DURANGO, CO 81302	3b. Phone No. (include area code) Ph: 970.382.9100 Fx: 970.382.7650	9. API Well No. 30-039-27246
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface NWNE 640FNL 2165FEL At proposed prod. zone NWNE Lot B 640FNL 2165FEL		10. Field and Pool, or Exploratory BURRO CANYON Return cliffy
14. Distance in miles and direction from nearest town or post office* 54 MILES SOUTHEAST OF BLOOMFIELD, NEW MEXICO		11. Sec., T., R., M., or Blk. and Survey or Area Sec 30 T29N R2W Mer NMP
15. Distance from proposed location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) LEASE: 2,165 FEET UNIT: 3.10 MILES	16. No. of Acres in Lease 39360.00	12. County or Parish RIO ARRIBA
17. Spacing Unit dedicated to this well 160 * 1 of 6 infill - 2 spacing approved	18. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft. 2940 FEET	13. State NM
19. Proposed Depth 4500 MD	20. BLM/BIA Bond No. on file 1318288	
21. Elevations (Show whether DF, KB, RT, GL, etc.) 7048 GL	22. Approximate date work will start 09/23/2002	23. Estimated duration 45 - 60 DAYS

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

- | | |
|---|--|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature (Electronic Submission)	Name (Printed/Typed) KATHY L. SCHNEEBECK Ph: 303.820.4480	Date 08/21/2002
Title AGENT		
Approved by (Signature) <i>Patricia M. Nester</i>	Name (Printed/Typed)	Date 9-25-02
Title <i>Acting Asst. Field Mgr.</i>	Office	

Application approval does not warrant or certify 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, are attached *1 Increase surface cement for proper access*
2 Attached

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make 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.

Additional Operator Remarks (see next page)

Electronic Submission #13466 verified by the BLM Well Information System
For MALLON OIL COMPANY, sent to the Rio Puerco
Committed to AFMSS for processing by Angie Medina-Jones on 08/23/2002 ()

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DISTRICT I
1325 N. French Dr., Hobbs, N.M. 88240

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised August 15, 2000

DISTRICT II
811 South First, Artesia, N.M. 88210

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

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

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30039-27246		*Pool Code 72400	*Pool Name East Blanco/Pictured Cliffs
*Property Code 24245	*Property Name JICARILLA 29-2-30		*Well Number 1
*OGRID No. 013925	*Operator Name MALLON OIL CO.		*Elevation 7048'

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
B	30	29-N	2-W		640	NORTH	2165	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			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

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FD. MARKED STONE	N 89-45-37 W	5312.3'	FD. 1/2" REBAR PLAST. CAP LS 8894	17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Kathy L. Schneebeck Signature Kathy L. Schneebeck Printed Name Agent for Mallon Oil Company Title Originally submitted 8/21/02 Date Resubmitted 04/14/04
		640' 473' 660'	2165'	
		LAT.=36-42-06 N. LONG.=107-04-57 W		
	30			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. DAVID A. JOHNSON Date of Survey Signature and Seal of Professional Surveyor: 14827 Certificate Number
			FD. 1/2" REBAR PLAST. CAP LS 8894	

Mallon Oil Company
Jicarilla 29-02-30 #1
640' FNL 2,165' FEL (NW/4 NE/4)
Sec. 30 T29N R2W
Rio Arriba County, New Mexico
Lease: Jicarilla MDA 701-98-0013, TRACT 1

DRILLING PROGRAM
(Per Rule 320)

This Application for Permit to Drill (APD) is filed under the APD process as stated in Onshore Order No. 1 and supporting Bureau of Land Management (BLM) documents. The process was changed to the "APD" process per Onshore Order No. 1. This APD process will include an on-site meeting as determined by BLM, at which time the specific concerns of Mallon Oil Company (Mallon) and BLM will be discussed. Best efforts have been made to address specific concerns of the BLM representatives.

