

Form 3160-3
(July 1992)

SUBMIT IN TRIPLICATE

FORM APPROVED

OMB NO. 1004-0136

Expires February 28, 1995

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

(Other instructions on
reverse side)

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

| | | | | | |
|---|-----------------------|---|---------------|--|--|
| 1a. TYPE OF WORK | | Drill <input checked="" type="checkbox"/> Deepen <input type="checkbox"/> | | 6. IF INDIAN, ALLOTTEE OR TRIBE NAME Jicarilla Apache | |
| b. TYPE OF WELL | | Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other <input type="checkbox"/> | | 7. UNIT AGREEMENT NAME N/A | |
| 2. NAME OF OPERATOR Mallon Oil Company | | 3. ADDRESS AND TELEPHONE NO. P.O. Box 2797 Durango, CO 81302 (970) 382-9100 | | 8. FARM OR LEASE NAME, WELL NO. Jicarilla 29-2-20 #2 | |
| 4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface 2337' FSL and 1867' FEL (NW/SE) Unit J | | At proposed prod. zone 2337' FSL and 1867' FEL (NW/SE) Unit J | | 9. API WELL NO. 30-039-2611 | |
| 14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE 56 miles east of Bloomfield, New Mexico | | 15. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. 9303' | | 16. NO. OF ACRES IN LEASE 39,360 | |
| 17. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 4123' | | 18. PROPOSED DEPTH 4500' | | 19. ROTARY OR CABLE TOOLS Rotary | |
| 21. ELEVATIONS (SHOW WHETHER DF, RT, GR, Etc.) 7066 | | 22. APPROX. DATE WORK WILL START 12/21/98 | | 23. PROPOSED CASING AND CEMENTING PROGRAM | |
| SIZE OF HOLE | GRADE, SIZE OF CASING | WEIGHT PER FOOT | SETTING DEPTH | QUANTITY OF CEMENT | |
| 12-1/4" | 8-5/8" | 24# | 500' | Circulate to surface | |
| 7-7/8" | 5-1/2" | 15.5# | 4500' | 570 sks | |


Mallon Oil Company proposes to drill to a depth sufficient to test the Pictured Cliffs formation. If productive, 5-1/2" casing will be cemented at TD. 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:

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.  TITLE: Operations Superintendent DATE 12/14/98
SIGNED: Terry Linderman

(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:

(Original Signed) HECTOR A. VILLALOBOS

APPROVED BY _____ TITLE W.H. Field 11/10/02 DATE 11/10/02

***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.

CONFIDENTIAL

WOLD C10 FOR NSL - (3)

Multi-Point Surface Use and Operation Plan

Attached to Form 3160-3

Mallon Oil Company

Jicarilla 29-2-20 #2

2337' FSL and 1867' FEL, (NW/SE) Unit J

Sec. 20, T29N-R2W

Rio Arriba County, New Mexico

LEASE NUMBER: MDA 701-98-0013

1. Existing roads:

- A. The well site and elevation plat for the proposed well is shown in Exhibit A. It was staked by Daggett Enterprises, Inc., Farmington, NM.
- B. All roads to the location are shown in Exhibit B. The existing roads are illustrated in pink and are adequate for travel during drilling and production operations. Upgrading of the road prior to drilling will be done where necessary as determined during the onsite inspection.
- C. Directions to location: From Bloomfield, New Mexico, travel east on Highway 64 for 56 miles to J5. Turn right and travel approximately 4.8 miles. Turn left and travel approximately 0.5 miles. Turn left to location.
- D. Routine grading and maintenance of existing roads will be conducted as necessary to maintain their condition as long as any operations continue on this lease.

2. Proposed access road:

Exhibit B shows the new access road to be constructed and is illustrated in yellow. The road will be constructed as follows:

- A. The maximum width of the running surface will be 15'. The road will be crowned and ditched. Ditches will be at 3:1 slope and 4 feet wide. The access road will be built up with soil remaining from the cut and fill from construction of the well pad. Water will be diverted where necessary to avoid ponding, prevent erosion, maintain good drainage, and to be consistent with local drainage patterns.
- B. The average grade will be less than 1%.
- C. No turnouts are planned.
- D. No culverts, gates, or fence cuts are necessary.
- E. A low water crossing will be utilized to cross natural drainages.
- F. Surfacing material will consist of native soil. Any additional materials that are required will be purchased from the dirt contractor.
- G. The proposed access road as shown in Exhibit B has been center line flagged by Daggett Enterprises, Inc., Farmington, NM.

