

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: ☒ DRILL ☐ REENTER

CONFIDENTIAL

1b. Type of Well: ☐ Oil Well ☒ Gas Well ☐ Other ☒ Single Zone ☐ Multiple Zone2. Name of Operator
MALLON OIL COMPANY
Contact: ART CHILDERS
E-Mail: artchilder@bhep.com3a. Address
350 INDIANA STREET, SUITE 400
GOLDEN, CO 804013b. Phone No. (include area code)
Ph: 505.382.91005. Lease Serial No.
MDA 701-98-00136. If Indian, Allottee or Tribe Name
JICARILLA APACHE

7. If Unit or CA Agreement, Name and No.

8. Lease Name and Well No.
JIC 28-02-09 219. API Well No.
300392931810. Field and Pool, or Exploratory
EAST BLANCO PICTURED CLIFFS

4. Location of Well (Report location clearly and in accordance with any State requirements.)*

At surface SWNW 1980FNL 660FWL

At proposed prod. zone

11. Sec., T., R., M., or Blk. and Survey or Area

Sec 9 T28N R2W Mer NMP

E

14. Distance in miles and direction from nearest town or post office*
57 MILES EAST OF BLOOMFIELD, NM12. County or Parish
RIO ARRIBA13. State
NM15. Distance from proposed location to nearest property or
lease line, ft. (Also to nearest drig. unit line, if any)
4,600' - LEASE16. No. of Acres in Lease
10240.0017. Spacing Unit dedicated to this well
160.00 NW 1/418. Distance from proposed location to nearest well, drilling,
completed, applied for, on this lease, ft.
2,600' - JICARILLA 28-02-09 #2319. Proposed Depth
4000 MD20. BLM/BIA Bond No. on file
131828821. Elevations (Show whether DF, KB, RT, GL, etc.)
7343 GL22. Approximate date work will start
07/30/200423. 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.
2. A Drilling Plan.
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).
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification
6. Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature
(Electronic Submission)Name (Printed/Typed)
KATHY L. SCHNEEBECK (AGENT) Ph: 303.820.4480Date
07/01/2004Title
AGENT

Approved by (Signature)

Name (Printed/Typed)

Date

Title
Acting Field Manager - Minerals

Office

Date
12/21/04Application 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.

AFMSS

Additional Operator Remarks (see next page)

Electronic Submission #32500 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 07/06/2004 ()

Adjud	Amj
Engr	
Geol	
Surf	
Appvt	

** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED **

This action is subject to technical and
procedural review pursuant to 43 CFR 3165.3
and appeal pursuant to 43 CFR 3165.4DRILLING OPERATIONS AUTHORIZED ARE
SUBJECT TO COMPLIANCE WITH ATTACHED
"GENERAL REQUIREMENTS".

NMOCDD

DISTRICT I
1625 N. French Dr., Hobbs, N.M. 88240

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised June 10, 2003

DISTRICT II
1301 W. Grand Avenue, Artesia, N.M. 88210

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

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

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

☐ AMENDED REPORT

DISTRICT IV
1220 South St. Francis Dr., Santa Fe, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-039-29318		*Pool Code 72400	*Pool Name East Blanco; Pictured Cliffs
*Property Code 24245 34512	*Property Name JICARILLA 28-02-09		*Well Number 21
*GRID No. 013925	*Operator Name MALLON OIL CO.		*Elevation 7343'

