

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB NO. 1004-0135  
Expires: November 30, 2000

**SUNDRY NOTICES AND REPORTS ON WELLS**  
*Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.*

**SUBMIT IN TRIPLICATE - Other instructions on reverse side.**

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. MDA701-98-0013 T1	
2. Name of Operator MALLON OIL COMPANY		6. If Indian, Allottee or Tribe Name APACHE/JICARILLA	
3a. Address 350 INDIANA STREET, SUITE 400 GOLDEN, CO 80401		7. If Unit or CA/Agreement, Name and/or No.	
3b. Phone No. (include area code) Ph: 720.210.1300 Fx: 720.210.1301		8. Well Name and No. JICARILLA 29-03-11 2	
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 11 T39N R3W SENE 2050FNL 630FEL		9. API Well No. 30-039-26731	
		10. Field and Pool, or Exploratory E. BLANCO/PICTURED CLIFFS	
		11. County or Parish, and State RIO ARRIBA COUNTY, NM	

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Change to Original A
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	PD

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

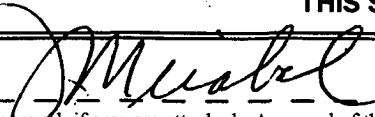
Please find attached in an Adobe File: Revised Drilling Program, BOP Diagram, Horizontal Drilling Plan.

The location was permitted for Mallon Oil Company with an APD submitted to the Bureau of Land Management (BLM) in Rio Puerco, New Mexico and New Mexico Oil Conservation Division (NMOCD). First production was in August 2001. Mallon Oil Company proposes to re-enter and horizontally drill this location with a northwest lateral bore. End of lateral bore is anticipated to be 660' FNL 660' FWL of Section 11 T29N R3W.

Please contact David Banko or Kathy Schneebeck at 303.820.4480, or at david@banko1.com or kathys@banko1.com, respectively, if you have any questions.  
Thank you.

14. I hereby certify that the foregoing is true and correct.	
Electronic Submission #31475 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 06/07/2004 ()	
Name (Printed/Typed) KATHY L. SCHNEEBECK	Title AGENT
Signature (Electronic Submission)	Date 06/07/2004

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By 	Title Acting AFM	Date 6/9/04
Conditions of approval, if any, are attached. Approval of this notice 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.		Office

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.

**\*\* OPERATOR-SUBMITTED \*\* OPERATOR-SUBMITTED \*\* OPERATOR-SUBMITTED \*\***  
HOLD C104 FOR *Directional Survey*

**BANKO  
PETROLEUM  
MANAGEMENT INC.**

**Via Electronic Submission #31475**

Ms. Angie Medina-Jones  
Bureau of Land Management  
Albuquerque Field Office  
435 Montañó Road NE  
Albuquerque, NM 87107-4935

June 4, 2004

RE: Sundry Notice – **Horizontal Re-entry**  
Mallon Oil Company  
**CONFIDENTIAL**  
**Jicarilla 29-03-11 #2**  
**API #30-039-26731**  
**Surface:** 2,050' FNL 630' FEL (SE/4 NE/4)  
**End of Horizontal Hole:** 660' FNL 660' FWL (NW/4 NW/4)  
Sec. 11 T29N R3W  
Rio Arriba County, New Mexico  
Lease: MDA 701-98-0013 Tract 1

Dear Ms. Medina-Jones:

Per CFR 3162.3-2 for further well operations please find originals of the Sundry Notice for the above-referenced well filed on behalf of Mallon Oil Company (Mallon). Courtesy copies were sent directly to the Jicarilla Oil and Gas Administration (JOGA), and the Bureau of Indian Affairs (BIA).

**Mallon respectfully requests that all information regarding this well be kept confidential.**

Mallon understands that this location should qualify for Categorical Exclusion and that an Assessment will not be required.

We are sending this Sundry Notice electronically to the Bureau of Land Management (BLM). This filing also contained the following attachments: the drilling program, horizontal drilling plan, and BOP diagram.

Your early attention to this application is greatly appreciated. Thank you for your concern.

