



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

ADMINISTRATIVE ORDER DHC-2771

Mallon Oil Company
P.O. Box 2797
Durango, Colorado 81302

Attention: Mr. Terry G. Lindeman



Jicarilla 30-03-28 No. 2
API No. 30-039-26106
Unit D, Section 28, Township 30 North, Range 3 West, NMPM,
Rio Arriba County, New Mexico.
Undesignated Cabresto Canyon-San Jose (Gas - 96822),
Undesignated Cabresto Canyon-Nacimiento (Gas - 96821),
Cabresto Canyon-Ojo Alamo (Gas - 96538) and
East Blanco-Pictured Cliffs (Gas - 72400) Pools

Dear Mr. Lindeman:

Reference is made to your recent application for an exception to Rule 303.A. of the Division Rules and Regulations to permit the above described well to commingle production from the subject pools in the wellbore.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of Rule 303.C., and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and any Division Order which authorized the dual completion and required separation of the zones is hereby placed in abeyance.

The maximum amount of gas which may be produced daily from the well shall be determined by Division Rules and Regulations or by the gas allowable for each respective prorated pool as printed in the Division's San Juan Basin Gas Proration Schedule.

Assignment of allowable to the well and allocation of production from the well shall be on the following basis:

Undesignated Cabresto Canyon-San Jose Gas Pool	Oil-N/A	Gas-38.5%
Undesignated Cabresto Canyon-Nacimiento Gas Pool	Oil-N/A	Gas-0%
Cabresto Canyon-Ojo Alamo Gas Pool	Oil-N/A	Gas-41.6%
East Blanco-Pictured Cliffs Gas Pool	Oil-N/A	Gas-19.9%

REMARKS: The operator shall notify the Aztec District Office of the Division upon implementation of the commingling process.

Within six months from the date of this order, the applicant shall perform a production test on the well in order to determine whether the Nacimiento formation in the well is producing. Should it be determined by this production test that this formation is non-productive, the applicant may be required to permanently abandon the Nacimiento perforations in the well. The applicant shall provide the results of the production test to the Aztec District Office of the Division upon completion.

Pursuant to Rule 303.H., the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.

Approved at Santa Fe, New Mexico on this 30th day of June, 2000.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



LORI WROTENBERY
Director

S E A L

LW/DRC

cc: Oil Conservation Division - Aztec /
Bureau of Land Management-Farmington