

7/23/98 | 8/12/98 | MS | MN | NSL

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

20-30N-3W

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]

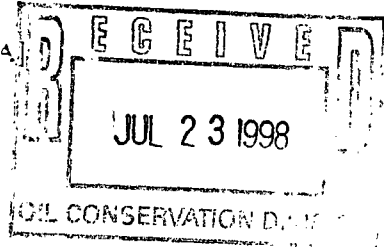
(1) TYPE OF APPLICATION - Check Those Which Apply for [A]

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

Check One Only for [B] or [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
[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 further verify that all applicable API Numbers are included. 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 Lindaran
Print or Type Name

[Signature]
Signature

Operations Superintendent
Title

7-14-98
Date

Handwritten circled note: ON 8/12/98

Mallon Oil Company

a Mallon Resources subsidiary

Denver/Colorado ♦ Carlsbad/New Mexico

July 14, 1998

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

Dear Mr. Stogner:

Mallon Oil Company is requesting an unorthodox location for the Jicarilla 459-20 Well No. 7 (1535' FNL, ²²⁵⁵225' FEL, Unit G) Sec. 20, T30N, R3W, Rio Arriba County, New Mexico.

Mallon Oil Company is the only offset operator to the acreage involved. Topography is the main cause for the placement of this well site. Originally the well was staked to the northeast. The location was change at the "on-site" because the acreage to the North and East was extremely steep that a severe cut and fill would have been required for the location as well as the access road. The main drainage forced the move even further to the South and North. The drainage was washed to ten-foot depths in this location. Additionally it was desirable to place the location at this site in order to extensive tree removal and to use the existing trail for access.

Please contact me at (505) 885-4596, if any additional information is needed.

Sincerely,



Duane C. Winkler
Operations Manager

DO, Hobbs, N.M. 88241-1980

DO, Artesia, N.M. 88211-0719

DISTRICT III
1000 Rio Brazos Rd., Artec, 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 30-039-25786		2 Pool Code 96538		3 Pool Name Cabresto Canyon; Ojo Alamo Ext.	
4 Property Code 22862		5 Property Name JICARILLA 459-20		6 Well Number 7	
7 CGRID No. 013925		8 Operator Name MALLON OIL CO.		9 Elevation 7239'	

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
	20	30-N	3-W		1535	NORTH	2255	EAST	RIO ARRIBA

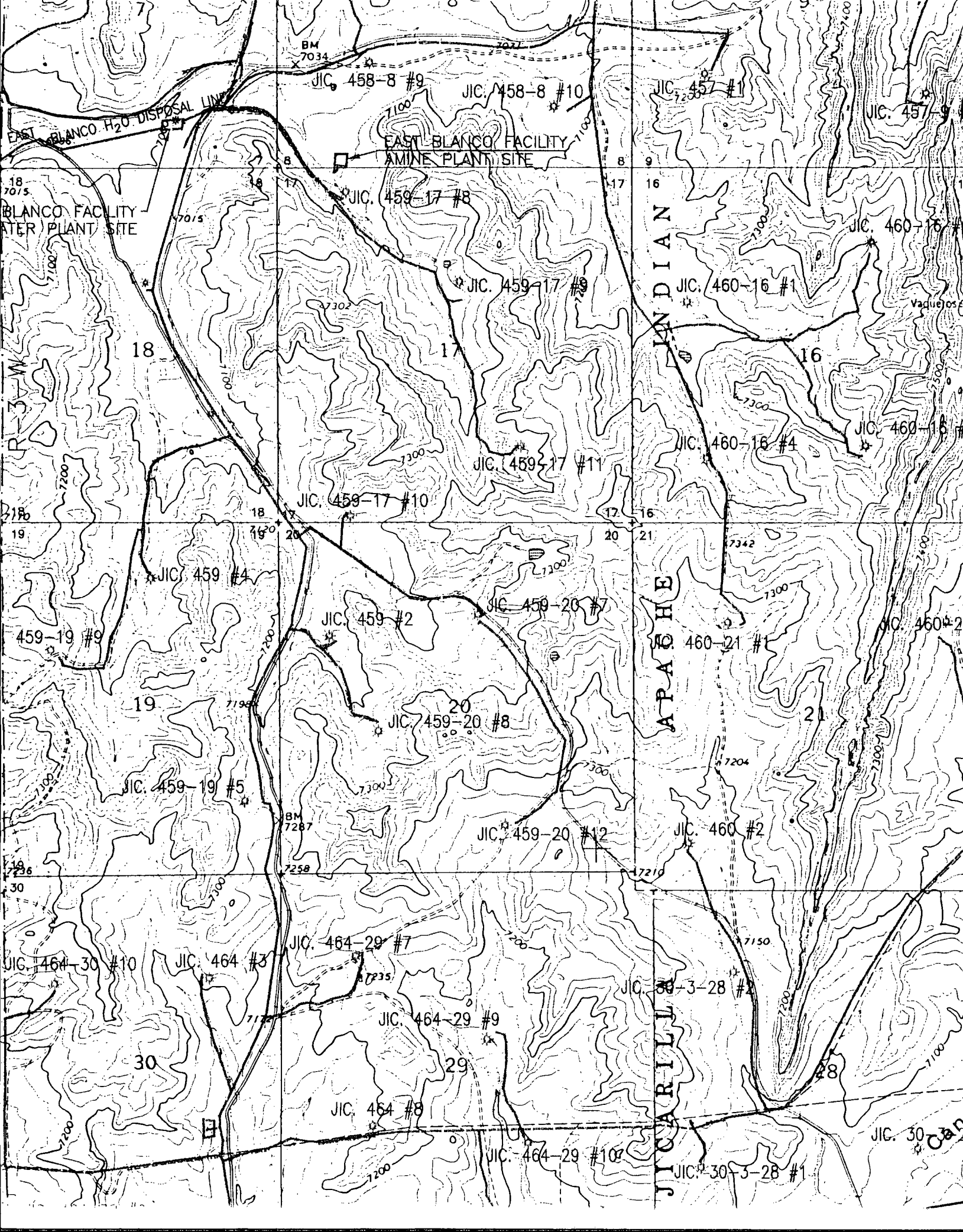
11 Bottom Hole Location If Different From Surface

