

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM 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. CONTRACT 458
2. Name of Operator MALLON OIL COMPANY		6. If Indian, Allottee or Tribe Name JICARILLA APACHE
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: 505.382.9100		8. Well Name and No. JIC 458-5 2
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 5 T30N R3W NWSW 1850FSL 790FWL		9. API Well No. 30-039-25781
		10. Field and Pool, or Exploratory EAST 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	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

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.)

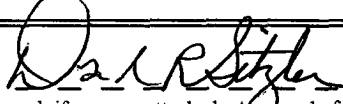
Please find attached in an Adobe File: Revised Drilling Program, BOP Diagram, Horizontal Drilling Plan.

The location was permitted for Mallon Oil Company (Mallon) with an APD submitted to the Bureau of Land Management (BLM) in Rio Puerco, and the New Mexico Oil Conservation Division (NMOCD). The well was originally spud on 03/17/98. Mallon Oil Company proposed to re-enter and horizontally drill this location with a southeast lateral bore. End of lateral bore is anticipated to be 660' FSL 660' FEL of Section 5 T30N 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 #33017 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 07/20/2004 ()	
Name (Printed/Typed) KATHY L. SCHNEEBECK (AGENT)	Title AGENT
Signature (Electronic Submission)	Date 07/19/2004

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By 	Division of Multi-Resources	AUG 19 2004
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.	Title	Date
	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 ****

**BANKO
PETROLEUM
MANAGEMENT INC.**

Via Electronic Submission #33017

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

July 19, 2004

RE: Sundry Notice – **Horizontal Re-entry**
Mallon Oil Company
CONFIDENTIAL
Jicarilla 458-5 2
API #30-039-25781
Surface: 1,850' FSL 790' FWL (NW/4 SW/4)
End of Horizontal Hole: 660' FSL 660' FEL (SE/4 SE/4)
Sec. 5 T30N R3W
Rio Arriba County, New Mexico
Lease: Contract 458

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:agc
Enclosures

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

DISTRICT II
P.O. Drawer DD, Artesia, N.M. 88211-0710

DISTRICT III
1000 Rio Bravo Rd., Artesia, N.M. 87410

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

Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, NM 87504-2088

Revised February 21, 19

Instructions on be
Submit to Appropriate District Off
State Lease - 4 Cop
Fee Lease - 3 Cop

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-039-25781		*Pool Code 96822	*Pool Name Cabresto Canyon; San Jose Ext.
*Property Code	*Property Name JICARILLA 458-5		*Well Number 2
*GRID No. 013925	*Operator Name MALLON OIL CO.		*Elevation 7147'