Very truly yours,

*/s/ Kathy L. Schneebeck*

Kathy L. Schneebeck  
Agent for Mallon Oil Company  
KLS:slb  
Enclosures

cc: Jicarilla Oil and Gas Administration (JOGA) (Courtesy copy)  
Bureau of Indian Affairs (Courtesy copy)  
Mallon Oil Company

District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
1301 W. Grand Avenue, Artesia, NM 88210  
District III  
1000 Rio Brazos Rd., Aztec, NM 87410  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals & Natural Resources Department  
OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-102  
Revised June 10, 2003  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30-039-26731	<sup>2</sup> Pool Code 72400	<sup>3</sup> Pool Name Pictured Cliffs
<sup>4</sup> Property Code 24245	<sup>5</sup> Property Name Jicarilla	<sup>6</sup> Well Number 29-03-11 #2
<sup>7</sup> OGRID No. 013925	<sup>8</sup> Operator Name Mallon Oil Company	<sup>9</sup> Elevation 7208'

<sup>10</sup> Surface Location

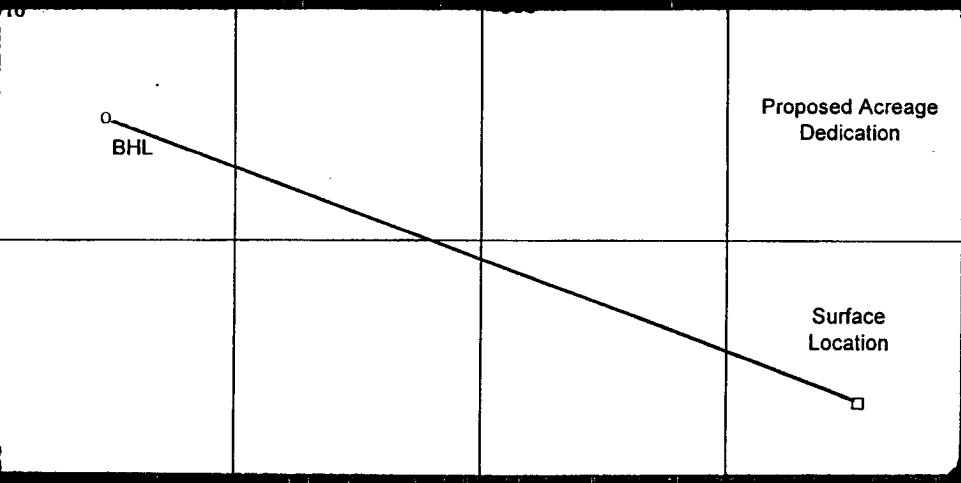
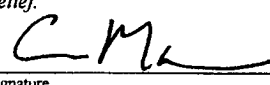
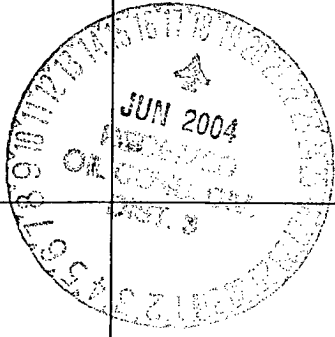
UL or lot no. D	Section 11	Township 29N	Range 3W	Lot Idn	Feet from the 2,050	North/South line North	Feet from the 630	East/West line East	County Rio Arriba
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<sup>11</sup> Bottom Hole Location If Different From Surface

UL or lot no. D	Section 11	Township 29N	Range 3W	Lot Idn	Feet from the 660	North/South line North	Feet from the 660	East/West line West	County Rio Arriba
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<sup>12</sup> Dedicated Acres 320	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> 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

	<p><sup>17</sup> OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i>  Signature Charles Maybee Printed Name Sr. Petroleum Engineer / cmaybee@bhep.com Title and E-mail Address May 28, 2004 Date</p>
	<p><sup>18</sup> SURVEYOR CERTIFICATION <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> Date of Survey Signature and Seal of Professional Surveyor: Certificate Number</p>

## Black Hills Exploration & Production

### Horizontal Well Plan

Jicarilla 29-03-11 #2

API: 3003926731

### Surface Location

2,050 FNL & 630 FEL Sec. 11 T29N - R03W  
East Blanco Field, Pictured Cliffs Pool  
Rio Arriba County, New Mexico

