



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

February 4, 1999

Mallon Oil Company
P. O. Box 2797
Durango, Colorado 81302
Attention: Christy Serrano

Telefax No. (970) 382-7650

Administrative Order NSL-4201

Dear Ms. Serrano:

Reference is made to the following: (i) your application dated January 18, 1999; and (ii) the records of the New Mexico Oil Conservation Division in Santa Fe ("Division"): all concerning Mallon Oil Company's request for a non-standard gas well location within the San Jose formation for the existing Jicarilla 460-16 "SJ" Well No. 1 (API No. 30-039-25942), which was drilled in September, 1998 at a point 1940 feet from the North line and 734 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 Section 16 is to be dedicated to the well in order to form a standard 160-acre gas spacing and proration unit.

The application has been duly filed under the provisions of Division Rule 104.F.

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 Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Albuquerque