

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/>		5. LEASE ORIGINATOR AND SERIAL NO. NM-38636	
b. TYPE OF WELL OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME	
2. NAME OF OPERATOR Mallon Oil Company		7. UNIT AGREEMENT NAME	
3. ADDRESS OF OPERATOR 1099 18th Street, Suite 2750, Denver, CO 80202		8. FARM OR LEASE NAME Amoco-Red Bluff-Federal	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At wellhead 330' FNL, 1885' FEL (NW 1/4 NE 1/4) At proposed prod. zone 130' (535) 1805 same		9. WELL NO. 3	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 16 Air Miles South-Southeast of Malaga, NM		10. FIELD AND POOL, OR WILDCAT Brushy Draw-Delaware	
16. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 330'		11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Sec. 28, T26S, R29E	
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 1290'		12. COUNTY OR PARISH Eddy	
20. ROTARY OR CABLE TOOLS Rotary		13. STATE NM	
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 2886.7' GL		17. NO. OF ACRES ASSIGNED TO THIS WELL 40	
22. APPROX. DATE WORK WILL START* 8-15-89			

23. PROPOSED CASING AND CEMENTING PROGRAM				
SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12 1/4"	8 5/8"	24#/Ft	400'	Sufficient to Circulate
7 7/8"	5 1/2"	15.5#/Ft	5200'	500 sx

After setting production casing, pay zone will be perforated and stimulated as necessary.

See attached for: Supplemental Drilling Data
BOP Sketch
Surface Use and Operations Plan

APPROVAL SUBJECT TO
SPECIAL REQUIREMENTS AND
SPECIAL SPECIFICATIONS
ATTACHED

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED Joe H. Cox, Jr. TITLE Production Manager DATE 7/06/89
(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____
APPROVED BY Carl S. Hildebrand TITLE AREA MANAGER DATE 11-22-89
CONDITIONS OF APPROVAL, IF ANY:

NSL-2716

*See Instructions On Reverse Side

Submit to Appropriate
District Office
State Lease - 4 copies
Fee Lease - 3 copies

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised 1-1-89

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

DISTRICT I

P.O. Box 1980, Hobbs, NM 88240

DISTRICT II

P.O. Drawer DD, Artesia, NM 88210

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

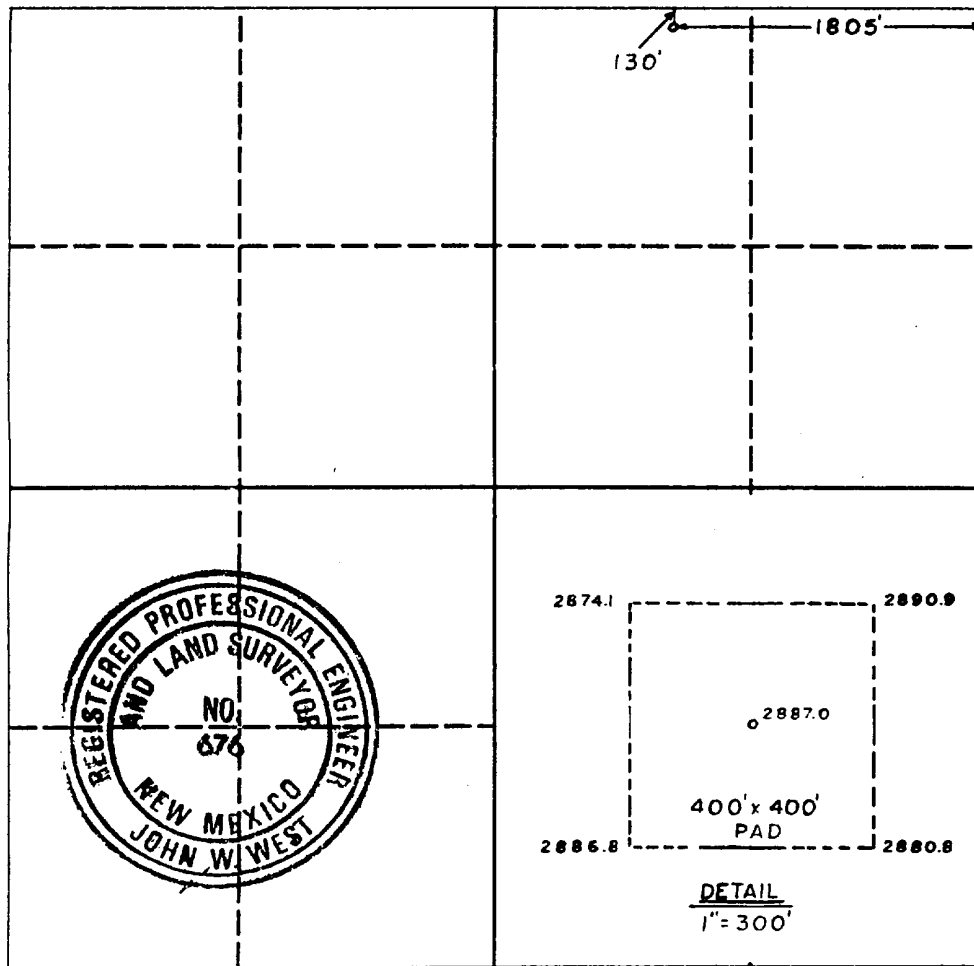
All Distances must be from the outer boundaries of the section