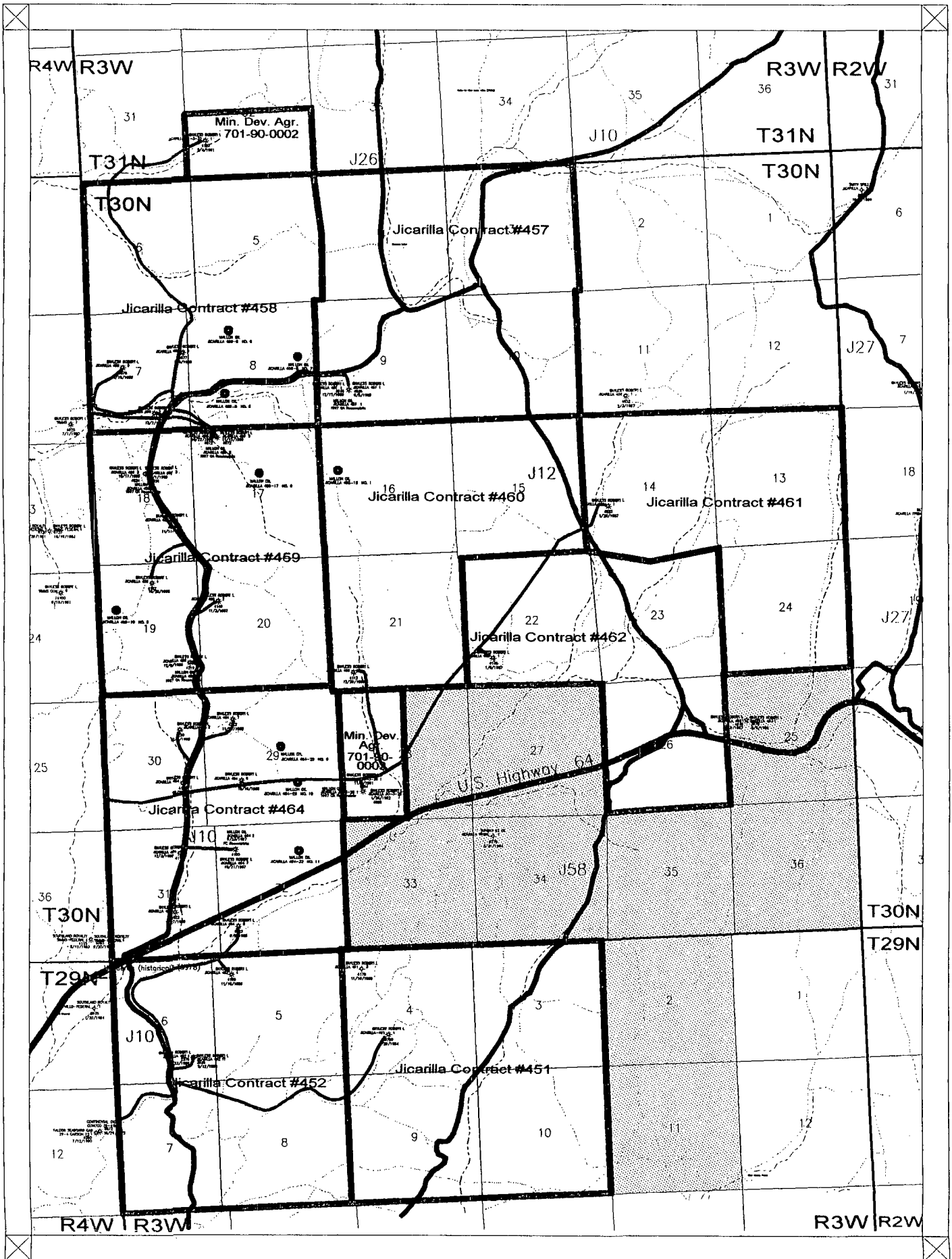
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

12 Dedicated Acres 160	13 Joint or Infill	14 Consolidation Code	15 Order No.
----------------------------------	--------------------	-----------------------	--------------

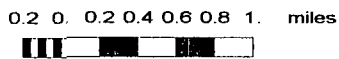
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16 WEST 5266.8' (record) 1535' 2255'	17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature: <u>Terry Lindeman</u> Printed Name: Terry Lindeman Title: Production Superintendent Date: <u>1-12-92</u>
	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. Date of Survey: <u>12-1</u> Signature: <u>[Signature]</u> Seal of Professional Surveyor: Certificate Number: <u>8894</u>





Scale 1:63360.



