

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		CONFIDENTIAL		5. Lease Serial No. MDA 701-98-0013
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		2. Name of Operator MALLON OIL COMPANY		6. If Indian, Allottee or Tribe Name JICARILLA APACHE
3a. Address PO BOX 2797 DURANGO, CO 81302		3b. Phone No. (include area code) Ph: 505.382.9100		7. If Unit or CA Agreement, Name and No. 28884
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface NWNW Lot D 770FNL 725FWL At proposed prod. zone NWNW Lot D 770FNL 725FWL		9. API Well No. 3a039-26819		8. Lease Name and Well No. JIC 29-02-33 2
14. Distance in miles and direction from nearest town or post office* 60 MILES SOUTHEAST OF BLOOMFIELD, NM		10. Field and Pool, or Exploratory F. Blanca PC		11. Sec., T., R., M., or Blk. and Survey or Area Sec 33 T29N R2W Mer NMP
15. Distance from proposed location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 7500		16. No. of Acres in Lease 39360.00		12. County or Parish RIO ARRIBA
18. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft. 6000		19. Proposed Depth 4500 MD		13. State NM
21. Elevations (Show whether DF, KB, RT, GL, etc.) 7256 GL		22. Approximate date work will start 09/30/2001		17. Spacing Unit dedicated to this well 40.00 160 NW
				20. BLM/BIA Bond No. on file
				23. Estimated duration 45-60 DAYS

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

- | | |
|---|--|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature	Name (Printed/Typed) DAVID F. BANKO	Date 09/05/2001
Title AGENT		
Approved by (Signature)	Name (Printed/Typed)	Date SEP 21 2001
Title /s/ David R. Sitzler Acting Asst. Field Mgr.		Office

Application approval does not warrant or certify the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

Additional Operator Remarks (see next page)

Electronic Submission #6955 verified by the BLM Well Information System
For MALLON OIL COMPANY, sent to the Rio Puerco
Committed to AFMSS for processing by Angie Medina-Jones on 09/05/2001 ()

** ORIGINAL ** ORIGINAL ** ORIGINAL ** ORIGINAL ** ORIGINAL ** ORIGINAL ** ORIGINAL **

DISTRICT I
P.O. Box 1880, Hobbs, N.M. 88241-1980

DISTRICT II
P.O. Drawer DD, Artesia, N.M. 88211-0718

DISTRICT III
1000 Rio Brazos Rd., Artesia, N.M. 87410

DISTRICT IV
P.O. Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, NM 87504-2088

Form C-102

Revised February 21, 1984

Instructions on back

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-039-26819		*Pool Code 72400	*Pool Name Blanco - Pictured Cliffs East
*Property Code 28884	*Property Name JICARILLA 29-02-33		*Well Number 2
*OGRD No. 13925	*Operator Name MALLON OIL COMPANY		*Elevation 7258'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	33	29-N	2-W		770'	NORTH	725'	WEST	RIO ARRIBA

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
*Dedicated Acres 160 AC					*Joint or Infill		*Consolidation Code		*Order No.

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p>Signature David F. Banko</p> <p>Printed Name Agent for Mallon Oil Co.</p> <p>Title August 30, 2001</p> <p>Date</p>
	<p>18 SURVEYOR CERTIFICATION</p> <p>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 belief.</p> <p>Signature and Seal of Professional Surveyor RON A. RUSH</p> <p>Date of Survey 8-1-01</p> <p>Certificate Number 8894</p>

Mallon Oil Company
Jicarilla 29-02-33 #2
 770' FNL 725' FWL (NW/4 NW/4)
 Sec. 33 T29N R2W
 Rio Arriba County, New Mexico
 Lease: Jicarilla MDA 701-98-0013

DRILLING PROGRAM
 (Per Rule 320)

SURFACE FORMATION – San Jose

GROUND ELEVATION – 7,256'

ESTIMATED FORMATION TOPS - (Water, oil, gas and/or other mineral-bearing formations)