Operator MALLON OIL COMPANY			Lease Amoco-Red Bluff Federal		Well No. 3
Unit Letter B	Section 28	Township 26 South	Range 29 East	County Eddy	

Actual Footage Location of Well:

130 feet from the North line and 1805 feet from the East line		
Ground level Elev. 2887.0	Producing Formation Delaware (SS)	Pool Brushy Draw
		Dedicated Acreage: 40 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?
☐ Yes ☐ No If answer is "yes" type of consolidation _____
If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary). _____
No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature

Printed Name

Position

Company

Date

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed

Signature & Seal of Professional Surveyor

Certificate No. JOHN W. WEST, 676
RONALD J. EIDSON, 3239

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPPLICATE*
(Other instructions on re-
verse side)

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

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.)

1. <input checked="" type="checkbox"/> OIL WELL <input type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER		5. LEASE DESIGNATION AND SERIAL NO. NM- 38636
2. NAME OF OPERATOR Mallon Oil Company		6. IF INDIAN, ALLOTTEE OR TRIBE NAME
3. ADDRESS OF OPERATOR 1099 18th St. Suite 2750 Denver, CO 80202		7. UNIT AGREEMENT NAME
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.* See also space 17 below.) At surface 130' FNL, 1805' FEL		8. FARM OR LEASE NAME Amoco-Red Bluff-Federal
14. PERMIT NO.		9. WELL NO. 3
15. ELEVATIONS (Show whether DF, RT, OS, etc.) 2887' GL		10. FIELD AND POOL, OR WILDCAT Brushy Draw-Delaware
		11. SEC., T., R., M., OR BLM. AND SURVEY OR AREA Sec. 28, T26S, R29E
		12. COUNTY OR PARISH Eddy
		13. STATE New Mexico

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

NOTICE OF INTENTION TO:

SUBSEQUENT REPORT OF:

TEST WATER SHUT-OFF
FRACTURE TREAT
SHOOT OR ACIDIZE
REPAIR WELL
(Other)

<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>

PULL OR ALTER CASING
MULTIPLE COMPLETION
ABANDON*
CHANGE PLANS

<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input checked="" type="checkbox"/>
<input type="checkbox"/>

WATER SHUT-OFF
FRACTURE TREATMENT
SHOOTING OR ACIDIZING
(Other)

<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>

REPAIRING WELL
ALTERING CASING
ABANDONMENT*

<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>

(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.)*

In order to avoid an archeological find on the previously proposed site for the above well Mallon has applied for and received state approval for the above unorthodox location. The attached plat and location will replace the location previously proposed in the APD, 1/4 1/4 section location of the well remains the same.

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

SIGNED

[Signature]

TITLE

Production Manager

DATE

11-16-89

(This space for Federal or State office use)

APPROVED BY

TITLE

DATE

CONDITIONS OF APPROVAL, IF ANY:

*See Instructions on Reverse Side

RECEIVED
NOV 20 11 00 AM '89
OCEANOGRAPHY
NOV 20 11 00 AM '89

SUPPLEMENTAL DRILLING DATA

MALLON OIL COMPANY
WELL NO. 3 AMOCO-RED BLUFF-FEDERAL

1. SURFACE FORMATION: Quaternary.

2. ESTIMATED TOPS OF GEOLOGIC MARKERS:

Rustler Anhydrite	300'
Delaware	2870'
Bell Canyon	2900'
Cherry Canyon	3700'
Brushy Canyon	5150'

3. ANTICIPATED POSSIBLE HYDROCARBON BEARING ZONES:

Cherry Canyon	Oil
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4. PROPOSED CASING AND CEMENTING PROGRAM:

CASING SIZE	SETTING DEPTH		WEIGHT	GRADE	JOINT
	FROM	TO			
8-5/8"	0	400'	24#	K-55	STC
5-1/2"	0	5200'	15.50#	J-55	STC

8-5/8" casing will be cemented with approximately 250 sacks of Class "C" cement. Cement to circulate.

