



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

November 17, 1997

Mallon Oil Company
P. O. Box 3256
Carlsbad, New Mexico 88220
Attention: Duane C. Winkler

Administrative Order NSL-2576-A

Dear Mr. Winkler:

Reference is made to your application dated September 26, 1997, as supplemented by letter dated October 1, 1997, for an unorthodox Ojo Alamo gas well location for your existing Jicarilla 459 Well No. 8 (API No. 30-039-24305), which was drilled in 1988 and completed in the East Blanco-Pictured Cliffs Pool at an unorthodox gas well location (approved by Division Administrative Order NSL-2576, dated September 14, 1988) 287 feet from the North line and 1072 feet from the West line (Unit C) of Section 17, Township 30 North, Range 3 West, NMPM, Rio Arriba County, New Mexico.

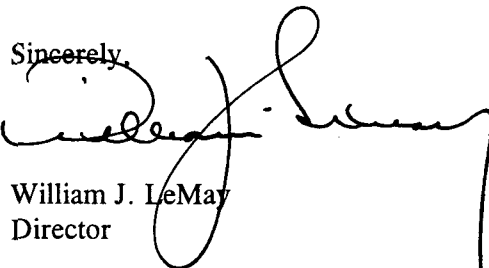
It is our understanding that the Pictured Cliffs interval will be properly plugged back and said well will be recompleted to the Ojo Alamo formation, which pursuant to Division General Rule 104.B(2)(a) said well location is considered to be unorthodox for a wildcat Ojo Alamo gas test. Further, the NW/4 of said Section 17 is to be dedicated to the well to form a standard 160-acre gas spacing and proration unit.

The application has been duly filed under the provisions of Rule 104.F of the General Rules and Regulations of the New Mexico Oil Conservation Division.

By the authority granted me under the provisions of Division General Rule 104.F(2), the above-described unorthodox Ojo Alamo gas well location is hereby approved.

Further, all provisions of said original Order NSL-2576 shall remain in full force and affect until further notice.

Sincerely,



William J. LeMay
Director

WJL/MES/kv

cc: New Mexico Oil Conservation Division - Aztec
U.S. Bureau of Land Management - Farmington
File: NSL-2576