LEGEND	
Yellow	= Development Contracts
Green	= Proposed Acreage
Purple Lines	= Approximate Pipeline Locations
•	Permitted Well Locations

MALLON OIL COMPANY		
East Blanco Field San Juan Basin Rio Arriba County, New Mexico		
		10/17/1997

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

SUBMIT IN TRIPLICATE
(Other instructions on
reverse side)

FORM APPROVED
OMB NO. 1004-0136
Expires February 28, 1995

APPLICATION FOR PERMIT TO DRILL OR DEEPEN				5. LEASE DESIGNATION AND SERIAL NO Jicarilla 459	
1a. TYPE OF WORK Drill <input checked="" type="checkbox"/> Deepen <input type="checkbox"/>				6. IF INDIAN, ALLOTTEE OR TRIBE NAME Jicarilla Apache	
b. TYPE OF WELL Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone <input type="checkbox"/>				7. UNIT AGREEMENT NAME N/A	
2. NAME OF OPERATOR Mallon Oil Company 13925				8. FARM OR LEASE NAME, WELL NO. Jicarilla 459-20 No. 7 22862	
3. ADDRESS AND TELEPHONE NO. P.O. Box 3256 Carlsbad, NM 88220 (505) 885-4596				9. API WELL NO. 30-039-25786	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface 1535' FNL and 2255' FEL (SW NE) Unit G At proposed prod. zone 1535' FNL and 2255' FEL (SW NE) Unit G				10. FIELD AND POOL, OR WILDCAT E. Blanco, Pictured Cliffs 72400	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE * 50 miles east of Bloomfield, New Mexico				11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA G Sec. 20, T30N-R3W	
15. DISTANCE FROM PROPOSED * LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drtg. unit line, if any) 2255'		16. NO. OF ACRES IN LEASE 2267'		17. NO. OF ACRES ASSIGNED TO THIS WELL 160	
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 2300'		19. PROPOSED DEPTH 4500'		20. ROTARY OR CABLE TOOLS Rotary	
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, Etc.) 7239124		22. APPROX. DATE WORK WILL START February 28, 1998			
PROPOSED CASING AND CEMENTING PROGRAM					
SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT	
12-1/4"	8-5/8"	24#	500'	Circ. to surface	
7-8/8"	5-1/2"	15.5#	4500'	570 sks Surface	

Mallon Oil Company proposes to drill to a depth sufficient to test the Pictured Cliffs formation. If productive, 5-1/2" casing will be cemented at TD. If non-productive, the well will be plugged and abandoned in a manner consistent with Federal regulations. Specific programs as per on-shore Oil and Gas Order No. 1 are outlined in the following attachments:

Drilling Program

- Exhibit 1: Blow Out Preventor Equipment/Plan
- Exhibit A: Location and Elevation Plat
- Exhibit B: Roads and Pipelines
- Exhibit C: One Mile Radius Map

- Exhibit D: Drilling Site Layout
- Exhibit E: Production Facilities
- Exhibit F: H2S Contingency Plan
- Exhibit G: Environmental Assessment
- Exhibit H: Archaeological Clearance

RECEIVED
FEB 23 1998
OIL CON. DIV.
DIST. 3

* IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED: Terry Lindeman TITLE: Production Superintendent DATE: 01/12/98

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

CONDITIONS OF APPROVAL, IF ANY:

Joe Incardine

APPROVED BY _____ TITLE _____ DATE _____

*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

HOLD C-104 FOR NSG

State of New Mexico
Energy, Minerals & Natural Resources Department

DISTRICT I
P.O. Box 1980, Hobbs, N.M. 88241-1980

DISTRICT II
P.O. Drawer DD, Artesa, N.M. 88211-0719

DISTRICT III
1000 Rio Brazos Rd., Artec, 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

*API Number <i>30-039-25786</i>		*Pool Code <i>72400</i>		*Pool Name <i>E BLANCO DC</i>	
*Property Code <i>22862</i>		*Property Name JICARILLA 459-20			*Well Number 7
*GRID No. <i>13925</i>		*Operator Name MALLON OIL CO.			*Elevation 7239'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
	20	30-N	3-W		1535	NORTH	2255	EAST	RIO ARRIBA

