

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENTFORM APPROVED  
OMB NO. 1004-0135  
Expires: November 30, 2000**SUNDRY NOTICES AND REPORTS ON WELLS**  
*Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.***SUBMIT IN TRIPLICATE - Other instructions on reverse side.**

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease/Serial No. MDA 701-98-0013T4
2. Name of Operator MALLON OIL COMPANY		6. If Indian, Allottee or Tribe Name APACHE/JICARILLA
3a. Address 350 INDIANA STREET, SUITE 400 GOLDEN, CO 80401		7. If Unit or CA/Agreement, Name and/or No.
3b. Phone No. (include area code) Ph: 720.210.1300 Fax: 720.210.1301		8. Well Name and No. JICARILLA 29-2-16.4
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 16 T29N R2W NWNW 685FNL 690FWL		9. API Well No. 30-039-27462
		10. Field and Pool, or Exploratory E. BLANCO/PICTURED CLIFFS
		11. County or Parish, and State RIO ARRIBA COUNTY, NM

## 12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Deepen
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Fracture Treat
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Plug and Abandon
	<input type="checkbox"/> Plug Back
	<input type="checkbox"/> Production (Start/Resume)
	<input type="checkbox"/> Reclamation
	<input type="checkbox"/> Recomplete
	<input type="checkbox"/> Temporarily Abandon
	<input type="checkbox"/> Water Disposal
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Well Integrity
	<input checked="" type="checkbox"/> Other Change to Original APD

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleting horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Please find attached in an Adobe File: 1) Revised Drilling Program, BOP Diagram, Horizontal Drilling Plan.

The location was permitted for Mallon Oil Company with an APD submitted to the Bureau of Land Management (BLM) in Rio Puerco, New Mexico and New Mexico Oil Conservation Division (NMOCD) on May 8, 2003. BLM approved it on June 26, 2003, and NMOCD assigned it the API # 30-039-27462. The NMOCD Spud date with an East Blanco/Pictured Cliffs objective was July 13, 2003 and the completion date was July 18, 2003. Mallon Oil Company proposes to re-enter and horizontally drill this location with a southeast lateral bore.

Please contact David Banko or Kathy Schneebeck at 303.820.4480, or at david@banko1.com or kathys@banko1.com, respectively, if you have any questions.  
Thank you.

AFMSS

Adj'd	<i>[Signature]</i>
Engr	<i>[Signature]</i>
Geol	<i>[Signature]</i>
Surf	
Appvl	

14. I hereby certify that the foregoing is true and correct.	
Electronic Submission #27198 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 01/28/2004 ()	
Name (Printed/Typed) KATHY L. SCHNEEBECK	Title AGENT
Signature (Electronic Submission)	Date 01/27/2004

## THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By <i>Alban M. Schaner</i>	Division of Multi-Resources	Date 2/10/04
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.	Office	

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.

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

...OLD C104 FOR New C102 for horizontal well, 320AC.

Mallon Oil Company  
**Jicarilla 29-02-16 #4**  
**API #30-039-27462**  
**Surface:** 685' FNL 690' FWL (NW/4 NW/4)  
**End of Horizontal Hole:** 1,980' FNL 660' FEL (SE/4 NE/4)  
Sec. 16 T29N R2W  
Rio Arriba County, New Mexico  
Lease: Contract 701-98-0013 Tract 4

**CONFIDENTIAL**

**DRILLING PROGRAM**  
(Per Rule 320)

This Sundry Notice is submitted per CFR 3162.3-2. The existing well pad and reserve pit will be utilized "as is."

**This is a horizontal entry into and a deepening of the existing well Jicarilla 29-02-16 #4 to the Pictured Cliffs Formation. See also the attached Horizontal Re-completion Plan.**

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

**SURFACE FORMATION** – San Jose

Surface water protection plan: Surface casing previously cemented to surface – 07/13/03.

**GROUND ELEVATION** – 7,248' GL

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

**All Depths are True Vertical Depth (TVD)**

San Jose	Surface	Sandstone, shales and siltstones
Fruitland	3,492'	Sandstone, shales and siltstones
Pictured Cliffs	3,542'	Sandstone, shales and siltstones
Lewis Shale	3,664'	Sandstone, shales and siltstones

TOTAL DEPTH	3,570' TVD (end of horizontal hole)	3,300' (anticipated horizontal section)
	7,970' MD	

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

Tertiary		
Pictured Cliffs	3,542'	Gas

**RE-ENTRY – HORIZONTAL DRILLING PROGRAM**

- A) A 5,000-psi WP double-gated BOP will be installed on the tubing head with blind rams on bottom and pipe rams on top controlled by an accumulator placed within easy access to drill and other crew members.
- B) No annular preventor with a 2,500-psi WP will be placed above BOP stack.
- C) Retrievable whipstock to be set at  $\pm 3,537'$ .
- D) Window to be milled out of 5-1/2" csg at 3,537'.

**CASING PROGRAM**

True Vertical Depth	Hole Diameter	Casing Diameter	Casing Weight and Grade	Cement
0' – 283'	12-1/4"	8-5/8"	K-55 24# ST&C Existing *	To 1,200' (171 sxs Type "III"
0' – 3,874'	7-7/8"	5-1/2"	K-55 15.5# ST&C Existing *	To surface (1,170 sxs "50:50 Poz)
3,430' – 4,250' (MD)	4-3/4"	3-1/2"	N-80 6.5# Hydril Liner new **	None
4,250' – 7,970' (MD)	4-3/4"	Open hole	None	None

\* Existing casing set in 2003.

\*\* New casing to be set in 2004.

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**

3,537' - 7,970' MD      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: None
- B) Coring: None
- C) Testing: None anticipated.

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) H<sub>2</sub>S: Anticipated.
- D) Estimated bottomhole pressure: 1,060 psi

ANTICIPATED START DATE

February 2, 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.