### Lease

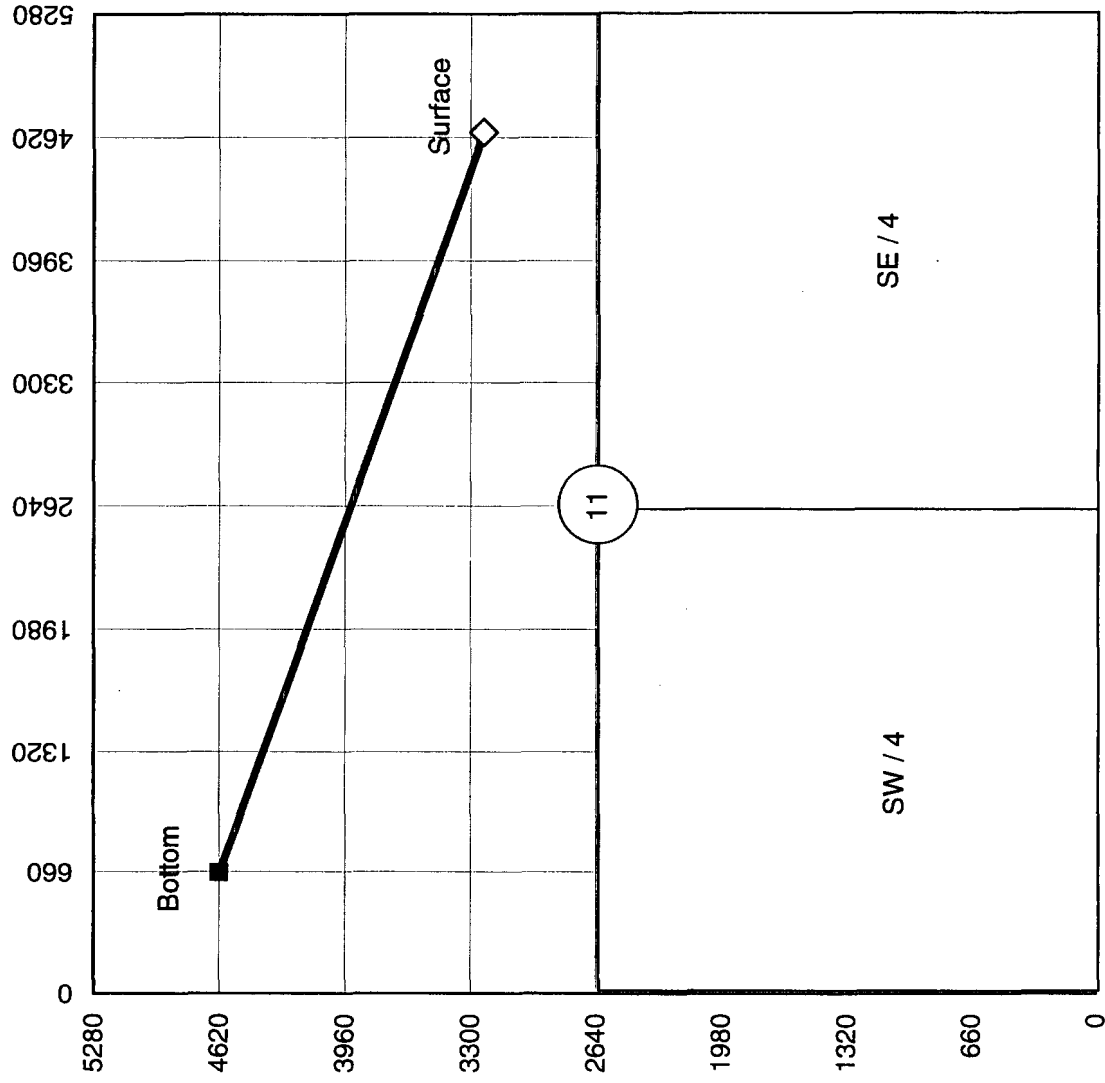
MDA 701-98-0013  
Jicarilla Apache Nation

### Prognosis

Fruitland Coal Top at 3622'  
Pictured Cliffs Top at 3714'  
Kick-off at +/-3700'  
TVD Target at 3717' to 3743'  
Lewis Shale at 3798'  
PC Target Entry Point: xxxx' MD  
PC Target Contact Length: xxxx'  
TVD of Lateral = xxxx' (Heel)  
TVD of Lateral = 3753' (Toe)  
MD of Lateral = xxxx'

### BH Location

660 FNL & 660 FWL Sec. 11 T29N - R03W



# Black Hills Exploration & Production

## Jicarilla 29-03-11 #2

API No. 3003926731

2050' FNL & 630' FEL (SE/NE) Unit H

Section 11 T29N - R03W

East Blanco Field, Rio Arriba County, New Mexico

Top of Coal:	3622
Bottom of Coal:	3686
KOP:	3700
At Well -	
Top of PC Target:	3717 (+3503' ss)
Bottom of PC Target:	3743 (+3477' ss)
PC Dip	-1.04'/100'
Top of Lewis:	3798
At BHL -	
Proposed BHL:	660 FNL & 660 FWL
Azimuth	289
Top of PC Target:	3745 (+3475' ss)
Bottom of PC Target:	3761 (+3459'ss)