5-1/2" casing will be cemented with approximately ~~300~~ ⁵⁰⁰ ~~500~~ sacks of cement.

Equivalent or adequate grades and weights of casing may be substituted at time casing is run, depending on availability.

5. PRESSURE CONTROL EQUIPMENT:

A 3000 psi working pressure, double ram type preventer will be in use while drilling below the surface casing.

A BOP sketch is attached.

6. CIRCULATING MEDIUM:

Surface to 400 feet: Fresh water with gel or lime as needed for viscosity control.

400 feet to Total Depth: Cut brine conditioned as necessary for control of viscosity, pH, and water-loss. Weighted as necessary for well control.

7. AUXILIARY EQUIPMENT:

Drill string safety valves will be maintained on the rig floor while drilling operations are in progress.

8. TESTING, LOGGING, AND CORING PROGRAMS:

Drill stem tests will be made when samples, drilling time, and other data indicate a test is warranted.

It is planned that electric logs will include DIL-GR, GR-CNL-FDC logs.

No coring is planned.

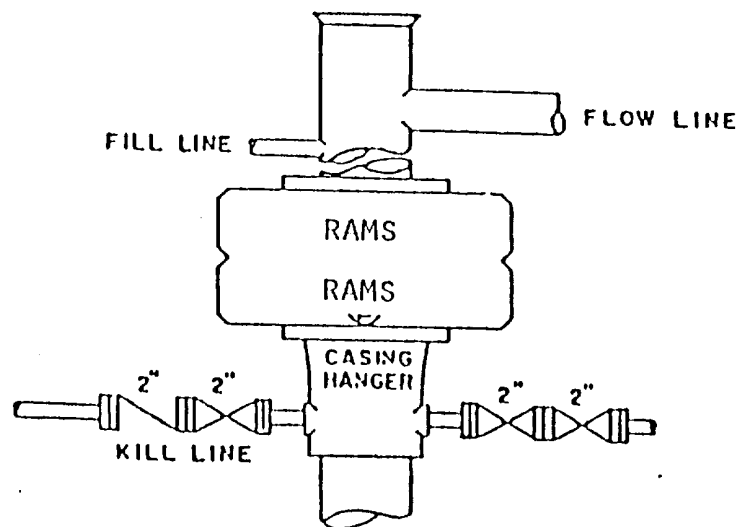
9. ABNORMAL PRESSURES , TEMPERATURES, OR HYDROGEN SULFIDE GAS:

No abnormal pressures or temperatures are anticipated.

No hydrogen sulfide is anticipated.

10. ANTICIPATED STARTING DATE:

It is planned that work will commence upon approval of this application, with drilling and completion operations lasting about 30 days.



BOP STACK

3000 PSI WORKING PRESSURE

BOP ARRANGEMENT

SURFACE USE AND OPERATIONS PLAN

FOR

MALLON OIL COMPANY
WELL NO. 3 AMOCO-RED BLUFF-FEDERAL
330' FNL & 1885' FEL SEC. 28, T.26S., R.29E.
EDDY COUNTY, NEW MEXICO

LOCATED: 16 air miles south-southeast of Malaga, New Mexico.

FEDERAL LEASE NUMBER: NM-38636.

LEASE ISSUED: February 1, 1980, for 10 years.

RECORD LESSEE: Amoco.

ACRES IN LEASE: 1318.02.

SURFACE OWNERSHIP: Federal.

POOL: Brushy Draw Delaware Undesignated.

POOL RULES: Statewide. 40 acre spacing for oil.

EXHIBITS: A. Road Map

B. Plat Showing Existing Wells and Existing Roads

C. Drilling Rig Layout

D. Topo Plat

1. EXISTING ROADS:

A. Exhibit "A" is a portion of a road map showing the location of the proposed well as staked. The well site can be reached from the west or from the east. Point "A" on the plat is on US 285 between mileposts 3 and 4, approximately 13 miles south of Malaga, New Mexico, where a paved road goes east. To go to the proposed well site from this point, exit US 285 to the east onto the paved road and go 4.2 miles, crossing the Pecos River at 3.7 miles, to where a good caliche road goes south. Turn south (on Eddy County 725) and go 3.1 miles to where a caliche road goes westerly. Turn west and go westerly and southeasterly (also see Exhibits "B" and "D") 1.1 miles. Turn west through gate and proceed approximately 200' to well site.