San Jose	Surface	Sandstone, shales & siltstones
Nacimiento	2,700'	Sandstone, shales & siltstones
Ojo Alamo	3,130'	Sandstone, shales & siltstones
Kirtland	3,458'	Sandstone, shales & siltstones
Fruitland	3,568'	Sandstone, shales & siltstones
Pictured Cliffs	3,760'	Sandstone, shales & siltstones
Lewis	3,400'	Sandstone, shales & siltstones
Total Depth	4,400'	Sandstone, shales & siltstones

Estimated depths of anticipated fresh water, oil, or gas:

Tertiary

San Jose	1,400'	Gas
Nacimiento	2,700'	Gas
Ojo Alamo	3,850'	Gas
Fruitland	3,888'	Gas
Pictured Cliffs	3,860'	Gas

TOTAL DEPTH 4,500'

CASING PROGRAM

Depth	Hole Diameter	Casing Diameter	Casing Weight and Grade	Cement
0' – 250'	12-1/4"	8-5/8"	K-55 24# ST&C New	To surface (±175 sxs Class B)
0' – T.D.	7-7/8"	5-1/2"	K-55 15.5# LT&C New	TD to surface (±1,170 sxs lite or 65:35 poz and ±270 sxs 50:50 poz *

* Actual cement volume to be determined by caliper log.

Yields: Class B yield = 1.18 ft³/sx
 65:35 Poz yield = 1.62 ft³/sx
 50:50 Poz yield = 1.26 ft³/sx

All fresh water and prospectively valuable minerals encountered during drilling, will be recorded by depth and protected.

PRESSURE CONTROL

BOP's and choke manifold will be installed and pressure tested before drilling out under surface casing (subsequent pressure test will be performed whenever pressure seals are broken), and then will be checked daily as to mechanical operating condition. BOP's will be pressure tested at least once every 30 days. Ram type preventors and related pressure control equipment will be pressure tested to rated working pressure of the stack assembly if a test plug is used. If a plug is not used, the stack assembly will be tested to the rated working pressure of the stack assembly or to 70% of the minimum internal yield of the casing, whichever is less. Annular type preventors will be pressure tested to 50% of their rated working pressure. All casing strings will be pressure tested to 0.22 psi/ft. or 1,500 psi, whichever is greater, not to exceed 70% of internal yield.

Statement on Accumulator System and Location of Hydraulic Controls

The drilling rig has not yet been selected for this well. Selection will take place after approval of this application. Manual and/or hydraulic controls will be in compliance with Onshore Order No. 2 for 2,000 psi systems.

A remote accumulator will be used. Pressures, capacities, location of remote hydraulic and manual controls will be identified at the time of the BLM supervised BOP test.

MUD PROGRAM

0' -	250'	Spud mud
250' -	TD	Low solids non-dispersed
		M.W. 8.5 - 9.2 ppg
		Vis - 28 - 50 sec
		W.L. 15cc or less

Sufficient mud materials to maintain mud properties, control lost circulation and to contain "kick" will be available at wellsite.

AUXILIARY EQUIPMENT

- A) Inside BOP or stab-in valve (available on rig floor)
- B) Mud monitoring will be visually observed.

LOGGING, CORING, TESTING PROGRAM

- A) Logging: DIL- CNL-FDC-GR - TD - BSC (GR to surface) (Triple Combo)
- B) Coring: None
- C) Testing: Possible DST - None anticipated. Drill stem tests may be run on shows of interest

