

DATE IN 9/18/00	SUSPENSE 10/10/00	ENGINEER DC	LOGGED KW	TYPE DHC
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -

26439461

ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

Application Acronyms:

- [NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
- [DD-Directional Drilling] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

2846

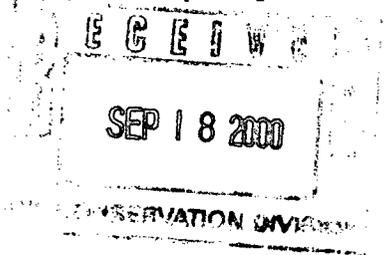
[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Directional Drilling
- NSL NSP DD SD

Check One Only for [B] and [C]

- [B] Commingling - Storage - Measurement
- DHC CTB PLC PC OLS OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
- WFX PMX SWD IPI EOR PPR



[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply

- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

[3] **INFORMATION / DATA SUBMITTED IS COMPLETE** - Statement of Understanding

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with supervisory capacity.

Terry G. Lindeman		Operations Superintendent	9/15/00
Print or Type Name	Signature	Title	Date

Mallon Oil Company

a Mallon Resources Subsidiary

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

September 15, 2000

Mr. David Catanach
OCD Engineering Division
2040 S. Pacheco
Santa Fe, New Mexico 87505

Dear Mr. Catanach

Enclosed is Mallon Oil Company's application for approval to down hole commingle the Tertiary Pool and Pictured Cliffs formation in the Jicarilla 458-6 No. 6 wellbore.

If any additional information is required please contact me at 970-382-9100.
Thank you for your assistance in this matter.

Sincerely,



Terry Lindeman
Operations Superintendent

TGL/gd

Enclosures

Cc: Brian Davis / Bureau of Land Management
Dorothy Jacquez / Oil Conservation Division – Aztec
Thurman Velarde / Jicarilla Oil and Gas
Don Erickson / Mallon Resources
File

District I
1625 N. French Drive, Hobbs, NM 88240

District II
811 South First Street, Artesia, NM 88210

District III
1000 Rio Brazos Road, Aztec, NM 87410

District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised May 15, 2000

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, New Mexico 87505

APPLICATION TYPE

Single Well
Establish Pre-Approved Pools
EXISTING WELLBORE
Yes No

APPLICATION FOR DOWNHOLE COMMINGLING

Mallon Oil Company

P. O. Box 2797 Durango, CO 81302

Operator

Jicarilla 458-6

Address

6

J

6

30N

03W

Lease

Well No. 6

Unit Letter-Section-Township-Range

Rio Arriba

County

OGRID No. 013925 Property Code 00022859 API No. 30-039-25973 Lease Type: X Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Cabresto Canyon; Tertiary		East Blanco; Pictured Cliffs
Pool Code	97037		72400
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	1,122' - 3,191'		3,700' - 3,767'
Method of Production (Flowing or Artificial Lift)	Flowing		Flowing
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)	305 psia		1250 psia
Oil Gravity or Gas BTU (Degree API or Gas BTU)	Each zone will be isolated and	Tested for Gas Analysis and rate	For allocation percentages
Producing, Shut-In or New Zone	Intent		Intent
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: Rates:	Date: Rates:	Date: Rates:
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil Gas % %	Oil Gas % %	Oil Gas % %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes X No
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes No

Are all produced fluids from all commingled zones compatible with each other? Yes X No

Will commingling decrease the value of production? Yes No X

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes X No

NMOCD Reference Case No. applicable to this well: N/A

Attachments:

- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- Production curve for each zone for at least one year. (If not available, attach explanation.)
- For zones with no production history, estimated production rates and supporting data.
- Data to support allocation method or formula.
- Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
- Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

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

SIGNATURE Terry G. Lindeman TITLE Operations Superintendent DATE 9/15/00

TYPE OR PRINT NAME TELEPHONE NO. ()

Mallon Oil Company

a Mallon Resources Subsidiary

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

September 15, 2000

Mr. David Catanach
OCD Engineering Division
2040 S. Pacheco
Santa Fe, New Mexico 87505

Dear Mr. Catanach

The following information is intended to be supplemental to Mallon Oil Company's application for approval to down hole commingle the Tertiary Pool (previously the San Jose, Nacimiento, and Ojo Alamo formations) and Pictured Cliffs formations in the Jicarilla 458-6 No. 6 wellbore.

In regards to the recent changes of Rule 303.C, and the formation of the Tertiary Pool, the commingling criteria set forth in Rule 303.C will only consider the formation characteristics of the Pictured Cliffs Formation and the lowest pressure interval of the Tertiary (previously referred to as the San Jose Formation). To avoid confusion, in any subsequent applications for commingling approval will only mention Tertiary with no referrals to previously considered formations.