Point "B" is on the El Paso pipeline road approximately 14 road miles north and west of the proposed wellsite. Point "B" can be reached by turning south off of New Mexico Highway 128 at milepost 22.5 which is approximately 32 miles west of Jal, New Mexico, and proceeding southward along a paved road toward Orla, Texas. At a point 10.3 miles from Highway 128, turn west on the El Paso pipeline road and proceed about 6.8 miles to Point "B". From that point continue westward approximately 9.75 miles to county road 725A (a total of 16.5 miles along the pipeline road). Turn south on Highway 725A and proceed south and southwesterly about 4.4 miles as shown on Exhibits "A", "B" and "D".

B. Exhibit "B" is a plat showing existing pertinent roads in the vicinity of the proposed well site. Existing roads are color coded.

2. PLANNED ACCESS ROAD:

A. The existing road, as shown on Exhibit "B", will be used for access.

3. LOCATION OF EXISTING WELLS:

A. Existing wells in the immediate area of the proposed well site are shown on Exhibit "B".

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

A. This well will produce into the existing tank battery at the Amoco-Red Bluff-Federal well #1 as shown in Exhibit "B". It is proposed that flow line will parallel the existing roads to that site.

5. LOCATION AND TYPE OF WATER SUPPLY:

A. It is not contemplated that a water well will be drilled. Water necessary for drilling operations will be purchased and trucked to the well site, or will be moved to the well site by temporary pipeline laid on the ground alongside existing roads.

6. SOURCE OF CONSTRUCTION MATERIAL:

A. There should be sufficient material on site to construct the well pad. However, if additional material is needed for construction work, it will be taken from the existing pit on Federal land in the NW/4 NW/4 of Section 24, T.26S., R.29E., Eddy County, New Mexico.

7. METHODS OF HANDLING WASTE DISPOSAL:

A. Drill cuttings will be disposed of in the drilling pits.

B. Drilling fluids will be allowed to evaporate in the drilling pits until they are dry.

C. Water produced during tests will be disposed of in the drilling pits.

D. Oil produced during tests will be stored in test tanks until sold.

E. Trash, waste paper, garbage and junk will be buried in a separate trash pit and covered with a minimum of 24 inches of dirt. All waste materials will be contained to prevent scattering by wind. Location of the trash pit is shown on Exhibit "C".

F. All trash and debris will be buried or removed from the well site within 30 days after completion of drilling and/or completion operations.

8. ANCILLARY FACILITIES:

A. None required.

9. WELL SITE LAYOUT:

A. Exhibit "C" shows the relative location and dimensions of the well pad, mud pits, reserve pit, and trash pit, and the location of the major drilling rig components.

B. The area around the well pad slopes to the west, southwest and southeast. The reserve pit will be built on the north side of the pad. Approximately 6 feet of fill will be required on the southwest side of the pad. A berm will be constructed downslope from the pit of sufficient height to contain reserve pit volume.

C. The pad and pit area is staked and flagged.

10. PLANS FOR RESTORATION OF THE SURFACE:

A. After completion of drilling and/or completion operations, all equipment and other material not needed for operations will be removed from the well site. Pits will be filled and the location will be cleaned of all trash and junk to leave the well site in an as aesthetically pleasing condition as possible.

B. Any unguarded pits containing fluids will be fenced.

C. After abandonment, all equipment, trash, and junk will be removed and the well site will be cleaned. Any special rehabilitation requirements of the surface management agency will be complied with and accomplished as rapidly as possible.

11. OTHER INFORMATION:

A. Topography: The land surface in the area is gently undulating. In the immediate area of the well site, the land surface slopes to the west, southwest and southeast. Regionally, surface drainage in the area is to the west and southwest to the Pecos River.

B. Soil: Top soil in the area is a gravelly loam.

C. Flora and Fauna: The vegetative cover is moderate and includes mesquite, yucca, creosote bush, catclaw, weeds, and range grasses. Wildlife in the area is that typical of semi-arid desert land and includes coyotes, rabbits, rodents, reptiles, dove and quail.

D. Ponds and Streams: The Pecos River is approximately 1000' southwest of the proposed well site. There are no other ponds or streams.

E. Residences and Other Structures: There are no occupied dwellings within a mile of the proposed well site.

F. Archaeological, Historical, and Cultural Sites: None observed in the area. However, an archaeological reconnaissance will be made.