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

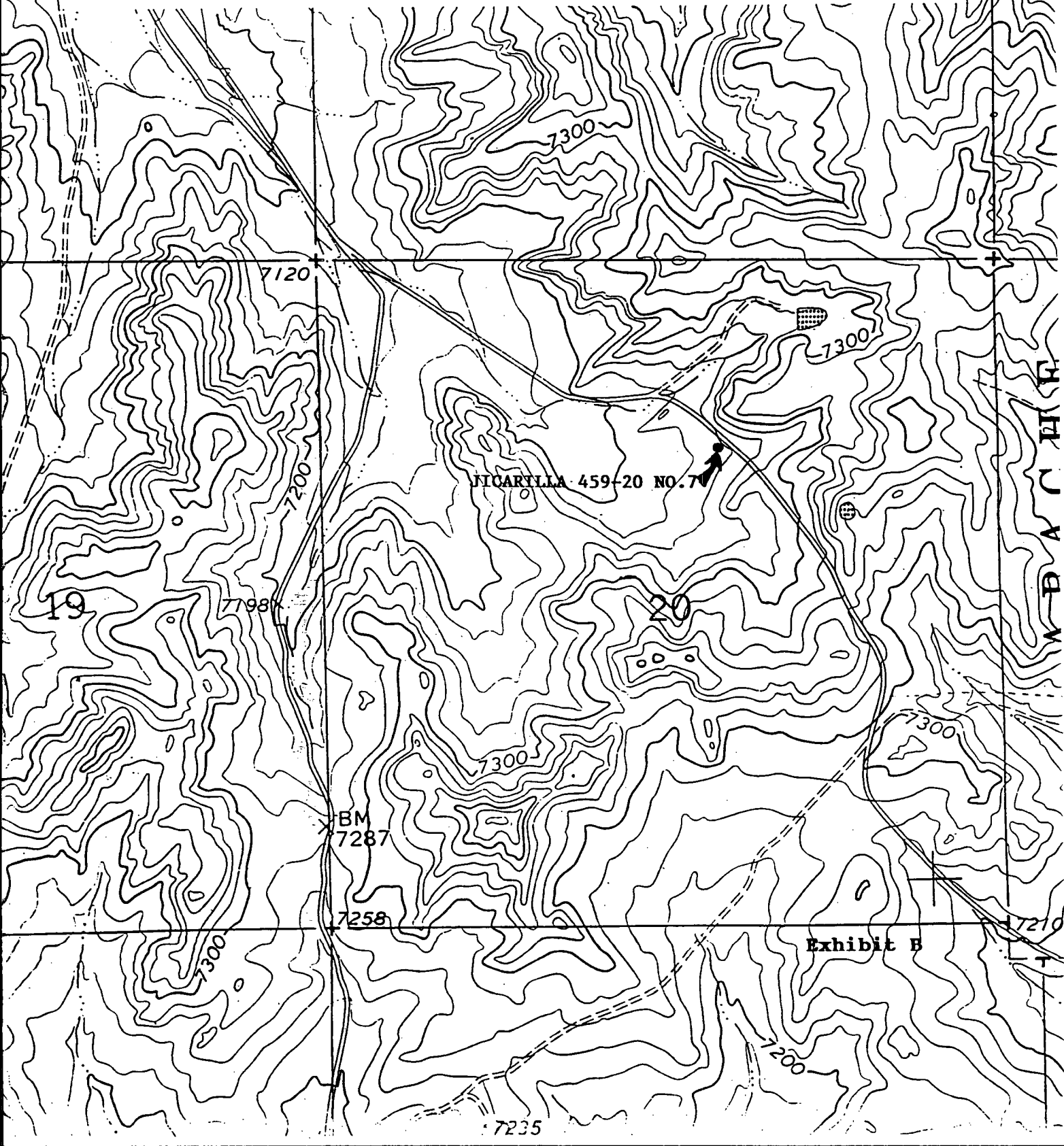
¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.

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

<p>16</p>	<p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Terry Lindeman</i> Signature</p> <p>Terry Lindeman Printed Name</p> <p>Production Superintendent Title</p> <p><i>1-12-98</i> Date</p>
	<p>18 SURVEYOR CERTIFICATION</p> <p>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.</p> <p><i>12-1</i> Date of Survey</p> <p><i>[Signature]</i> Signature and Seal of Professional Surveyor</p> <p>ROY A. RUSH REGISTERED PROFESSIONAL LAND SURVEYOR 8894</p> <p>8894 Certificate Number</p>

Exhibit B

MALLON OIL COMPANY
PROPOSED WELL LOCATION & ACCESS ROAD
JICARILLA 459-20 NO. 7
NE/4 SEC. 20, T-30-N, R-3-W, N.M.P.M.,
RIO ARRIBA COUNTY, NEW MEXICO
1535 FNL, 2255 FEL