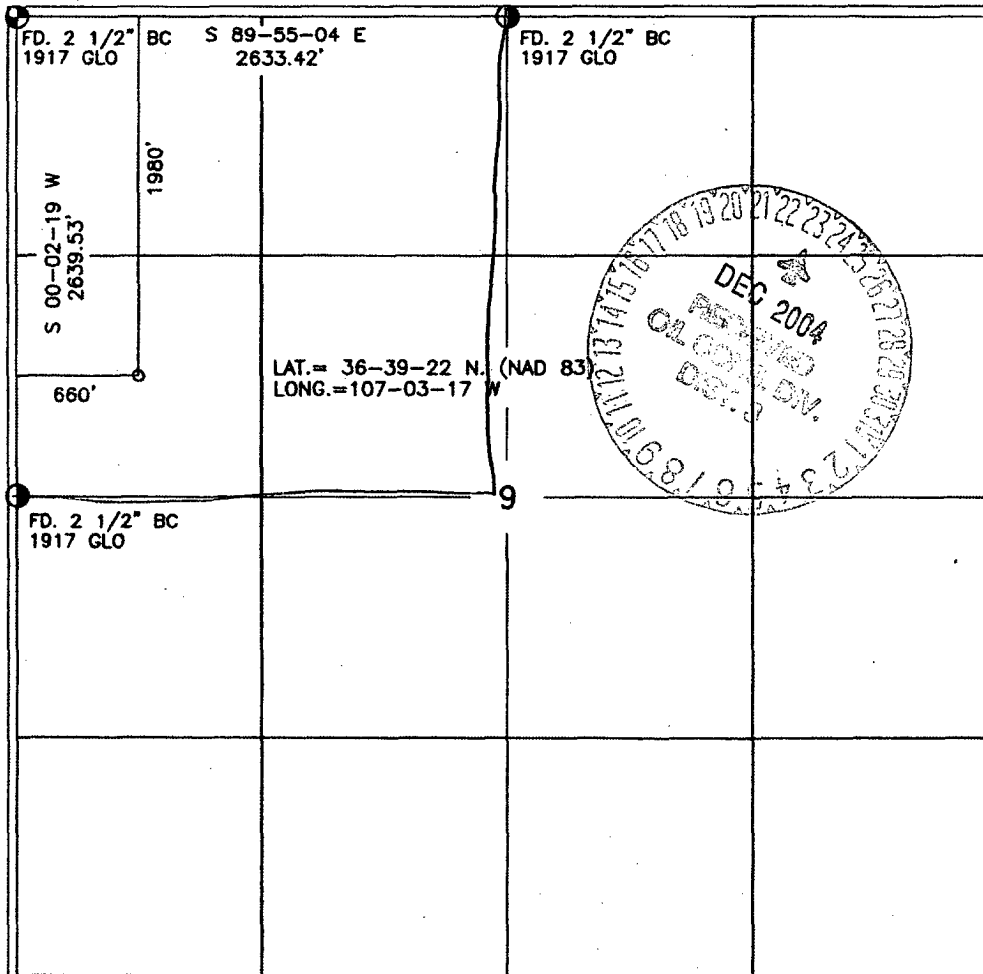
¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	9	28-N	2-W		1980	NORTH	660	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			*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



¹⁷ OPERATOR CERTIFICATION

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

Kathy L. Schneebeck
Signature

Kathy L. Schneebeck

Printed Name

Agent for Mallon Oil Company
Title

June 30, 2004
Date

¹⁸ 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 belief.

DAVID A. JOHNSON
Date of Survey
Signature and Seal of Professional Surveyor:
14827
Certificate Number

MALLON OIL COMPANY

JICARILLA 28-02-09 No. 21

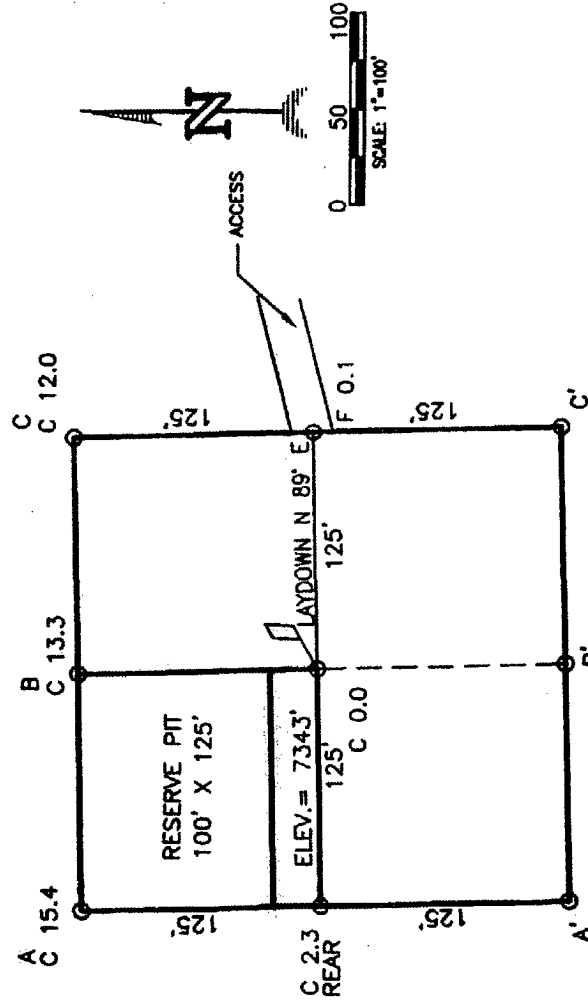
1980' FNL, 860' FWL

TWN: 28-N RNG:

7343'

NOTE:

DAGGETT ENTERPRISES, INC. IS NOT LIABLE FOR UNDERGROUND UTILITIES OR PIPELINES. NEW MAJOR ONE CALL TO BE NOTIFIED 48 HOURS PRIOR TO EXCAVATION OR CONSTRUCTION.