G. Land Use: Oil and gas production, grazing, and wildlife habitat.

H. Surface Ownership: Federal.


12. OPERATOR'S REPRESENTATIVE:

Joe Cox
Mallon Oil Company
1099 18th Street, Suite 2750
Denver, Colorado 80202
Office Phone: 303-293-2333

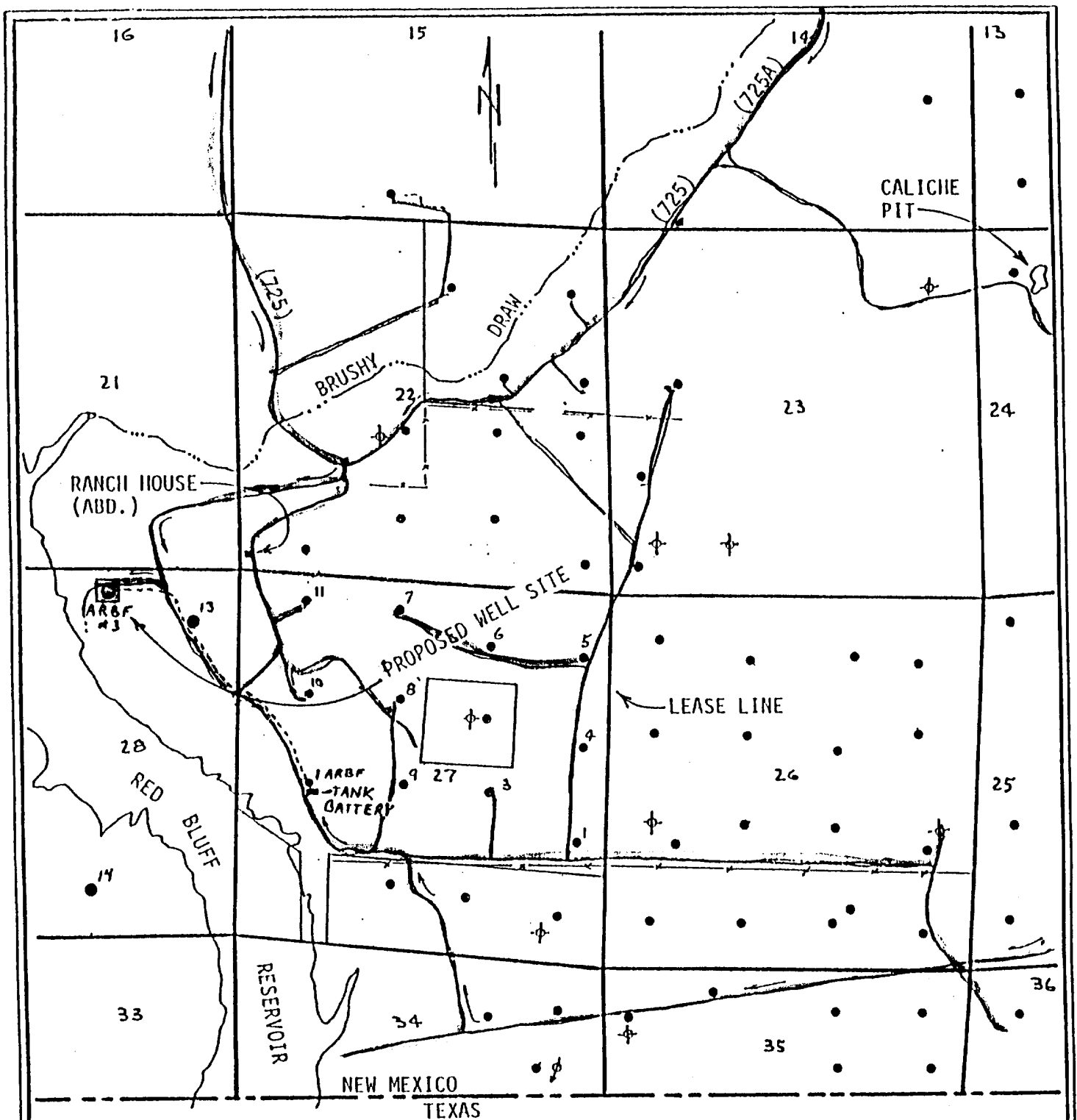
13. CERTIFICATION:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and, that the work associated with the operations proposed herein will be performed by Mallon Oil Company and its contractors and sub-contractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

July 6, 1989
Date: _____



Joe H. Cox, Jr.
Production Manager
MALLON OIL COMPANY



LEGEND:

- Oil Well
- ★ Gas Well
- ⊕ Plugged Well
- Proposed Well
- Existing Road
- Proposed Flow Line

EXHIBIT "B"

Mallon Oil Company
 Well No. 3 Amoco-Red Bluff-Federal
 330' FNL & 1885' FEL, Sec. 28, T26S-R29E
 Eddy County, New Mexico
 Scale 1" = 2000'

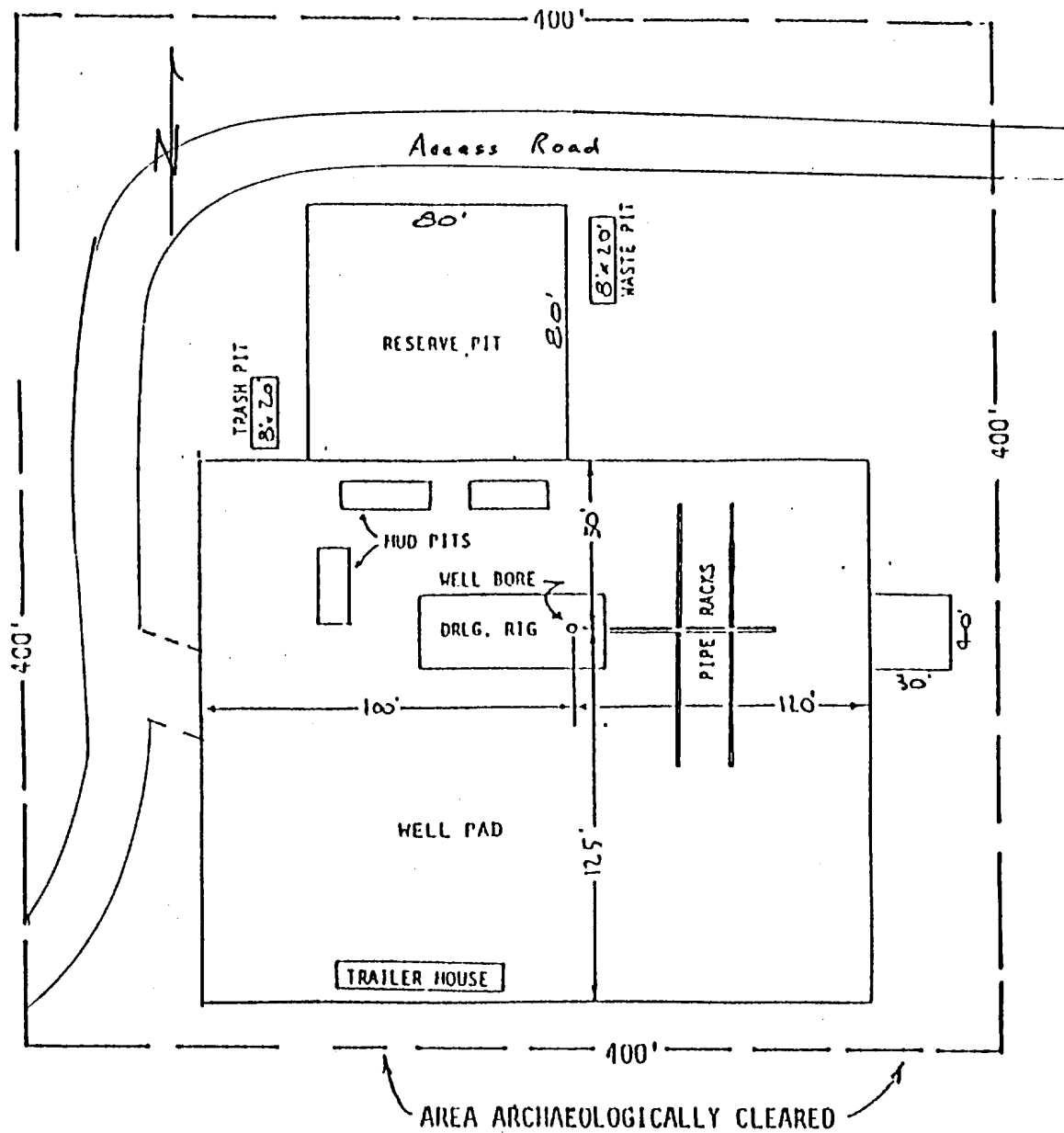
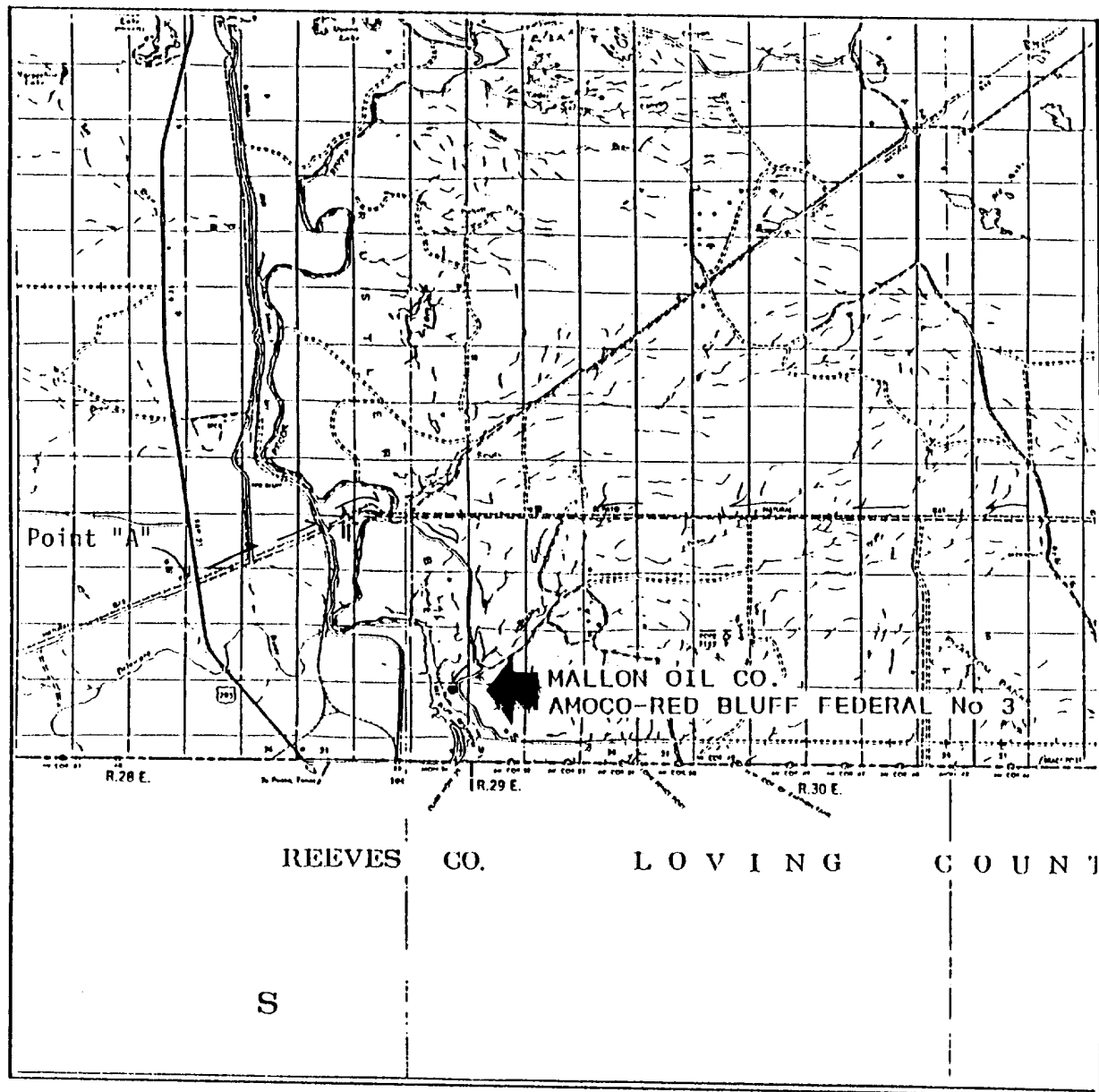