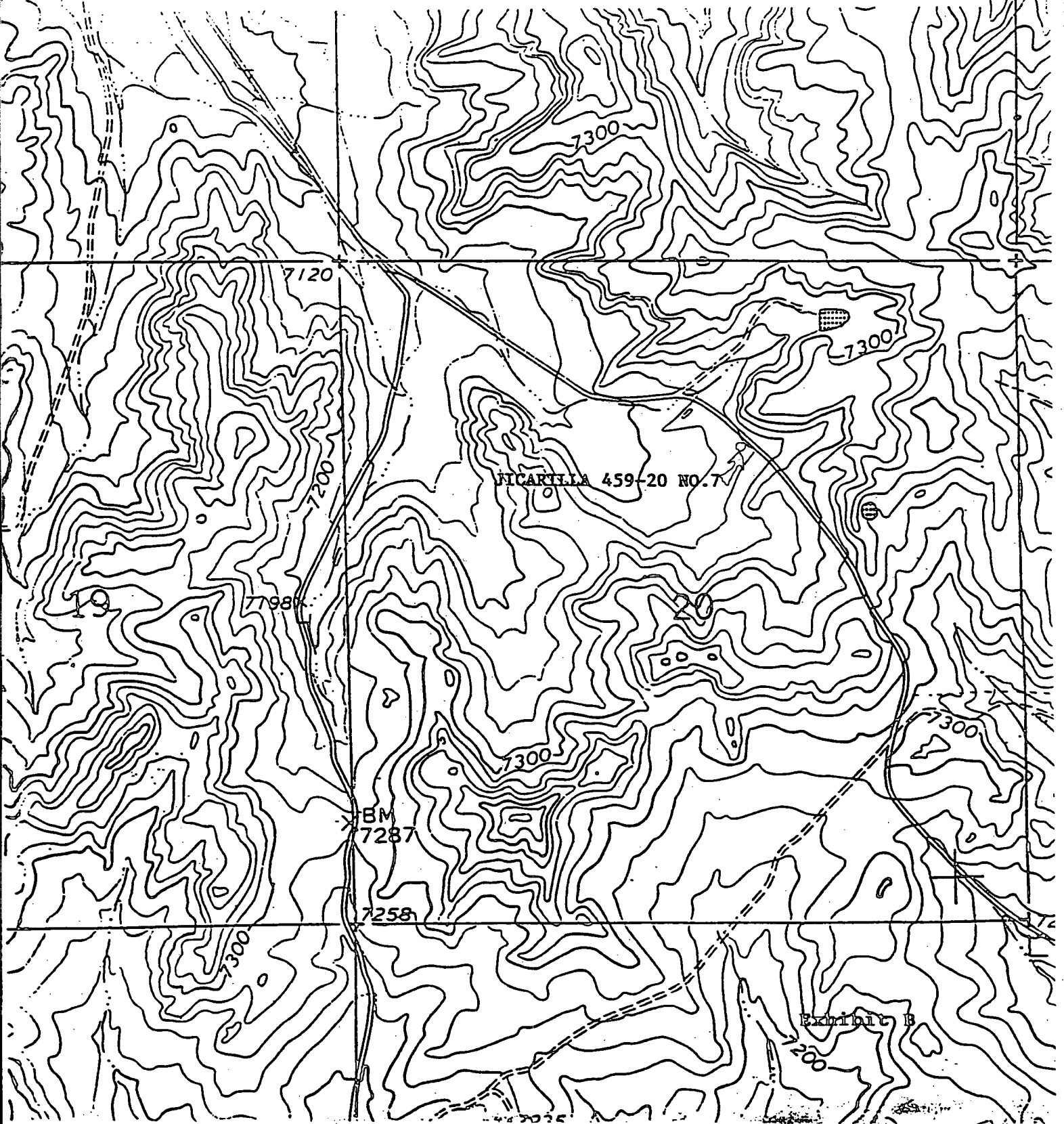


T 30 N
R 3 W

Exhibit B

Exhibit B

MALLON OIL COMPANY
PROPOSED WELL LOCATION & PIPELINE ACCESS
JICARILLA 459-20 NO. 7
NE/4 SEC. 20, T-30-N, R-3-W, N.M.P.M.,
RIO ARRIBA COUNTY, NEW MEXICO
1535 FNL, 2255 FEL



UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN DUPLICATE*

~~CONFIDENTIAL~~

FORM APPROVED
OMB NO. 1004-0137
Expires: February 28, 1995

WELL COMPLETION OR RECOMPLETION REPORT AND LOG*

5. LEASE DESIGNATION AND SERIAL NO.
Jicarilla 459

6. IF INDIAN, ALLOTTEE OR TRIBE NAME
Jicarilla Apache

7. UNIT AGREEMENT NAME
N/A

8. FARM OR LEASE NAME, WELL NO.
Jicarilla 459-20 No. 7

9. API WELL NO.
30-039-25786

10. FIELD AND POOL, OR WILDCAT
Cabresto Canyon; Ojo Alamo Ext.

11. SEC., T., R., M. OR BLOCK AND SURVEY OR AREA
Sec. 20, T30N-R3W

12. COUNTY OR PARISH
Rio Arriba County

13. STATE
NM

14. PERMIT NO.
N/A

DATE ISSUED
N/A

15. DATE SPUNDED
3/16/98

16. DATE TD REACHED
3/23/98

17. DATE COMP (Ready to Prod.)
4/18/98

18. ELEVATION (DF, RKB, RT, GR, ETC*)
7239' GL

19. ELEV. CASINGHEAD
7240'

20. TOTAL DEPTH, MD & TVD
4070'

21. PLUGBACK TD, MD & TVD
4021'

22. IF MULTIPLE COMP., HOW MANY*
N/A

23. INTERVALS DRILLED BY
ROTARY TOOLS: Yes; CABLE TOOLS: N/A

24. PRODUCING INTERVAL (S), OF THIS COMPLETION - TOP, BOTTOM, NAME (MD AND TVD*)
3252'-3289'

25. WAS DIRECTIONAL SURVEY MADE
Yes

26. TYPE ELECTRIC AND OTHER LOGS RUN
DIL, SDL, DSN

27. WAS WELL CORED
N/A

CASING RECORD (Report all strings set in well)

CASING SIZE/GRADE	WEIGHT LB/FT	DEPTH SET (MD)	HOLE SIZE	TOP OF CEMENT, CEMENTING RECORD	AMOUNT PULLED
8-5/8"	24 lbs	507'	12-1/4"	cmt 300 sxs "B", circ 93 sxs to surface	
5-1/2"	15.5 lbs	4064.5	7-7/8"	cmt 607 sxs, circ 52 sxs to surface	

LINER RECORD				TUBING RECORD			
SIZE	TOP (MD)	BOTTOM (MD)	SACKS CEMENT*	SCREEN (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)
N/A					1.9	3111'	3112'

31. PERFORATION RECORD (Interval, size, and number)
3252'-3289' 4 jsfp 148 holes
Ojo Alamo

32. ACID, SHOT, FRACTURE, CEMENT, SQUEEZE, ETC.
DEPTH INTERVAL (MD) | AMOUNT AND KIND OF MATERIAL USED
3252'-3289' | 2750 gal 7-1/2% acid