10 Surface Location

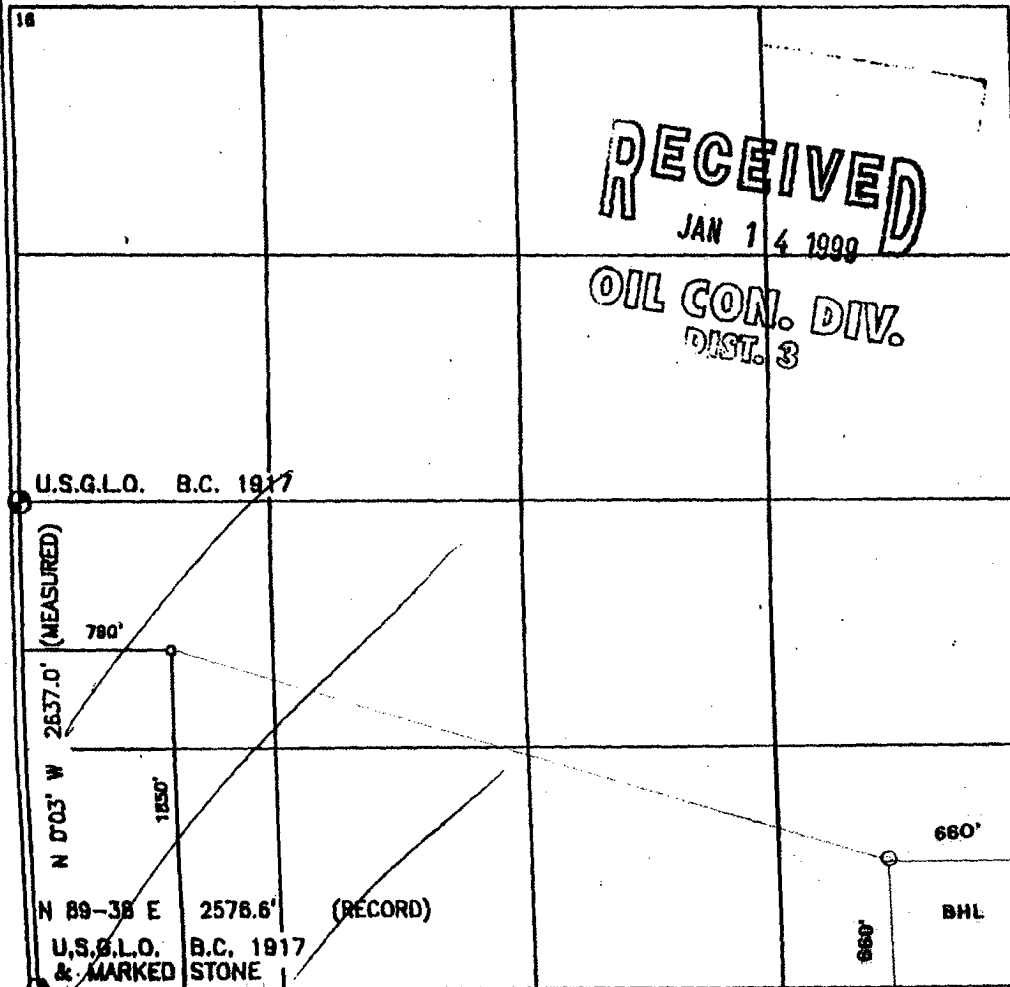

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	5	30-N	3-W		1850	SOUTH	790	WEST	RIO ARRIBA

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	*John or Infill	*Consolidation Code	*Order No.
180/54.58			

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

<div>16</div> <div></div>	<div>17 OPERATOR CERTIFICATION</div> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><u>Christy Serrano</u> Signature Christy Serrano Printed Name Production Secretary Title January 13, 1999 Date</p>
	<div>18 SURVEYOR CERTIFICATION</div> <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>12-1994 Date of Survey Signature and Seal of Registered Professional Land Surveyor  Certificate Number</p>

Mallon Oil Company
Jicarilla 458-5 2
API #30-039-25781
Surface: 1,850' FSL 790' FWL (NW/4 SW/4)
End of Horizontal Hole: 660' FSL 660' FEL (SE/4 SE/4)
Sec. 5 T30N R3W
Rio Arriba County, New Mexico
Lease: Contract 458

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 458-5 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 – around 3/17/98.

GROUND ELEVATION – 7,147' 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	3,729.88' TVD (end of horizontal hole)	4,010' (anticipated horizontal section)
	7,835.87' MD	

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

Tertiary		
Pictured Cliffs	3,772'	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' – 534'	12-1/4"	8-5/8"	K-55 24# ST&C Existing *	To surface (140 sxs Type "III")
0' – 4,039'	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 1998.

** 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) H₂S: Anticipated.
- D) Estimated bottomhole pressure: 1,060 psi

ANTICIPATED START DATE

August 19, 2004

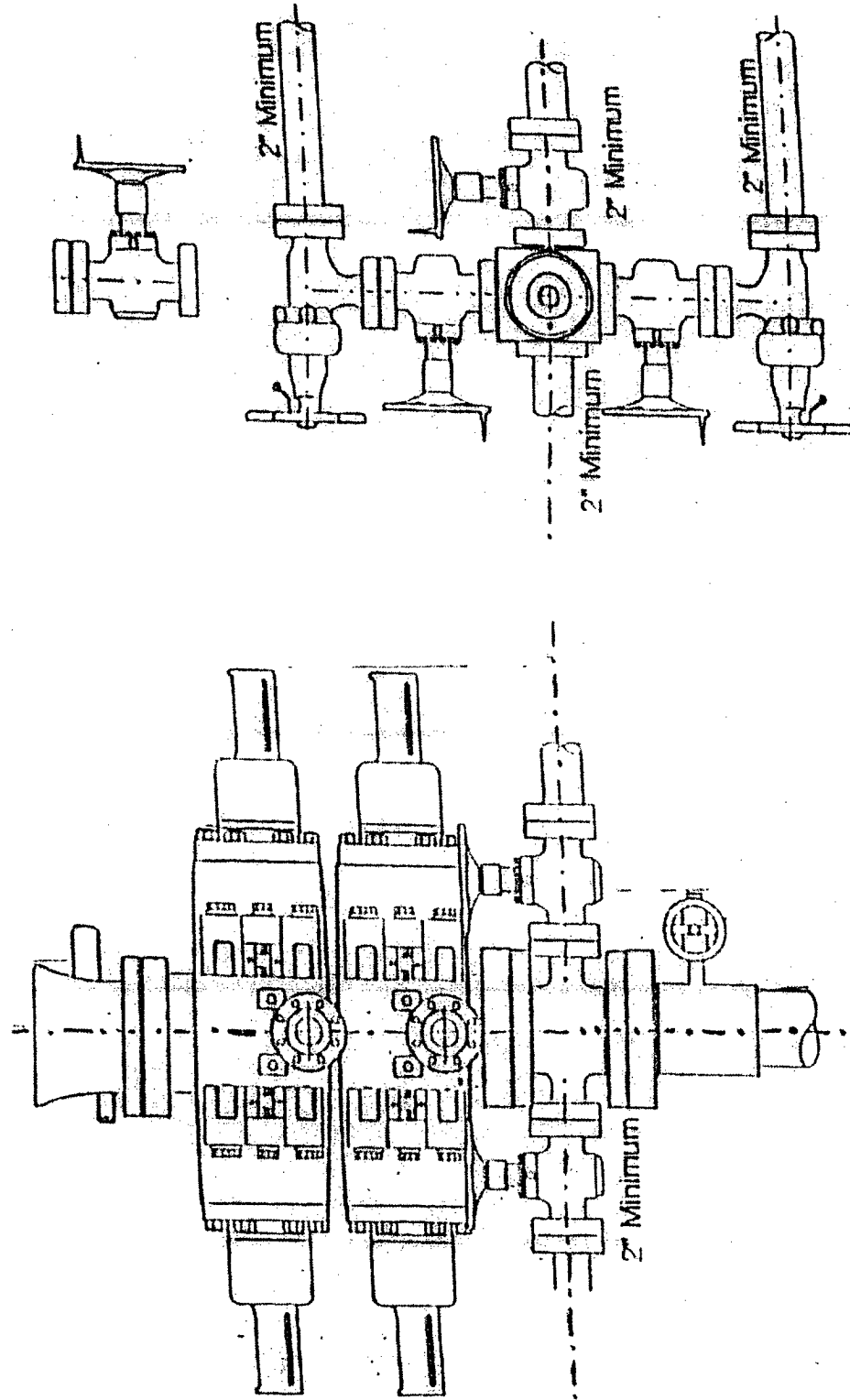
COMPLETION

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.