SURFACE FORMATION - San Jose

GROUND ELEVATION - 7,048'

ESTIMATED FORMATION TOPS - (Water, oil, gas and/or other mineral-bearing formations)

San Jose	Surface	Sandstone, shales & siltstones ✓
Nacimiento	2,498'	Sandstone, shales & siltstones ✓
Ojo Alamo	2,928'	Sandstone, shales & siltstones ✓
Kirtland	3,256'	Sandstone, shales & siltstones ✓
Fruitland	3,366'	Sandstone, shales & siltstones ✓
Pictured Cliffs	3,558'	Sandstone, shales & siltstones ✓
Lewis	3,670'	Sandstone, shales & siltstones ✓
Total Depth	4,500'	Sandstone, shales & siltstones ✓

Estimated depths of anticipated fresh water, oil, or gas:

Tertiary

San Jose	1,198'	Gas ✓
Nacimiento	2,498'	Gas ✓
Ojo Alamo	2,928'	Gas ✓
Fruitland	3,466'	Gas ✓
Pictured Cliffs	3,658'	Gas ✓

TOTAL DEPTH 4,500'

no excess

CASING PROGRAM

Depth	Hole Diameter	Casing Diameter	Casing Weight and Grade	Cement
0' - 500'	12-1/4"	8-5/8"	K-55 24# ST&C New	To surface (±175 sxs Class B)

350 sxs = 100% excess

4500'

0' - T.D.	7-7/8"	5-1/2"	K-55 15.5# LT&C New	TD to surface ($\pm 1,170$ sxs lite or 65:35 poz and ± 270 sxs 50:50 poz)*
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17325

* Actual cement volume to be determined by caliper log.

Yields: Class B yield = $1.18 \text{ ft}^3/\text{sx}$
 65:35 Poz yield = $1.62 \text{ ft}^3/\text{sx}$
 50:50 Poz yield = $1.26 \text{ ft}^3/\text{sx}$

All fresh water and prospectively valuable minerals encountered during drilling, will be recorded by depth and protected.

PRESSURE CONTROL

BOP's and choke manifold will be installed and pressure tested before drilling out under surface casing (subsequent pressure test will be performed whenever pressure seals are broken), and then will be checked daily as to mechanical operating condition. BOP's will be pressure tested at least once every 30 days. Ram type preventors and related pressure control equipment will be pressure tested to rated working pressure of the stack assembly if a test plug is used. If a plug is not used, the stack assembly will be tested to the rated working pressure of the stack assembly or to 70% of the minimum internal yield of the casing, whichever is less. Annular type preventors will be pressure tested to 50% of their rated working pressure. All casing strings will be pressure tested to 0.22 psi/ft. or 1,500 psi, whichever is greater, not to exceed 70% of internal yield.

Statement on Accumulator System and Location of Hydraulic Controls

The drilling rig has not yet been selected for this well. Selection will take place after approval of this application. Manual and/or hydraulic controls will be in compliance with Onshore Order No. 2 for 2,000 psi systems.

A remote accumulator will be used. Pressures, capacities, location of remote hydraulic and manual controls will be identified at the time of the BLM supervised BOP test.

MUD PROGRAM

0' - 500' Spud mud ✓
 500' - TD Low solids non-dispersed
 M.W. 8.5 - 9.2 ppg ✓
 Vis - 28 - 50 sec
 W.L. 15cc or less

Sufficient mud materials to maintain mud properties, control lost circulation and to contain "kick" will be available at wellsite.

AUXILIARY EQUIPMENT

- A) Inside BOP or stab-in valve (available on rig floor) ✓
- B) Mud monitoring will be visually observed.

LOGGING, CORING, TESTING PROGRAM

- A) Logging: DIL- CNL-FDC-GR - TD - BSC (GR to surface) (Triple Combo)
- B) Coring: None ✓
- C) Testing: Possible DST - None anticipated. Drill stem tests may be run on shows of interest

ABNORMAL CONDITIONS

- A) Pressures: No abnormal conditions are anticipated ✓
 Bottom hole pressure gradient - 0.31 psi/ft

- B) Temperatures: No abnormal conditions are anticipated
- C) H₂S: Hydrogen sulfide gas is potentially present in the San Jose and Ojo Alamo formation and an H₂S drilling plan is attached. ✓
- D) Estimated bottomhole pressure: 1,395 psi

ANTICIPATED START DATE

September 23, 2002

COMPLETION

The location pad will be of sufficient size to accommodate all completion activities and equipment. A string of 2 3/8" J-55 4.7#/ft tubing will be run for a flowing string. A Sundry Notice will be submitted with a revised completion program if warranted. ✓