



NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505  
(505) 827-7131

March 23, 1998

Mallon Oil Company  
P. O. Box 3256  
Carlsbad, New Mexico 88220  
Attention: Terry Lindeman

*Administrative Order NSL-3981*

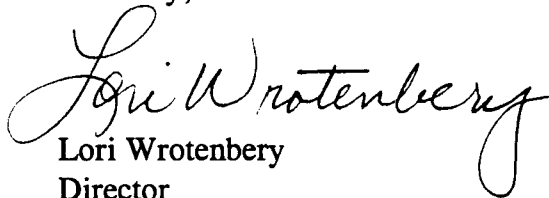
Dear Mr. Lindeman:

Reference is made to your application dated February 27, 1998 for a non-standard Pictured Cliffs gas well location for your proposed Jicarilla 460-16 Well No. 1 (API No. 30-039-25760) to be drilled 1850 feet from the North line and 690 feet from the West line (Unit E) of Section 16, Township 30 North, Range 3 West, NMPM, Rio Arriba County, New Mexico. The NW/4 of said Section 16 is to be dedicated to said well in order to form a standard 160-acre gas spacing and proration unit for the East Blanco-Pictured Cliffs Pool.

The application has been duly filed under the provisions of Rule 104.F of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division").

By the authority granted me under the provisions of Division General Rule 104.F(2), the above-described unorthodox gas well location is hereby approved.

Sincerely,

  
Lori Wrotenberg  
Director

LW/MES/kv

cc: Oil Conservation Division - Aztec  
U. S. Bureau of Land Management - Farmington