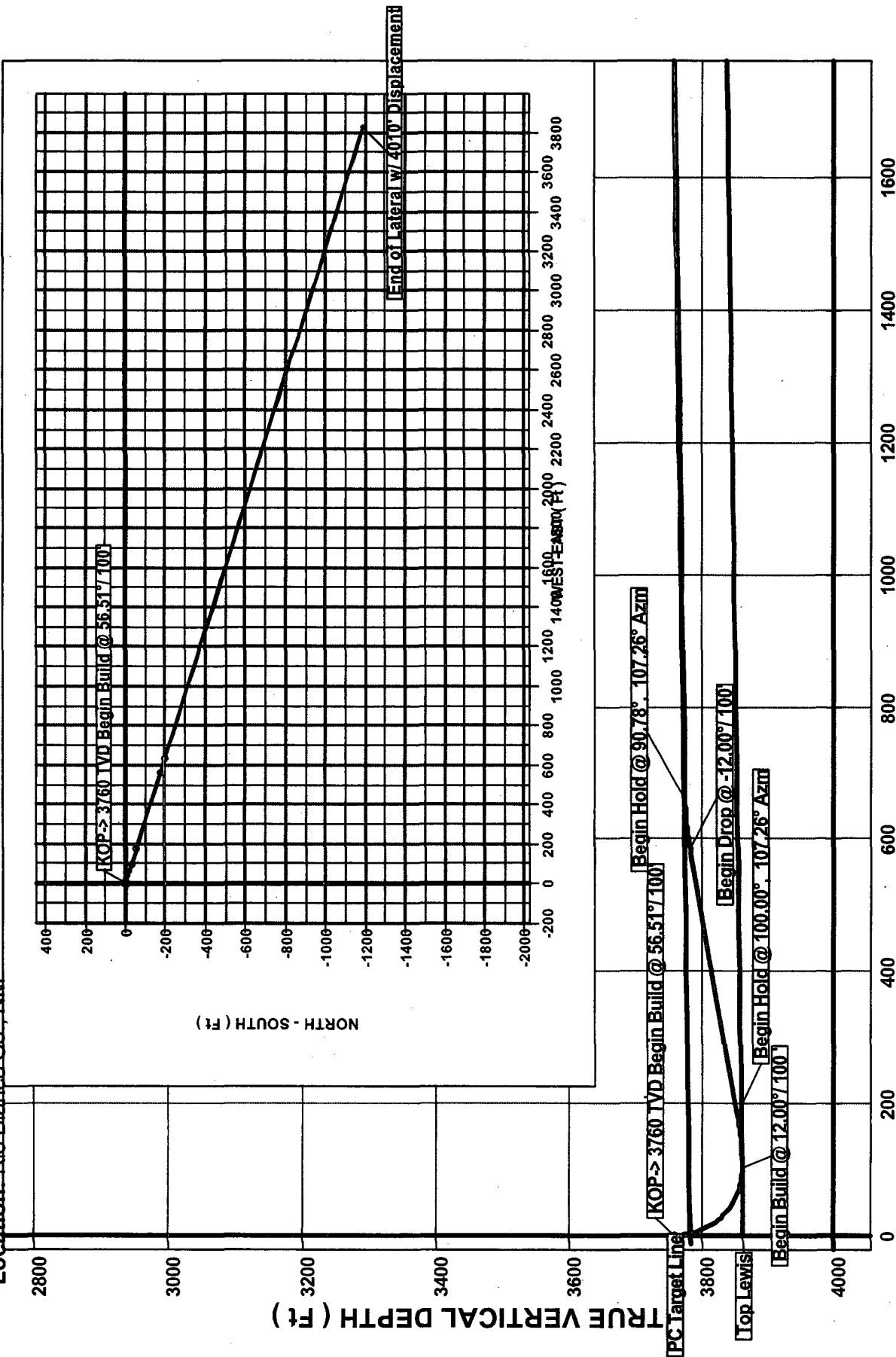
2-M SYSTEM

MALLON OIL COMPANY

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



Job Number: 204-xxx
 Company: BHEP / Mallon Oil
 Lease/Well: Jicarilla 458-5 # 2
 Location: Rio Blanco Co., NM



○ Plan 1 △ PC Target ▽ Top of Lewis
 VERTICAL SECTION (Ft) @ 107.26°