The field average bottom hole pressures are:

1. Tertiary Pool – **Average Bottom hole Pressure @ 5600' sea level elevation is 305 psia** and the average BTU content of the gas is 1065.
2. Pictured Cliffs Formation – Average Bottom hole Pressure @ 3500 sea level elevation is **1250 psia** and the average BTU content of the gas is 1136.

Based on data obtained from the acid breakdowns performed on the zones in question, in the wellbore of the Jicarilla 458-6 No. 6, the following information will show the fracture pressures to be adequate for safely commingling all four zones.

The **Pictured Cliffs Formation** was perforated at 3700' – 3715', 3722' – 3753', 3758' – 3767' with the mid-perf being 3733'. Following the acid breakdown the **fracturing pressure at mid-perf calculated to be 1942psi. (0.52 psi / ft).**

The **Ojo Alamo Formation** was perforated at 3141' – 3167' with the mid-perf being 3154'. Following the acid treatment the **fracturing pressure at mid-perf calculated to be 2504 psi. (0.79 psi / ft).**

The **Nacimiento Formation** was perforated at 2490' – 2502', 2866' – 2876', 2915' – 2924', 2936' – 2939', 2946' – 2950', 2953' – 2956', 2984' – 2990' with the mid-perf being 2740'. Following the acid breakdown the **fracturing pressure at mid-perf calculated to be 2006 psi. (0.73 psi / ft).**

The **San Jose Formation** was perforated at 1433' – 1448', 1456' – 1464', 1479' – 1492', 1504' – 1512' with the mid-perf being 1472'. Following the acid treatment the **fracturing pressure at mid-perf calculated to be 1647 psi. (1.11 psi / ft).**

Flow tests on each zone were conducted for a period of time as to allow for stabilization. These results are:

Pictured Cliffs Formation:	495 mcf, 48 BWPD
<u>Tertiary Pool:</u>	<u>1232 mcf, 360 BWPD</u>

Total	1,727 mcf, 408 BWPD
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The allocation method that was agreed upon between Mallon Oil Company and the Jicarilla Apache Tribe is to use a percentage based on the initial test.

Pictured Cliffs Formation:	495 / 1727 = .2866 (28.66%)
Tertiary Pool:	1232 / 1727 = .7134 (71.34%)

I hope this information will help expedite the administrative approval for the commingling of the above referenced well. If you should require any additional information concerning this matter please contact me at (907) 382-9100. I appreciate the help and attention you have shown on this matter.

Sincerely,


Terry Lindeman
Operations Superintendent

DISTRICT II
Drawer DD, Artesia, N.M. 88201-0719

OIL CONSERVATION DIVISION

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

AMENDED REPORT

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

DISTRICT IV
PO Box 2088, Santa Fe, NM 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-039-25973		Pool Code 97037	Pool Name Cabresto Canyon, Tertiary
Property Code 00022859	Property Name JICARILLA 458-6		Well Number 6
OGRID No. 013925	Operator Name MALLON OIL COMPANY		Elevation 7049'