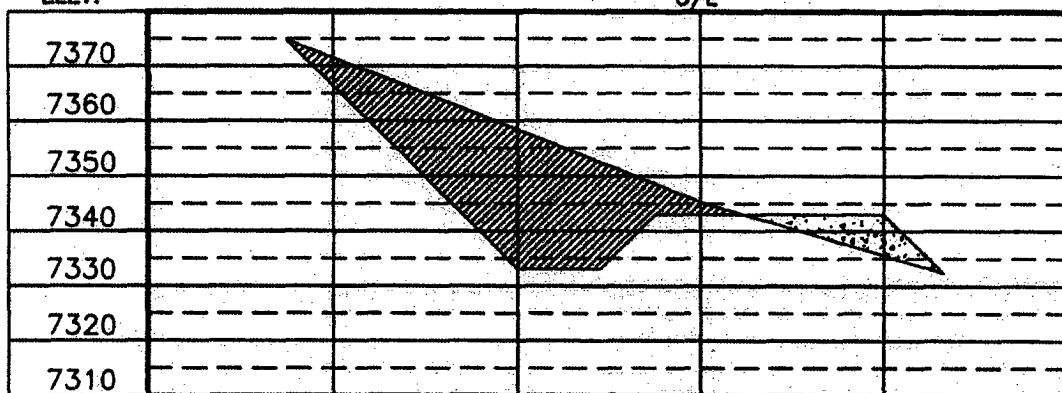
COMPANY: MALLON OIL COMPANY
 LEASE: JICARILLA 28-02-09 No. 21
 FOOTAGE: 1980' FNL, 660' FWL
 SEC.: 9, TWN: 28-N, RNG: 2-W, NMPM
 ELEVATION: 7343'

NOTE:

DAGGETT ENTERPRISES, INC. IS NOT LIABLE FOR
 UNDERGROUND UTILITIES OR PIPELINES. NEW MEXICO
 ONE CALL TO BE NOTIFIED 48 HOURS PRIOR TO
 EXCAVATION OR CONSTRUCTION.

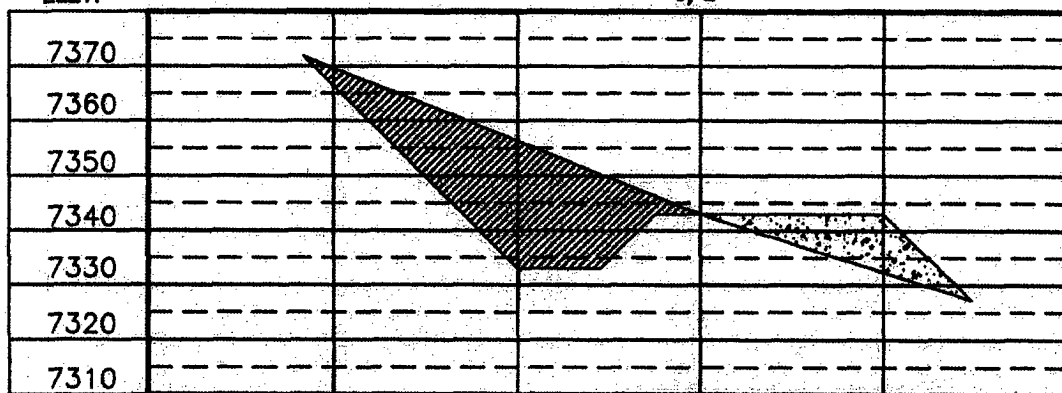
ELEV. A-A'