DISTRICT II
P.O. Drawer DD, Artesia, N.M. 88211-0719Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 CopiesDISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, NM 87504-2088DISTRICT IV
PO Box 2088, Santa Fe, NM 87504-2088☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | | |
|-----------------------------|---|---------------------|--|
| *API Number 30-039-26110 | | *Pool Code 72400 | *Pool Name East Blanco; Pictured Cliffs EXT |
| *Property Code 54248 | *Property Name JICARILLA TRACT 29-2-20 | | *Well Number 2 |
| *OGRID No. 013925 | *Operator Name MALLON OIL COMPANY | | *Elevation 7066' |

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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|------------|
| J | 20 | 29-N | 2-W | | 2337 | SOUTH | 1867 | 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. |
|--------------------|--------------------|-----------------------|--------------|
| 160 | | | |

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

| | | | | | |
|--|--------------------------------|-------------|-------|----------|---|
| 16 P & C LS# 8894 SET BY DOUBLE APPORTIONMENT | 18 N 85-40-34 W 5295.10' | 20 2337' | 1867' | 5545.00' | 17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief Signature T. G. Lindeman Printed Name Operations Superintendent Title December 14, 1998 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. Date of Survey Signature and Seal of Professional Surveyor 8894 Certificate Number | | | | | |

MARKED STONE & B. T.

ROYA. RUSH
REGISTERED PROFESSIONAL LAND SURVEYOR
NEW MEXICO
1994

MARKED STONE

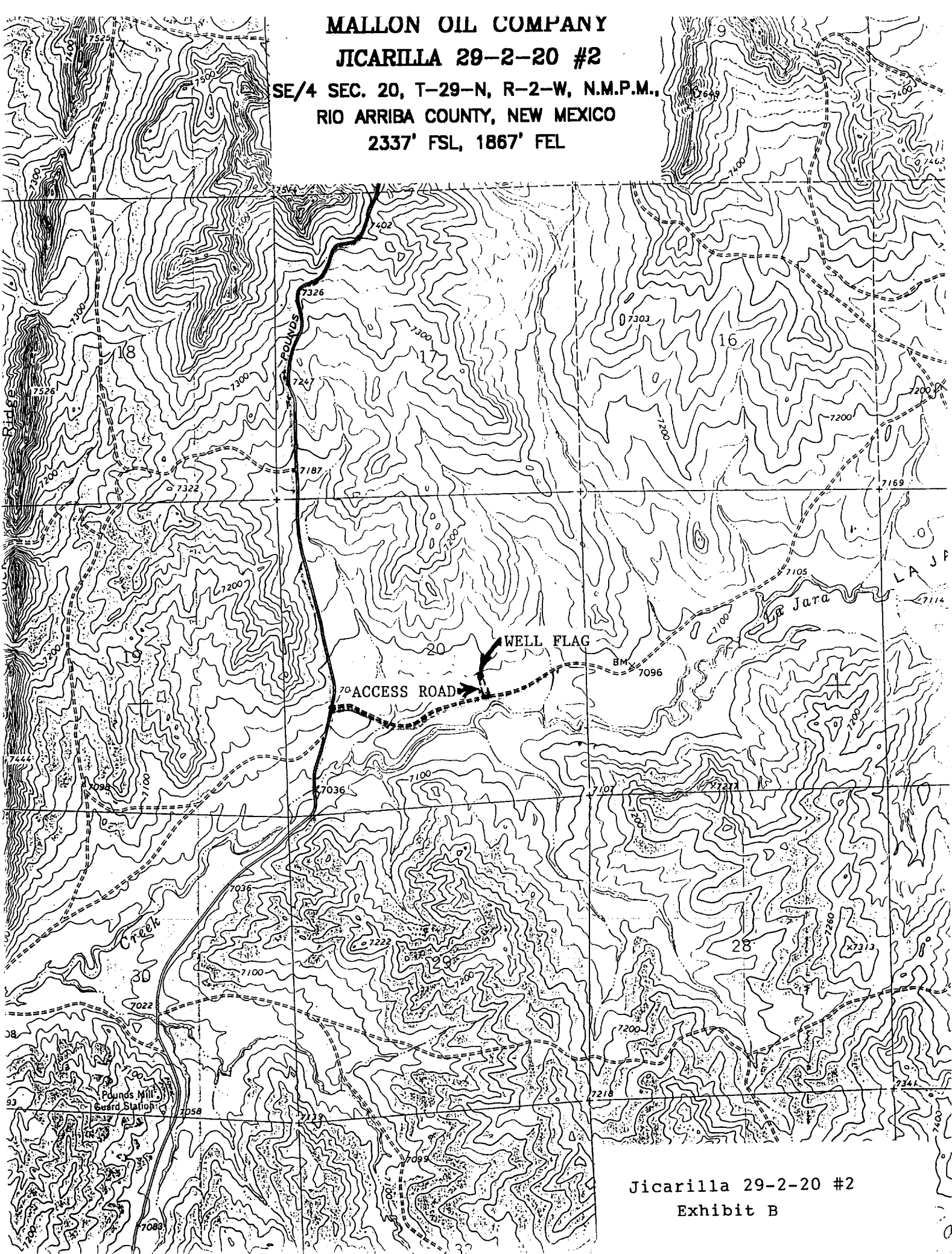
MALLON OIL COMPANY

JICARILLA 29-2-20 #2

SE/4 SEC. 20, T-29-N, R-2-W, N.M.P.M.,

RIO ARriba COUNTY, NEW MEXICO

2337' FSL, 1867' FEL



Jicarilla 29-2-20 #2

Exhibit B