10 Surface Location

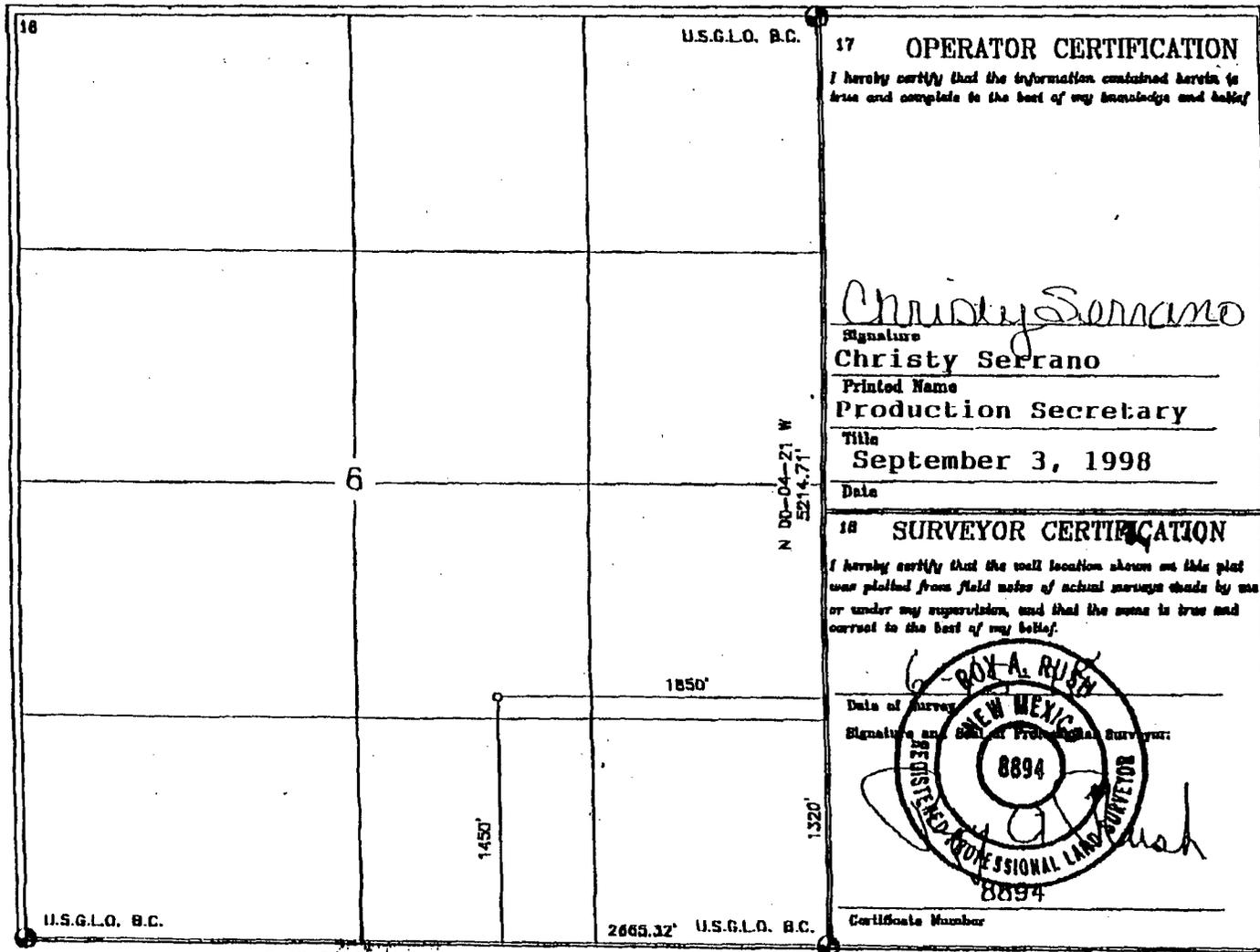
Well or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	6	30-N	3-W		1450'	SOUTH	1850'	EAST	RIO ARRIBA

11 Bottom Hole Location If Different From Surface

Well 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.

Christy Serrano
Signature

Christy Serrano
Printed Name

Production Secretary
Title

September 3, 1998
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.

ROY A. RUSH
NEW MEXICO
REGISTERED PROFESSIONAL LAND SURVEYOR
8894
Signature and Seal of Professional Surveyor

8894
Certificate Number

DISTRICT II
Drawer DD, Artesia, N.M. 88211-0719

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

DISTRICT IV
PO Box 2088, Santa Fe, NM 87504-2088

OIL CONSERVATION DIVISION

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-039-25973		2 Pool Code 72400		3 Pool Name East Blanco, Pictured Cliffs Ext.	
4 Property Code 00022859		5 Property Name JICARILLA 458-6			6 Well Number 6
7 OGRID No. 013925		8 Operator Name MALLON OIL COMPANY			9 Elevation 7049'