ABNORMAL CONDITIONS

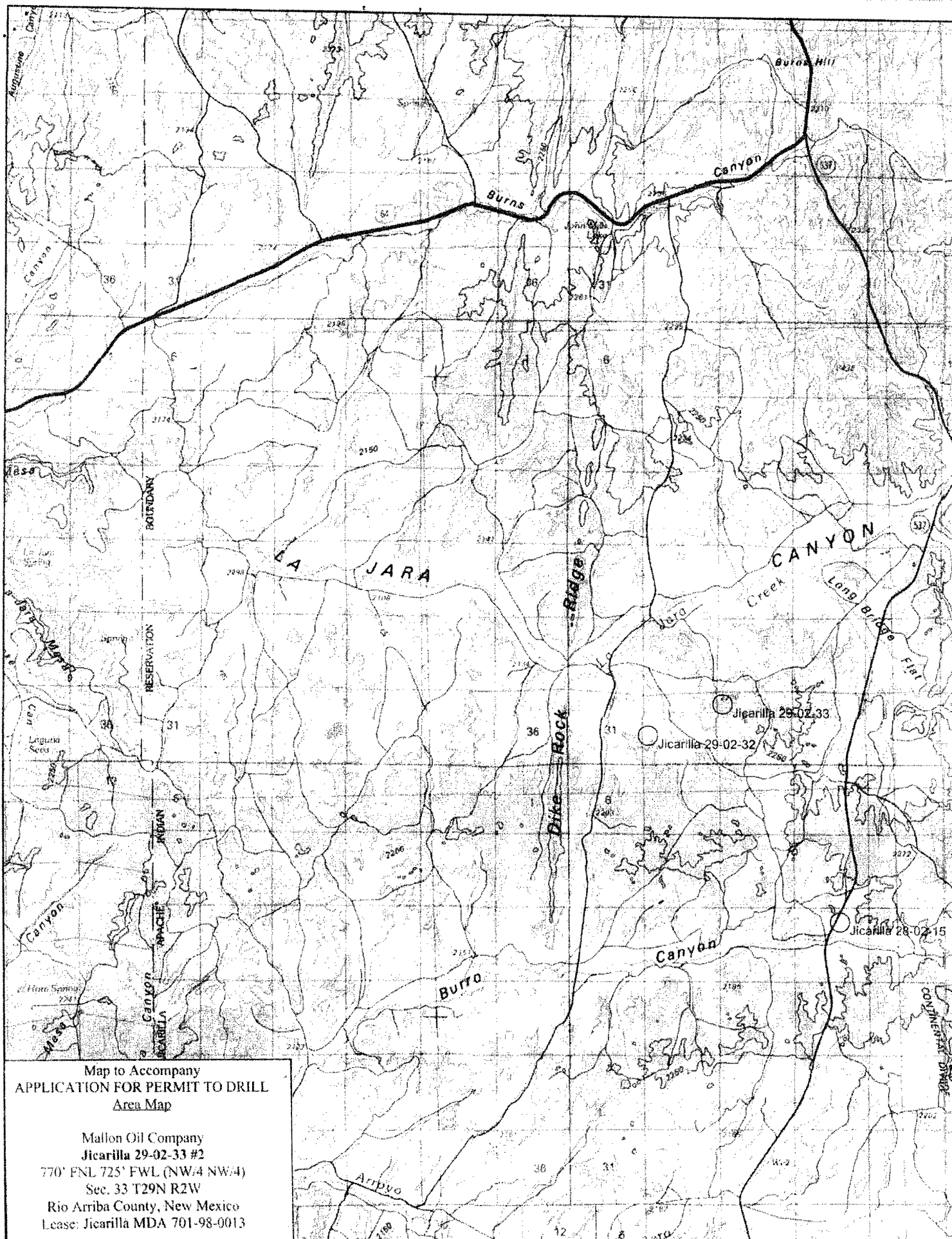
- A) Pressures: No abnormal conditions are anticipated
Bottom hole pressure gradient - 0.31 psi/ft
- B) Temperatures: No abnormal conditions are anticipated
- C) H₂S: Hydrogen sulfide gas is potentially present in the San Jose and Ojo Alamo formation and an H₂S drilling plan is attached.
- D) Estimated bottomhole pressure: 1,395 psi

ANTICIPATED START DATE

September 30, 2001

COMPLETION

The location pad will be of sufficient size to accommodate all completion activities and equipment. A string of 2 3/8" J-55 4.7#/ft tubing will be run for a flowing string. A Sundry Notice will be submitted with a revised completion program if warranted.



Map to Accompany
APPLICATION FOR PERMIT TO DRILL
Area Map

Mallon Oil Company
Jicarilla 29-02-33 #2
770' FNL 725' FWL (NW/4 NW/4)
Sec. 33 T29N R2W
Rio Arriba County, New Mexico
Lease: Jicarilla MDA 701-98-0013