Ground Elevation:	7208'		
KB Elevation:	7220" (12' KB)		
Surface Casing:	8-5/8" 24# K-55 ST&C @ 254'		
Production Casing:	5-1/2" 17# K-55 LT&C @ 4014'		
Plugback TD:	3968'		
Open	San Jose:	1260-64, 95-1301, 28-30, 1515-21 @ 2 spf (36 holes)	
Open	Nacimiento:	2270-76, 2939-42, 44-46, 52-60 @ 2 spf (38 holes)	
Planned	CIBP	3710' to be set for whipstock	
Open	Pictured Cliffs:	3718-28, 30-32, 35-43 @ 2 spf (40 holes)	
Completion:		113 Jts 2-3/8" Tbg	3677.88
		SN	1.10
		Perforated sub	1.10
		1 Jt 2-3/8" Tbg w/WL re-entry guide	33.30
			3713.38

Mallon Oil Company  
Jicarilla 29-03-11 #2  
API #30-039-26731  
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Sec. 11 T29N R3W  
Rio Arriba County, New Mexico  
Lease: MDA 701-98-0013 Tract 1

**CONFIDENTIAL**

**DRILLING PROGRAM**  
(Per Rule 320)

This Sundry Notice is submitted per CFR 3162.3-2. The existing well pad and reserve pit will be utilized "as is."

**This is a horizontal entry into and a deepening of the existing well Jicarilla 29-03-11 #2 to the Pictured Cliffs Formation. See also the attached Horizontal Re-completion Plan.**

**MALLON RESPECTFULLY REQUESTS THAT ALL INFORMATION REGARDING THIS WELL BE KEPT CONFIDENTIAL.**

**SURFACE FORMATION** – San Jose

Surface water protection plan: Surface casing previously cemented to surface – 05/21/00.

**GROUND ELEVATION** – 7,208' GL

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

**All Depths are True Vertical Depth (TVD)**

San Jose	Surface	Sandstone, shales and siltstones
Fruitland	3,708'	Sandstone, shales and siltstones
Pictured Cliffs	3,717'	Sandstone, shales and siltstones
Lewis Shale	3,798'	Sandstone, shales and siltstones

TOTAL DEPTH	3,750' TVD (end of horizontal hole)	4,225' (anticipated horizontal section)
	7,985.09' MD	

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

Tertiary		
Pictured Cliffs	3,717'	Gas

**RE-ENTRY – HORIZONTAL DRILLING PROGRAM**

- A) A 2,000-psi WP double-gated BOP will be installed on the tubing head with blind rams on bottom and pipe rams on top controlled by an accumulator placed within easy access to drill and other crew members.
- B) No annular preventor with a 2,500-psi WP will be placed above BOP stack.
- C) Retrievable whipstock to be set at  $\pm 3,710'$ .
- D) Window to be milled out of 5-1/2" csg at  $\pm 3,700'$ .

**CASING PROGRAM**

True Vertical Depth	Hole Diameter	Casing Diameter	Casing Weight and Grade	Cement
0' – 278'	12-1/4"	8-5/8"	K-55 24# ST&C Existing *	To surface (140 sxs Type "III")
0' – 4,175'	7-7/8"	5-1/2"	K-55 15.5# ST&C Existing *	To surface (1,550 sxs "50:50 Poz)
3,985' – 7,985' (MD)	4-3/4"	Open hole	None	None

\* Existing casing set in 2001.

\*\* New casing to be set in 2004.

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

**PRESSURE CONTROL**

BOPs 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 1,000 psi. Annular type preventor will be pressure tested to 50% of the rated working pressure, not to exceed 1,000 psi. All casing strings will be pressure tested to 0.22 psi/ft. or 1,000 psi, whichever is greater, not to exceed 70% of internal yield.

BOP to be either double gate rams or an annular preventor as per Onshore Order No. 2.

**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 2M 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**

3,700' - 7,985' MD      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) A Kelly cock will be kept in the drill string at all times
- B) Inside BOP or stab-in valve (available on rig floor)
- C) Mud monitoring will be visually observed

LOGGING, CORING, TESTING PROGRAM

- A) Logging: None
- B) Coring: None
- C) Testing: None anticipated.

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) H<sub>2</sub>S: Anticipated.
- D) Estimated bottomhole pressure: 1,060 psi

ANTICIPATED START DATE

June 25, 2004

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.



