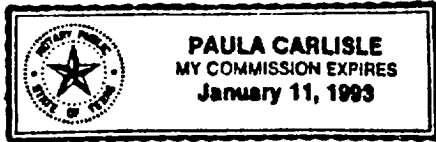


STATE OF TEXAS    }  
                             }  
COUNTY OF COLLIN }

The attached instrument was acknowledged before me on the  
\_\_\_\_ *8<sup>th</sup>* \_\_\_\_ day of \_\_\_\_ *Feb* \_\_\_\_, 1989 by James L. Brazeal as  
President of BRAZEAL, INC. - d/b/a CAPSTAR DRILLING.



\_\_\_\_\_  
Paula Carlisle - Notary Public

My commission expires:  
January 11, 1993

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPlicate  
(Other instructions on reverse side)

Form approved.  
Budget Bureau No. 1004-0135  
Expires August 31, 1985

5. LEASE DESIGNATION AND SERIAL NO.  
NM-38636

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME

Amoco-Red Bluff-Federal

9. WELL NO.

#1

10. FIELD AND POOL, OR WILDCAT

Brushy Draw, Delaware

11. SEC., T., R., M., OR B.L. AND  
SURVEY OR AREA

Sec. 27, T26S, R29E

12. COUNTY OR PARISH

Eddy

13. STATE

New Mexico

SUNDRY NOTICES AND REPORTS ON WELLS

(Do not use this form for proposals to drill or to deepen or plug back to a different reservoir.  
Use "APPLICATION FOR PERMIT—" for such proposals.)

RECEIVED

1.

OIL WELL ☒ GAS WELL ☐ OTHER ☐

2. NAME OF OPERATOR

Mallon Oil Company ✓

MAR 21 '89

3. ADDRESS OF OPERATOR

1099 18th Street, Suite 2750, Denver, CO 80202

O. C. D.

ARTESIA OFFICE

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.\*

See also space 17 below.)

At surface

2281' FSL, 990' FWL (NE NW SW)

14. PERMIT NO.

15. ELEVATIONS (Show whether DF, ST, GR, etc.)

2881.4' GL

16. Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

TEST WATER SHUT-OFF

FRACTURE TREAT

SHOOT OR ACIDIZE

REPAIR WELL

(Other)

PULL OR ALTER CASING

MULTIPLE COMPLETE

ABANDON\*

CHANGE PLANS

SUBSEQUENT REPORT OF:

WATER SHUT-OFF

FRACTURE TREATMENT

SHOOTING OR ACIDIZING

(Other) see attached

REPAIRING WELL

ALTERING CASING

ABANDONMENT\*

(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)\*

Please see attached daily reports

18. I hereby certify that the foregoing is true and correct

SIGNED

TITLE Production Assistant

DATE

02-20-88

(This space for Federal or State office use)

(ORIG. SGD.) DAVID R. GLASS

APPROVED BY

TITLE

DATE

CONDITIONS OF APPROVAL IN 1989

CAS, ALAB, NEW MEXICO

\*See Instructions on Reverse Side

RECEIVED  
FEB 23 9 03 AM '89  
CARLISLE  
AREA

# MALLON OIL COMPANY

1099 18th Street, Suite 2750, Denver, Colorado 80202  
(303) 293-2333

AMOCO-RED BLUFF FEDERAL #1  
Section 27: NW/4 SW/4  
T26S, R29E  
Eddy County, New Mexico

- 01-18-89 Spud well 1-17-89 6:45 p.m. - Lost circulation at 92-100', regained with LCM sweep, lost circulation at 103' and dry drilled to 430'. Daily cost: \$5,023.00 - Cum cost: \$5,023.00.
- 01-19-89 TOOH with collars and bit #1 (12 1/4"), TIH with 8 5/8" Texas Pattern Guide Shoe, 10 jts 8 5/8", 24#/ft., J-55 New (Newport) csg (420.65'). Thread locked shoe and btm. 5 joints. Insert float in top of 1st jt., centralizers on top of 1st 3rd 5th and 7th jts.. Circulate on btm for 15 min. with rig pump. Dowell-Schlumberger pumped 300 sx Class "C" + 3% CaCl<sub>2</sub> dropped top wooden plug and displaced to float with 24.1 Bbl fresh water. (Plug down at 09:47 am). Tagged cement with 1" PVC string at 133', pumped 100 sx "C" + 3% CaCl<sub>2</sub> down 1". Waited three hours tagged cement at 96' pumped 130 sx C + 2% CaCl<sub>2</sub>, circulated 25 sx to pit. SI 3:30 p.m. WOC. (BLM rep. on location throughout job.) Nipple up BOP and pressure test. Drill cement and plug out. Drilled to 890' with bit #2 7 7/8" Verel. Daily cost: \$17,334.00 - Cum cost: \$22,367.00. Drilling at 890' - Made 460'. MW-9.9, VIS-29. Survey - 3/4° @ 430'.
- 01-20-89 Drilling at 1430' - Made 540'. MW-9.9, VIS-29. Surveys - 1-3/4° @ 922', 1-3/4° @ 1199'. Daily cost: \$6,346.00 - Cum cost: \$28,713.00.
- 01-21-89 Drilling at 1885' - Made 455'. MW-9.9, VIS-29. Survey 1-1/4° @ 1699'. Daily cost: \$3,671 - Cum cost: \$32,384.00.
- 01-22-89 Drilling at 2592' - Made 707'. MW-10.1, VIS-29. Survey 3/4° @ 2175'. Daily cost: \$6,500.00, Cum cost: \$38,884.00.
- 01-23-89 Drilling at 3153' - Made 561'. MW-10.1, VIS-29. Surveys - 2° @ 2671', 1-3/4° @ 2887'. Daily cost: \$5,074.00 - Cum cost: \$43,958.00.
- 01-24-89 Drilling @ 3738' - Made 585'. MW-10.1, VIS-29. Surveys 1-3/4° @ 3163', 1° @ 3658'. Daily cost: \$4,586.00 - Cum cost: \$48,554.00.

AMOCO-RED BLUFF FEDERAL #1  
Section 27: NW/4 SW/4  
T26S, R29E  
Eddy County, New Mexico

- 01-25-89 Drilling at 4403' - Made 665'. MW-10.1, VIS-29. Survey 1/2° @ 4148'. Daily cost: \$4,356.00 - Cum cost: \$53,087.00.
- 01-26-89 Drilling at 4735' - Made 332'. MW-10.1, VIS-29. Survey 1-1/4° @ 4415'. Daily cost: \$5,006.00 - Cum cost: \$58,086.00.
- 01-27-89 Drilling at 5073' - Made 338'. MW-9.9, VIS-25. Survey 2° @ 4883'. Lost about 250 Bbl mud @ 4864'. Mixed LCM sweep and regained return without mudding up. Cutting produced water drilling fluid to about 9.9 ppg.
- Drilled Williamson Sand break 4876-4960', high background from uphole masking gas shows, good sample shows in lower Williamson. Daily cost: \$2,679.00, Cum cost: \$60,766.00.
- 01-28-89 Drilling at 5473' - Made 400'. MW-10.1, VIS-29. Survey 1-1/4° @ 5375'. Gas kicks causing poor samples. Daily cost: \$4,232 - Cum cost: \$64,998.00.
- 01-29-89 Drilling at 5685' - Made 212'. Circulate and try to stabilize hole. Drilled losing partial returns. Pick up 10 stands - Shut well in waiting on water - Well began kicking closed BOP and circulating through choke. Daily cost: \$3,419.00 - Cum cost: \$68,417.00.
- 01-30-89 Drilling at 5788' - Made 103'. MW-10, VIS-29. Mixing mud to kill well. Regain circulation and drilled with partial returns - Pick up 10 stands while waiting on water - Well began to kick - Close BOP and Hydril bladder leaking. Mix 45 Bbl salt gel pill with LCM - Circulate - Well died temporarily then resumed kicking - Circulation time indicates gas entry at around 3100' (Bell Canyon) probable lost circulation zone at 3850' (CC-5 sand). Daily cost: \$8,104, Cum cost: \$76,521.00.
- 01-31-89 Mix mud and circulate pump - Sweeps of LCM. Well blowing hard. Daily cost: \$4,462.00 - Cum cost: \$80,938.00.
- 02-01-89 Drilling at 5878' - Made 69'. MW-10, VIS-29. Survey - 1° @ 5865'. RU double ram BOP - Circulate gas bubble through choke - Lost circulation zone still taking fluid - Mixing sweeps each three hours. Stabbed Double ram BOP with well kicking, nipped up BOP, closed BOP and circulated gas bubble through choke. Circulation stabilized, resumed drilling at 9:30 p.m. Daily cost: \$4,880.00 - Cum cost: \$85,863.00.

AMOCO-RED BLUFF FEDERAL #1  
Section 27: NW/4 SW/4  
T26S, R29E  
Eddy County, New Mexico

- 02-02-89 Drilling at 6157' - Made 279'. MW-10, VIS-33. Drilling with full returns, slow penetration due to plugged jet. Daily cost: \$5,424.00 - Cum cost: \$91,287.00.
- 02-03-89 Depth 6175' TD. Tripping in hole with 5 1/2" casing - Reached TD @ 6175' at 2:00 p.m. Condition hole for three hours and TOOH. Stuck at 2236' for two hours. Finished TOOH. Ran CNL-FDC & DLL in combo. had some difficulty getting through salts on first trip in. Begin TIH with 5-1/2", 17#/ft. J-55 casing 06:00. Daily cost: \$44,617.00 - Cum cost: \$135,904.00.
- 02-04-89 Casing stuck at 3350' freed by pulling approx 80,000# - TIH stuck at approx. 3850' freed by pulling, 110,000#, stuck several more times before reaching 4889 where casing would not come free with 160,000# pull. Reduced input mud weight to 9.9/gal, pumped 50 Bbl LCM Sweep. Brake mech. broke on rig. LCM sweeps each 2 hours while waiting on parts. Pull casing loose with 160,000# pull, work through area of apparent tight spot in hole. Land casing at 6159'. Daily cost: \$4,100.00 - Cum cost: \$140,004.00.
- 02-05-89 Pumped first stage of cement 310 sx Class "A" Self-Stress bump plug, opened lower stage tool at 4468' and circulate six hours (lost circulation on last 9 Bbl of displacement on stage 1).
- Pumped second stage: 125 sx 35/65 Poz "A" lead - 175 sx 25/75 Poz A Tail - Bumped plug with good returns, open upper DV at 3504' and circulate 6 hours, pump Stage 3: 275 sx 25/75 pozmix A - Good returns throughout - Bumped plug, set casing in slips - Released rig @ 07:00 02-05-89. (All displacement with 10.0# mud). Daily cost: \$16,080.00 - Cum cost: \$156,084.00.