C/L



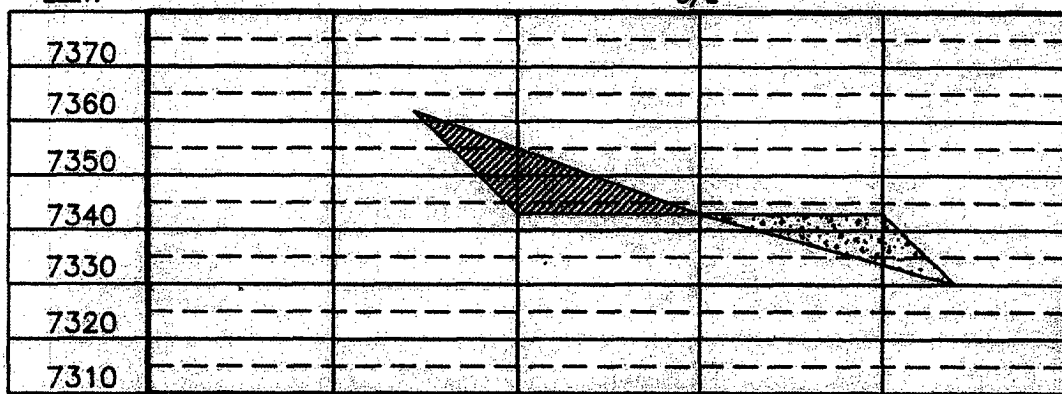
ELEV. B-B'

C/L



ELEV. C-C'

C/L



DRAWN BY: A.G.

R.O.W. # MN277

CADFILE: MN277CF8

DATE: 12/16/03

Daggett Enterprises, Inc.
 Surveying and Oil Field Services
 P. O. Box 15068 Farmington, NM 87401
 Phone (505) 326-1772 Fax (505) 326-6019



Mallon Oil Company
Jicarilla 28-02-09 21
1,980' FNL 660' FWL (SW/4 NW/4)
Sec. 9 T28N R2W
Rio Arriba County, New Mexico
Lease: MDA 701-98-0013 Tract 2

CONFIDENTIAL

DRILLING PROGRAM
(Per Rule 320)

This Application for Permit to Drill (APD) was initiated under the NOS process as stated in Onshore Order No. 1 and supporting Bureau of Land Management (BLM) documents. This NOS process includes an onsite meeting which was held on May 27, 2004 as determined by Bureau of Land Management (BLM), Bureau of Indian Affairs (BIA) and Jicarilla Oil & Gas Administration (JOGA), and at which time the specific concerns of Mallon Oil Company (Mallon), BLM, BIA and JOGA were discussed.

MALLON RESPECTFULLY REQUESTS THAT ALL INFORMATION REGARDING THIS WELL BE KEPT CONFIDENTIAL.

SURFACE FORMATION - San Jose

GROUND ELEVATION - 7,343'

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

San Jose	Surface	Sandstone, shales & siltstones	} Water-bearing
Nacimiento	1,977'	Sandstone, shales & siltstones	
Ojo Alamo	3,185'	Sandstone, shales & siltstones	
Fruitland	3,611'	Sandstone, shales & siltstones	
Pictured Cliffs	3,700'	Sandstone, shales & siltstones	T ₃ - surf
Lewis	3,808'	Sandstone, shales & siltstones	T _n 2250

TOTAL DEPTH 4,000'

T_{oa} 3220

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

Tertiary

San Jose	surface	Gas
Nacimiento	1,977'	Gas
Ojo Alamo	3,185'	Gas
Fruitland	3,611'	Gas
Pictured Cliffs	3,700'	Gas

R_k 3500

R_f 3570

R_{pc} 3590

TOPS

CASING PROGRAM

Depth	Hole Diameter	Casing Diameter	Casing Weight and Grade	Cement
0' – 250'	12-1/4"	8-5/8"	J-55 24# ST&C New	To surface (±175 sxs Class B)
0' – T.D.	7-7/8"	5-1/2"	J-55 15.5# LT&C New	TD to surface (±630 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

BOPs 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 1,000 psi. Annular type preventor will be pressure tested to 50% of the rated working pressure, not to exceed 1,000 psi. All casing strings will be pressure tested to 0.22 psi/ft. or 1,000 psi, whichever is greater, not to exceed 70% of internal yield.

BOP to be either double gate rams or an annular preventor as per Onshore Order No. 2.

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 2M 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' Fresh water – M.W. 8.5 ppg, Vis 30-33
 250' - TD Fresh water - 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) A Kelly cock will be kept in the drill string at all times
- B) Inside BOP or stab-in valve (available on rig floor)
- C) Mud monitoring will be visually observed

LOGGING, CORING, TESTING PROGRAM

- A) Logging: DIL- CNL-FDC-GR - TD - BSC (GR to surface)
Sonic (BSC to TD)
- 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: None is anticipated.
- D) Estimated bottomhole pressure: 1,240 psi

ANTICIPATED START DATE

July 30, 2004

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.