



NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

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

October 10, 1997

Mallon Oil Company  
c/o James Bruce  
P. O. Box 1056  
Santa Fe, New Mexico 87504

*Administrative Order NSL-3827-A*

Dear Mr. Bruce:

Reference is made to your application dated September 12, 1997 on behalf of the operator, Mallon Oil Company, for an unorthodox oil well location in the Undesignated East Gem-Strawn Pool for their existing Mescalero "30" Federal Well No. 4 (API No. 30-025-33813), which was drilled earlier this year and completed in the Undesignated Quail Ridge-Morrow Gas Pool at an unorthodox gas well location (approved by Division Administrative Order NSL-3827, dated July 8, 1997) 1330 feet from the North and East lines (Unit G) of Section 30, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico.

It is our understanding that Mallon intends to downhole commingle within the wellbore of the Mescalero "30" Federal Well No. 4 gas production from the Undesignated Quail Ridge-Morrow Gas Pool with oil production from the Undesignated East Gem-Strawn Pool and, pursuant to Division General Rule 104.C(1), said well location is considered to be unorthodox for the oil bearing Strawn interval.

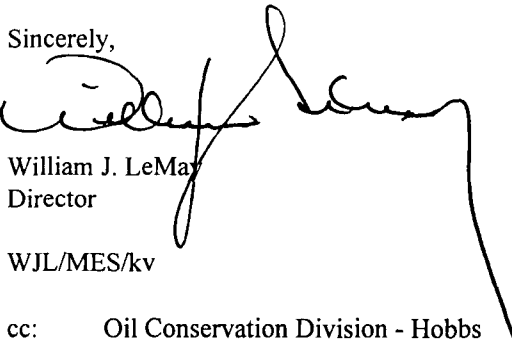
As indicated in your application, all of said Section 30 is a single Federal lease (NM-056376) in which Mallon is the lessee; therefore, there are no affected offsets to the subject 40-acre tract other than Mallon.

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 ("Division").

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

Further, all provisions of said original Order NSL-3827 shall remain in full force and affect until further notice.

Sincerely,



William J. LeMay  
Director

WJL/MES/kv

cc: Oil Conservation Division - Hobbs  
U. S. Bureau of Land Management - Carlsbad  
File: NSL-3827