# Black Hills Exploration & Production

Jicarilla 29-03-11 #2

API No. 3003926731

2050' FNL & 630' FEL (SE/NE) Unit H

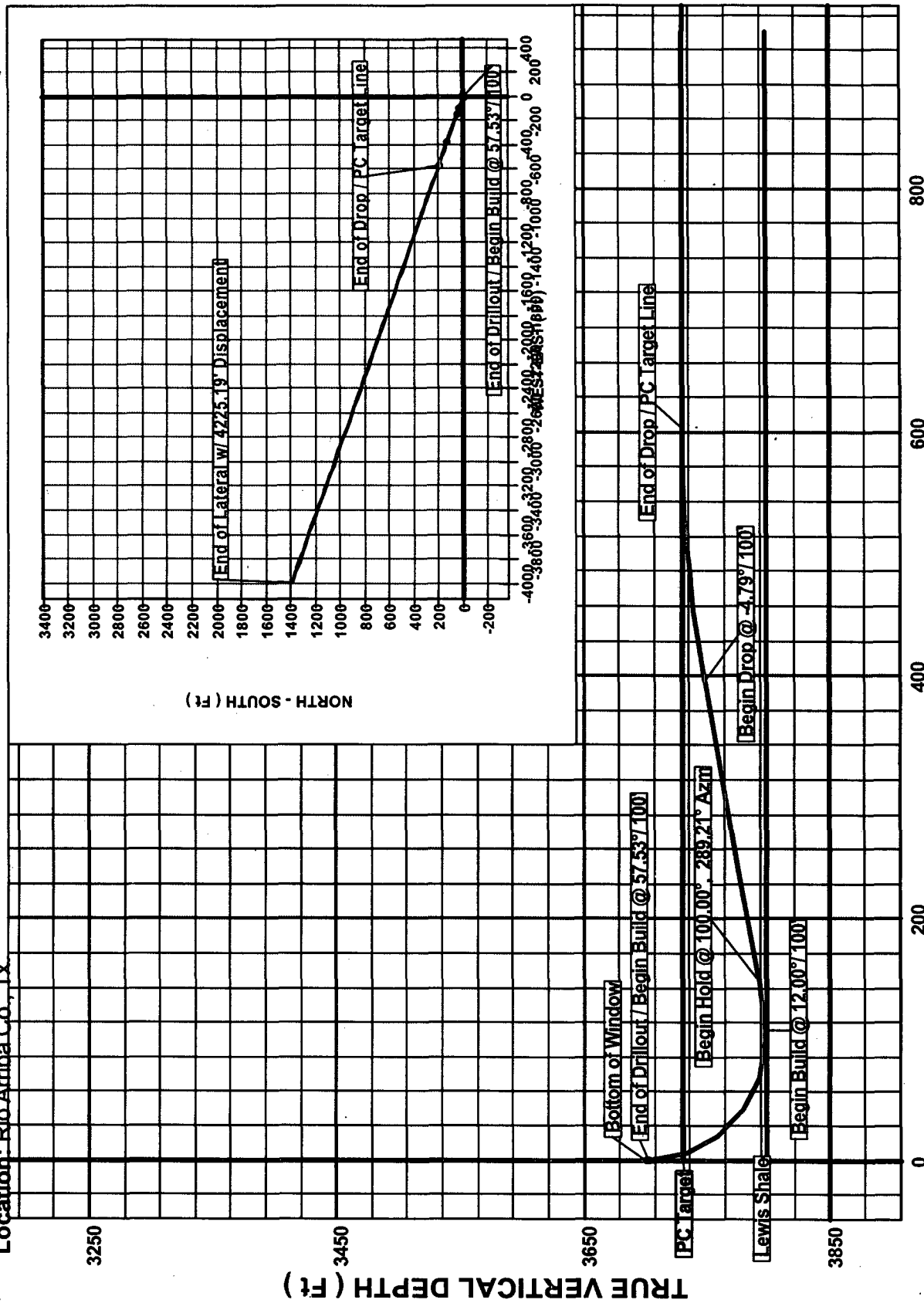
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Completion:	113 Jts 2-3/8" Tbg 3677.88
	SN 1.10 3678.98
	Perforated sub 1.10 3680.08
	1 Jt 2-3/8" Tbg w/WL re-entry guide 33.30 3713.38

Job Number: 204-xxx  
 Company: Black Hills E & P / Mallon Oil  
 Lease/Well: Jicarilla 29-03-11 # 2  
 Location: Rio Arriba Co., Tx



○ Plan 1   △ PC Target   ▽ Lewis Shale

**VERTICAL SECTION (Ft) @ 289.21°**

# 2-M SYSTEM

MALLON OIL COMPANY

ANNULAR PREVENTOR MAY BE SUBSTITUTED FOR DOUBLE GATE PREVENTORS  
BOP PRESSURE TEST TO 1,000 PSI