EXHIBIT "C"
 Mallon Oil Company
 Well No. 3 Amoco-Red Bluff-Federal
 330' FNL & 1885' FEL, Sec. 28, T26S-R29E
 Eddy County, New Mexico
 DRILLING RIG LAYOUT
 SCALE: None

VICINITY MAP

Exhibit "A"

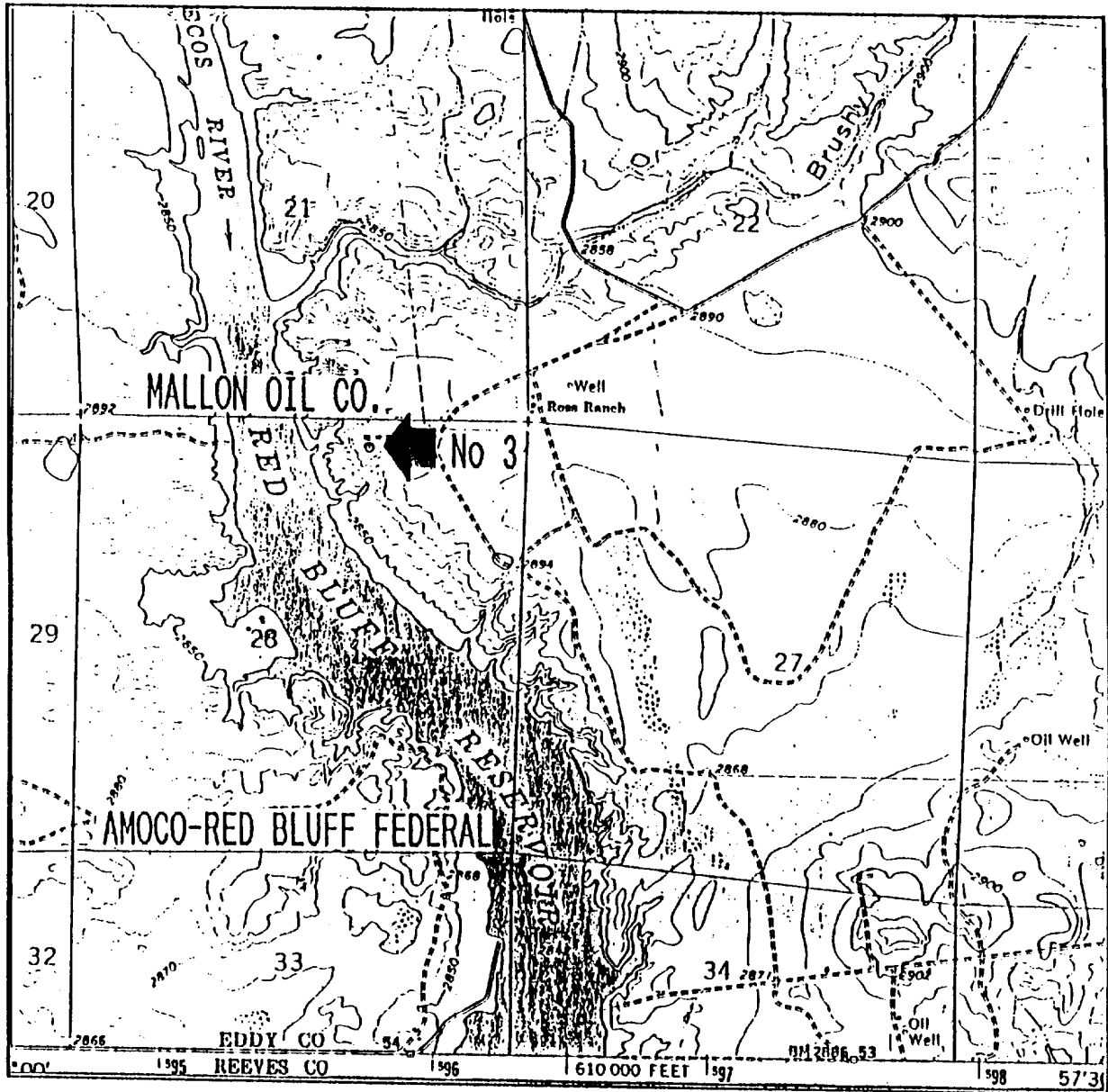


SCALE: 1" = 3 MILES

SEC. 28 TWP. 26S RGE. 29E
SURVEY N.M.P.M.
COUNTY Eddy STATE NM
DESCRIPTION 330' FNL & 1885' FEL
ELEVATION 2886.7
OPERATOR Mallon Oil Co.
LEASE Amoco Red Bluff Fed. No. 3

JOHN WEST ENGINEERING
HOBBS, NEW MEXICO
(505) 393-3117

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL 10'

SEC. 28 TWP. 26S RGE. 29E

SURVEY N.M.P.M.

COUNTY Eddy STATE NM

DESCRIPTION 330' FNL & 1885' FEL

ELEVATION 2886.7

OPERATOR Mallon Oil Co.

LEASE Amoco Red Bluff Fed No. 3

U.S.G.S. TOPOGRAPHIC MAP

Ross Ranch, NM

JOHN WEST ENGINEERING
HOBBS, NEW MEXICO
(505) 393-3117