



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

March 23, 1998

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OIL CON. DIV.
DIST. 3

Mallon Oil Company
P. O. Box 3256
Carlsbad, New Mexico 88220
Attention: Terry Lindeman

Administrative Order NSP-1786(L)

Dear Mr. Lindeman:

Reference is made to the following: (i) your application dated February 27, 1998; and, (ii) to the records of the Division in Santa Fe: all concerning Mallon Oil Company's request for a non-standard 86.46-acre gas spacing and proration unit consisting of the following acreage in the East Blanco-Pictured Cliffs Pool:

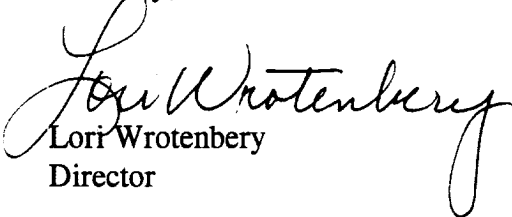
RIO ARriba COUNTY, NEW MEXICO
F TOWNSHIP 30 NORTH, RANGE 3 WEST, NMPM
Irregular Section 30: Lots 1 and 2.

It is our understanding that this unit is to be dedicated to the proposed Jicarilla 464-30 Well No. 10 (API No. 30-039-25788), to be drilled at an unorthodox gas well location 1700 feet from the North line and 800 feet from the West line (Unit F) of said irregular Section 30.

The application has been duly filed under the provisions of Rules 104.F and 104.D(2) of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division").

By the authority granted me under the provisions of Division General Rules 104.F(2) and 104.D(2)(b), the above-described unorthodox gas well location and 86.46-acre non-standard gas spacing and proration unit are hereby approved.

Sincerely,


Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington