



NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

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

March 26, 1999

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

Telefax No. (970) 382-7650

*Administrative Order NSL-4244*

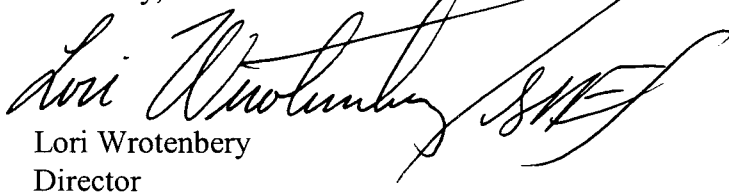
Dear Ms. Serrano:

Reference is made to the following: (i) your application dated March 25, 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 459-20 "SJ" Well No. 12 (API No. 30-039-25941), which was drilled in September, 1998 at a point 849 feet from the South line and 1888 feet from the East line (Unit O) of Section 20, Township 30 North, Range 3 West, NMPM, Rio Arriba County, New Mexico. The SE/4 of Section 20 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