10 Surface Location

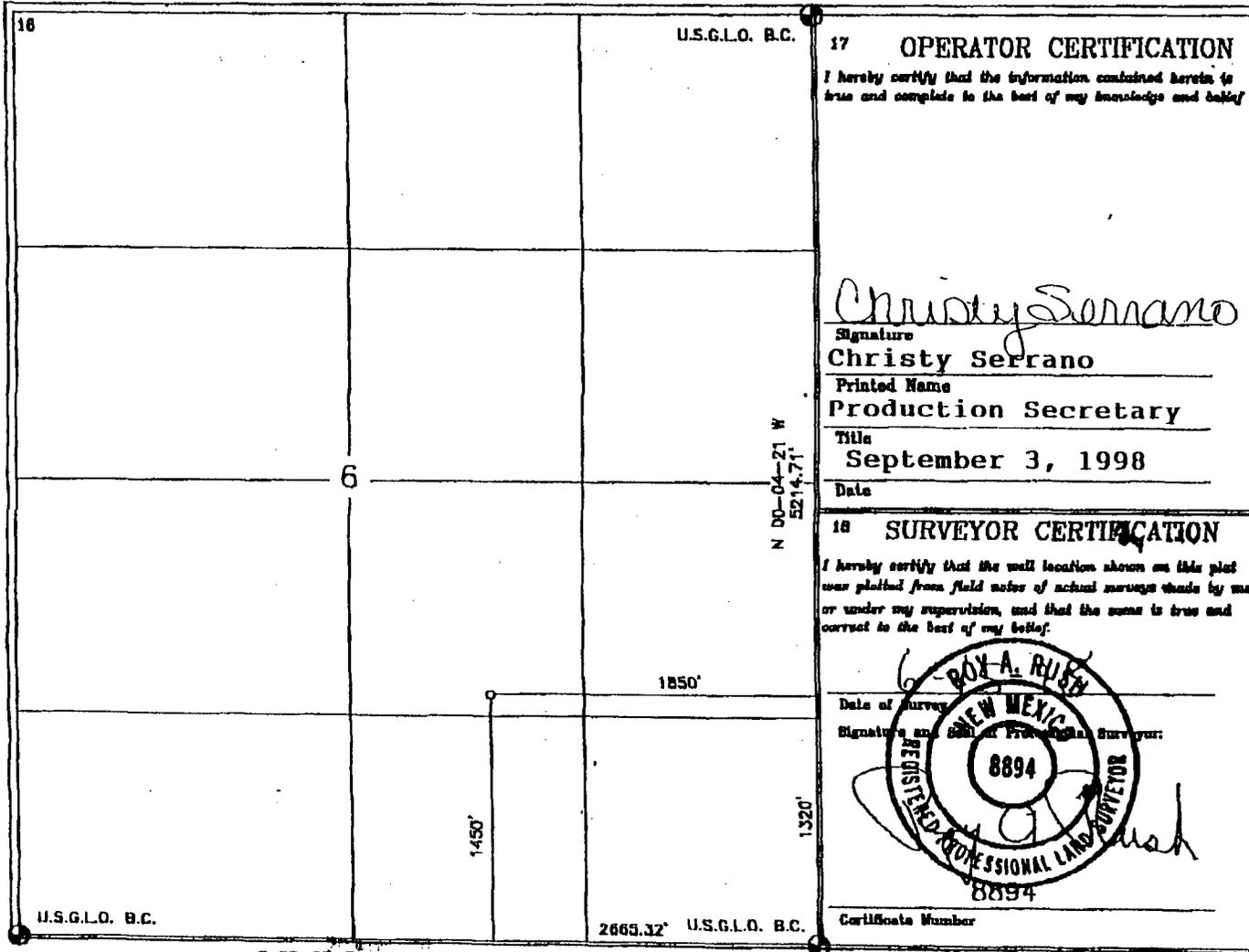
11 Ul. or lot no.	12 Section	13 Township	14 Range	15 Lot Idn	16 Feet from the	17 North/South line	18 Feet from the	19 East/West line	20 County
1	6	30-N	3-W		1450'	SOUTH	1850'	EAST	RIO ARRIBA

11 Bottom Hole Location If Different From Surface

21 Ul. or lot no.	22 Section	23 Township	24 Range	25 Lot Idn	26 Feet from the	27 North/South line	28 Feet from the	29 East/West line	30 County

31 Dedicated Acres	32 Joint or Infill	33 Consolidation Code	34 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



**UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT**

FORM APPROVED
Budget Bureau No. 1004-0135
Expires March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT --" for such proposals.

SUBMIT IN TRIPLICATE

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other:		5. Lease Designation and Serial No.
2. Name of Operator Mallon Oil Company		6. If Indian, Allote or Tribe Name Jicarilla Apache Tribe
3. Address and Telephone No. P.O. Box 2797 Durango, CO 81302 (970)382-9100		7. If Unit or CA, Agreement Designation N/A
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 1450' FSL and 1850' FEL (NW SE) Unit J Sec. 6, T30N-R03W		8. Well Name and No. Jicarilla 458-6 No. 6
		9. Well API No. 30-039-25973
		10. Field and Pool, or Exploratory Area East Blanco; Pictured Cliffs
		11. County or Parish, State Rio Arriba County, New Mexico

12. CHECK APPROPRIATE BOX(S) 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"/> Subsequent Report <input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Abandonment <input type="checkbox"/> Recompletion <input type="checkbox"/> Plugging Back <input type="checkbox"/> Casing Repair <input type="checkbox"/> Altering Casing <input checked="" type="checkbox"/> Other: Commingled Completion <input type="checkbox"/> Change of Plans <input type="checkbox"/> New Construction <input type="checkbox"/> Non-Routine Fracturing <input type="checkbox"/> Water Shut-Off <input type="checkbox"/> Conversion to Injection <input type="checkbox"/> Dispose Water <small>(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)</small>

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this zone.)

Mallon Oil Company intends on completing the above referenced well, and down hole commingling of the San Jose, Nacimiento, Ojo Alamo and Pictured Cliffs formations.

RECEIVED
BLM
00 MAY -8 AM 10:55
DIO ALBUQUERQUE, N.M.

14. I hereby certify that the foregoing is true and correct

Signed *Gay Davis* Title Office Manager Date 5/3/00
Gay Davis

(THIS SPACE FOR FEDERAL OR STATE OFFICE USE)

Approved B *[Signature]* Title Lands and Mineral Resources Date 5/3/00

Conditions of approval, if any: