

# Mallon Oil Company

Denver/Colorado ♦ Durango/Colorado ♦ Carlsbad/New Mexico

*a Mallon Resources Subsidiary*

January 20, 1999

Mr. Mike Stogner  
Oil Conservation Division  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505

RE: Jicarilla 28-2-11 No. 1  
950' FNL and 2050' FWL  
(NE NW) Unit C  
Sec. 11, T28N-R02W

Dear Mr. Stogner:

Mallon Oil Company is requesting an unorthodox location for the Jicarilla 28-02-11 No. 1 (950' FNL and 2050' FWL (NE NW) Unit C) Sec. 11, T28N-R02W. We would like to apply for an NSL for the following formations.

1. East Blanco; Pictured Cliffs
2. Cabresto Canyon; Ojo Alamo Ext.
3. Cabresto Canyon; Nacimiento Ext.
4. Cabresto Canyon; San Jose Ext.

The need for a Non-Standard Approval is due to geological reasons. According to a letter issued on November 24, 1998 by George F. Coryell, Senior Geologist at Mallon Resources Corporation; the subject well must be located in the NE NW of Section 11, T28N-R02W to provide the best initial evaluation of the southeastern portion of both the Pictured Cliffs Sandstone and the Ojo Alamo Sandstone prospective trends. This location is positioned for the optimum combination of mapped parameters, including interval thickness, log response, and structure. This location is high-graded by geomorphic mapping which suggest cross-faulting or fracturing similar to that which appears to enhance production in East Blanco Field, especially the Pictured Cliffs Sandstone. Fracture permeability may be equally important for the Ojo Alamo Sandstone.

Mallon Oil Company is the only offset operator to the acreage shown.  
Please contact me at (970) 382-9100, if any additional information is needed.

Sincerely



Christy Serrano  
Production Clerk