

Mallon Oil Company

Denver/Colorado ♦ Durango/Colorado ♦ Carlsbad/New Mexico

April 21, 1999

Philip G. Lux
54369 Susquehanna Court
Elkhart, IN 46516

Dear Philip G. Lux:

Mallon Oil Company is currently working with the New Mexico Oil Conservation Division to establish a Non-Standard Location Blanket for the following:

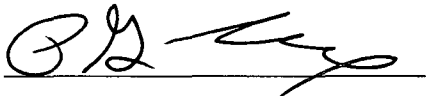
IMDA # 701-98-0013
IMDA # 701-90-0002
Jicarilla Contract 451
Jicarilla Contract 452
Jicarilla Contract 457
Jicarilla Contract 458
Jicarilla Contract 459
Jicarilla Contract 460
Jicarilla Contract 461
Jicarilla Contract 462
Jicarilla Contract 464

The ultimate goal of NSL Blanket is to develop the land in an orderly fashion and maintain steady production, and also prevent unnecessary waste, while protecting the correlative rights of all parties involved.

Under this agreement the well shall be staked no closer than 790' from outer boundary line of the acreage involved (Figure A) and no closer than 10' to each $\frac{1}{4}$ $\frac{1}{4}$ line (Figure B). Each developmental well of a defined pool must be located on an 160 acre spacing. This agreement will allow Mallon Oil Company to increase vertical limits from surface to the Mesa Verde formation and accommodate all agencies with surface concern.

Please review the above information, sign on the space provided below and return to me at P.O. Box 2797 Durango, CO 81302. Should you have any questions please contact me at 970-382-9100 or via e-mail cserrano@frontier.net. Thank you for your assistance.

I have read the above and understand the contents of the information provided.


Signature

P. G. LUX
Printed Name

5/17/99
Date

Sincerely



Christy Serrano
Production Clerk

Please place this letter under Exhibit F. In the Mallon Oil NSL Blanket Proposal Document.

Thank You
Christy Serrano

- Jicarilla Apache Tribe

- Resolution
No. 98-R-236-05

- Exhibit E

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THE JICARILLA APACHE TRIBE

P.O. BOX 507 • DULCE, NEW MEXICO 87528

(505) 759-3242

RESOLUTION OF THE TRIBAL COUNCIL

OIL AND GAS ADMINISTRATION

RE: MALLON OIL COMPANY - MINERAL DEVELOPMENT AGREEMENT

RESOLUTION NO. 98-R-236-05

WHEREAS, the Tribal Council is the governing body of the Jicarilla Apache Tribe and is vested by the Revised Constitution with the authority to control the development of the oil and gas resources of the Reservation; and

WHEREAS, the Indian Mineral Development Act of 1982 authorizes the Jicarilla Apache Tribe, with the approval of the Secretary of Interior, to enter into negotiated agreements for the development of oil and gas resources of the Tribe held in trust by the United States; and

WHEREAS, the Oil and Gas Administration of the Tribe has negotiated a Minerals Development Agreement with Mallon Oil Company for the exploration and development of oil and gas on Reservation lands not now subject to any oil and gas lease or other development agreement; and

WHEREAS, the Tribal Council has reviewed the negotiated agreement, a copy of which is attached to this resolution, and has determined that the agreement complies with applicable Tribal laws and policies and is in the best interests of the Tribe.

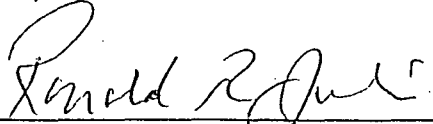
NOW, THEREFORE BE IT RESOLVED, by the Tribal Council of the Jicarilla Apache Tribe that the attached Minerals Development Agreement with Mallon Oil Company is hereby approved by the Tribe, subject to review and approval by the Secretary of the Interior as provided by the Indian Mineral Development Act of 1982.



PAGE 2

OIL AND GAS ADMINISTRATION

RE: MALLON OIL COMPANY - MINERALS DEVELOPMENT AGREEMENT
RESOLUTION NO. 98-R-236-05 DATED MAY 7, 1998



ACTING TRIBAL PRESIDENT

CERTIFICATION

The forgoing resolution was enacted by the Tribal Council of the Jicarilla Apache Tribe on the *7th day of May, 1998 by a vote of 7 for, 0 against and 0 abstaining*, at a duly called meeting at which a quorum of the Tribal Council member was present.

ATTEST:



TRIBAL SECRETARY