RECEIVED
MAY - 7 1998

33. PRODUCTION TEST

DATE FIRST PRODUCTION
6/98

PRODUCTION METHOD (Flowing, gas lift, pumping - size and type of pump)
Flowing

WELL STATUS (Producing or Shut In)
SI

DATE OF TEST	HOURS TESTED	CHOKE SIZE	PROD'N FOR TEST PERIOD	OIL - BBL	GAS - MCF	WATER - BBL	GAS-OIL RATIO
3/27/98	24	3/8"		0	1240	80	N/A

FLOW TBG PRESS	CASING PRESSURE	CALCULATED 24-HOUR RATE	OIL - BBL	GAS - MCF	WATER - BBL	OIL GRAVITY - API (CORR.)
380			0	1240	80	N/A

34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.)
Sold

35. LIST OF ATTACHMENTS

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records

SIGNED *H. P. Davis* TITLE Production Secretary DATE 4/24/98

ACCEPTED FOR RECORD

*(See Instructions and Spaces for Additional Data on Reverse Side)

Title 18 U.S.C. 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction

~~CONFIDENTIAL~~

SUMMARY OF POROUS ZONES: (Show all important zones of porosity and contents thereof; coring intervals; and all drift-stem, tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures, and recoveries):

36. GEOLOGIC MARKERS

FORMATION	TOP	BOTTOM	DESCRIPTION, CONTENTS, ETC.	TOP	
				MEAS. DEPTH	TRUE VERT. DEP.
				3246'	
				3480'	
				3669'	
				3776'	
				3860'	

NAME

Ojo Alamo

Kirtland

Fruitland

Pictured Cliffs

Lewis

TOP

MEAS. DEPTH

TRUE VERT. DEP.

DISTRICT I
P.O. Box 1960, Hobbs, N.M. 58241-1960

State of New Mexico
Energy, Minerals & Natural Resources Department

*Hold for
NSL*

Form C-1
Revised February 21, 19
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Cops
Fee Lease - 3 Cops

DISTRICT II
P.O. Drawer 80, Artesia, N.M. 88211-3713

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, NM 87504-2088

AMENDED REPORT

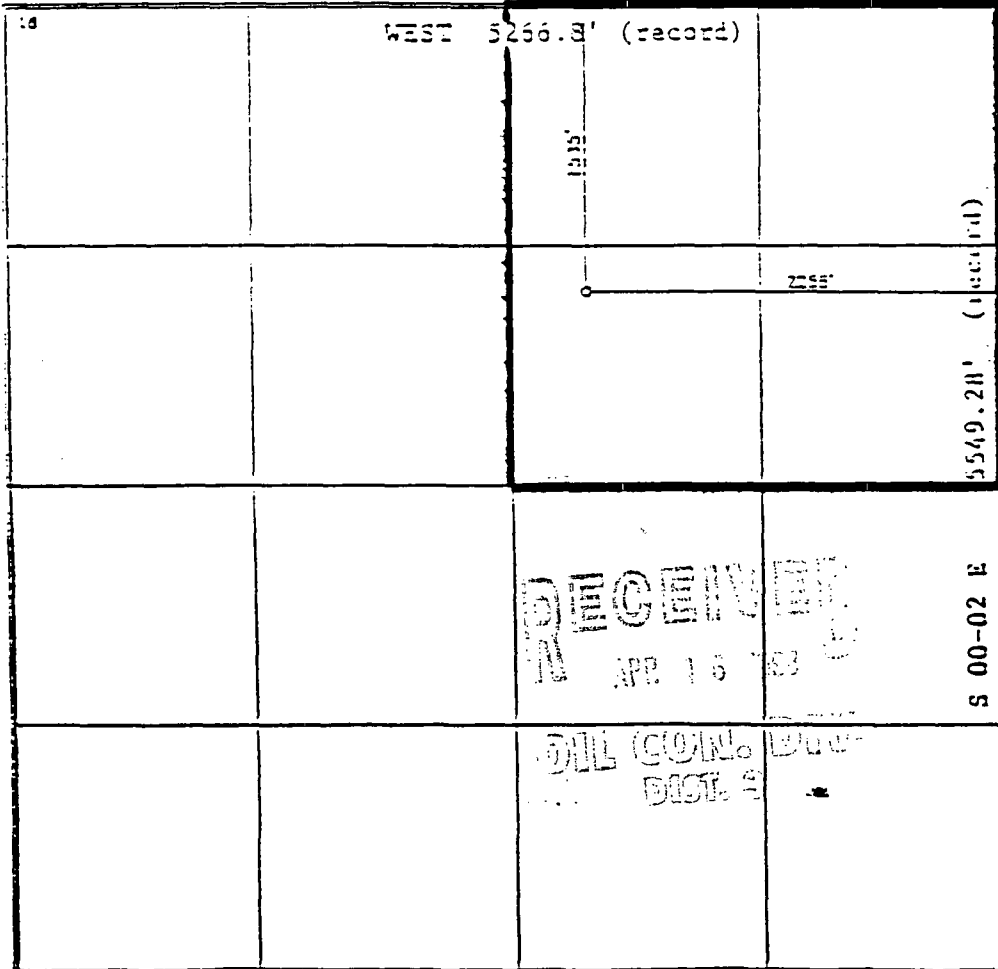
DISTRICT III
1000 Rio Brazos Rd., Artesia, N.M. 87413

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

WELL LOCATION AND ACREAGE DEDICATION PLAN

*API Number 30-039-25786		*Pool Code 96538		*Property Name CABRESTO CANYON Ojo Alamo (G) EXT		*Well Number 7			
*Property Code		*Operator Name MALLON OIL CO.		*Service		7219			
*CORD No.		*Operator Name		*Service		7219			
*Surface Location									
*Lot No.	*Section	*Township	*Range	*Lot Idn	*Feet from the	*North/South line	*Feet from the	*East/West line	*County
G	20	30-N	3-W		1535	NORTH	2255	EAST	RIO ARriba
*Bottom Hole Location if Different from Surface									
*Lot No.	*Section	*Township	*Range	*Lot Idn	*Feet from the	*North/South line	*Feet from the	*East/West line	*County
*Dedicated Acres	*Count of Wells	*Consolidation Code	*Order No.						
160									

NO ALLOWABLE WELL 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
Date

18 SURVEYOR CERTIFICATION
I hereby certify that the well location shown on this plan 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.

12-1
Date of Survey
Signature
ROY A. RUSH
NEW MEXICO
REGISTERED PROFESSIONAL SURVEYOR
8894
Certificate Number

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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.

Form Approved
Bureau of Land Management
Form 1500-101

5. Lease Designation and Serial No.

Jic 459

6. If Indian, Abote or Tribe Name

Jicarilla Apache Tribe

7. If Unit or CA, Agreement Designation

N/A

8. Well Name and No

Jicarilla 459-20 No. 7

9. Well API No

30-039-25786

10. Field and Pool or Exploratory Area

East Blanco, Pictured Cliffs

11. County or Parish, State

Rio Arriba County, New Mexico

SUBMIT IN TRIPLICATE

1. Type of Well

Oil Well Gas Well Other:

2. Name of Operator

Mallon Oil Company

3. Address and Telephone No

P.O. Box 3256, Carlsbad, NM 88220

(505) 885-4596

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

1535 FNL 2255' FEL (SW NE) Unit G

Sec. 20, T30N-R03W

12. CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

- Notice of Intent
 Subsequent Report
 Final Abandonment Notice

TYPE OF ACTION

- Abandonment
 Recompletion
 Plugging Back
 Casing Repair
 Altering Casing
 Other Spud
 Change of Plans
 New Construction
 Non-Routine Fracturing
 Water Shut-Off
 Conversion to Injection
 Dispose Water

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 oriented give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this zone.)

Mallon Oil company spud the above reference well on 3/16/98 at 5:00pm. Drilled 12-1/4" hole, 8-5/8" x 24 lb/ft surface csg was set at 507' and cemented 300 sxs Class "B" cement. Circulated 93 sxs of cement to pit.

RECEIVED
MAY - 7 1998

OIL CON. DIV.
DIST. 3

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

Signed

Christy Serrano

Title

Production Secretary

Date

4/22/98

(THIS SPACE FOR FEDERAL OR STATE OFFICE USE)

Approved By

[Signature]

Title

Lands and Mineral Resources

Date

MAY 1 1998

Conditions of approval, if any:

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

SUBMIT IN TRIPLICATE
(Other instructions on
reverse side)

FORM APPROVED
OMB NO. 1004-0136
Expires February 28, 1995

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK Drill <input checked="" type="checkbox"/> Deepen <input type="checkbox"/>		5. LEASE DESIGNATION AND SERIAL NO. Jicarilla 459	
b. TYPE OF WELL Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone <input type="checkbox"/>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME Jicarilla Apache	
2. NAME OF OPERATOR Mallon Oil Company 13925		7. UNIT AGREEMENT NAME N/A	
3. ADDRESS AND TELEPHONE NO. P.O. Box 3256 Carlsbad, NM 88220 (505) 885-4596		8. FARM OR LEASE NAME, WELL NO. Jicarilla 459-20 No. 7 22862	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface 1535' FNL and 2255' FEL (SW NE) Unit G At proposed prod. zone 1535' FNL and 2255' FEL (SW NE) Unit G		9. API WELL NO. 30-039-25786	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE * 50 miles east of Bloomfield, New Mexico		10. FIELD AND POOL, OR WILDCAT E. Blanco, Pictured Cliffs 72400	
15. DISTANCE FROM PROPOSED * LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 2255'		11. SEC., T., R., M., OR BLK AND SURVEY OR AREA Sec. 20, T30N-R3W	
16. NO. OF ACRES IN LEASE 2267'		12. COUNTY OR PARISH Rio Arriba	
17. NO. OF ACRES ASSIGNED TO THIS WELL 160		13. STATE NM	
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 2300'		19. PROPOSED DEPTH 4500'	
20. ROTARY OR CABLE TOOLS Rotary		21. ELEVATIONS (SHOW WHETHER DF, RT, GR, Etc.) 7239121'	
22. APPROX. DATE WORK WILL START February 28, 1998		23. PROPOSED CASING AND CEMENTING PROGRAM	
SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH
12-1/4"	8-5/8"	24#	500'
7-8/8"	5-1/2"	15.5#	4500'
			QUANTITY OF CEMENT Circ. to surface 570 SKS Surface

Mallon Oil Company proposes to drill to a depth sufficient to test the Pictured Cliffs formation. If productive, 5-1/2" casing will be cemented at TD. If non-productive, the well will be plugged and abandoned in a manner consistent with Federal regulations. Specific programs as per on-shore Oil and Gas Order No. 1 are outlined in the following attachments:

Drilling Program

- Exhibit 1: Blow Out Preventor Equipment/Plan
- Exhibit A: Location and Elevation Plat
- Exhibit B: Roads and Pipelines
- Exhibit C: One Mile Radius Map

- Exhibit D: Drilling Site Layout
- Exhibit E: Production Facilities
- Exhibit F: H2S Contingency Plan
- Exhibit G: Environmental Assessment
- Exhibit H: Archaeological Clearance

RECEIVED
FEB 23 1993
OIL CON. DIV.
Dist. 3

* IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED: Terry Lindeman TITLE: Production Superintendent DATE: 01/12/98

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

CONDITIONS OF APPROVAL, IF ANY:
Joe Incardine

APPROVED BY _____ TITLE _____ DATE _____

*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

HOLD C-104 FOR NSG

DISTRICT I
P.O. Box 1980, Hobbs, N.M. 88241-1980

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised February 21, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

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

OIL CONSERVATION DIVISION

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

AMENDED REPORT

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

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number <i>30-039-25756</i>		*Pool Code <i>72400</i>	*Pool Name <i>E BLANCO DC</i>
*Property Code <i>22862</i>	*Property Name JICARILLA 459-20		*Well Number 7
*OGRID No. <i>13925</i>	*Operator Name MALLON OIL CO.		*Elevation 7239'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
	20	30-N	3-W		1535	NORTH	2255	EAST	RIO ARRIBA

¹¹ Bottom Hole Location If Different From Surface

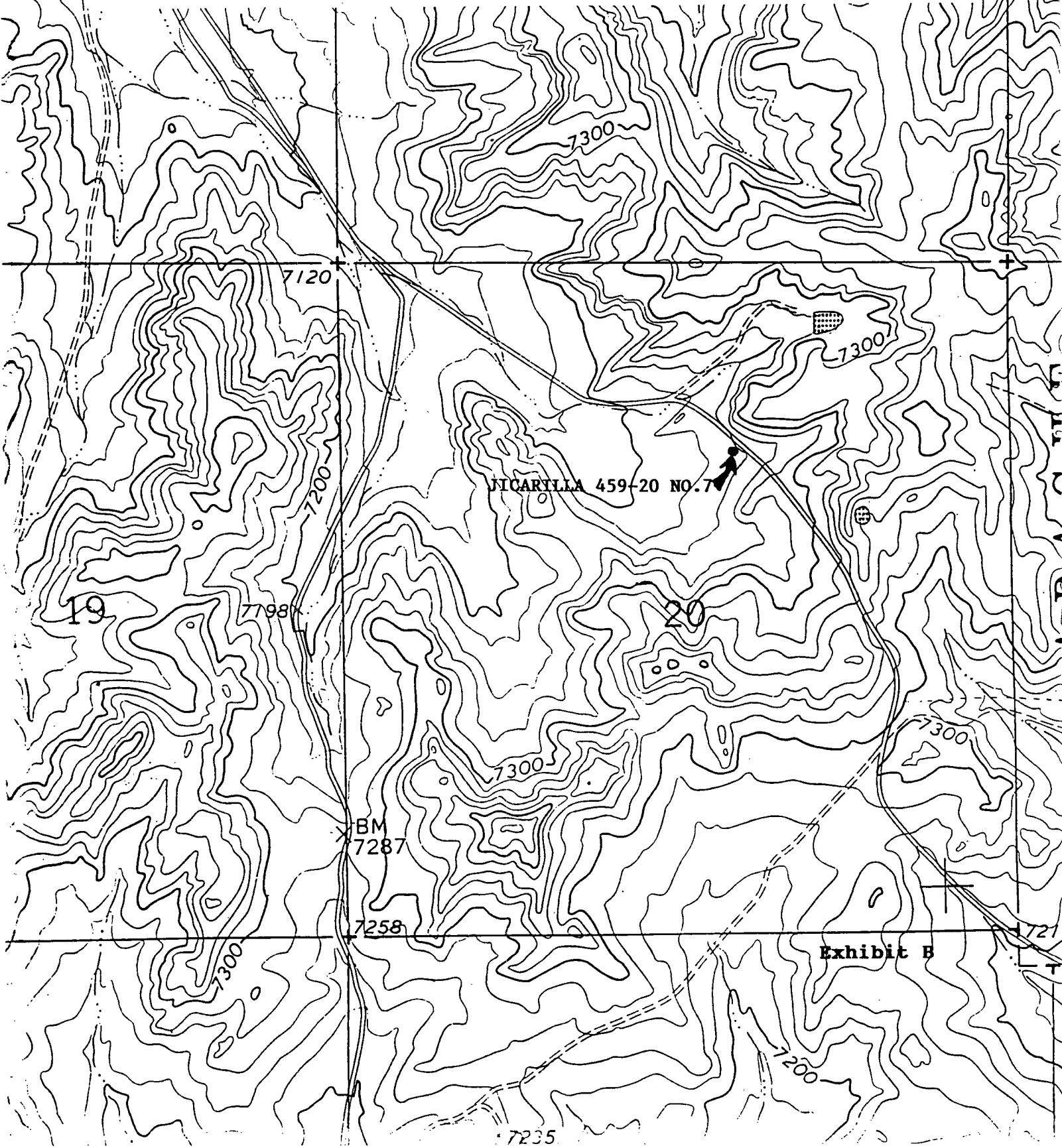
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.

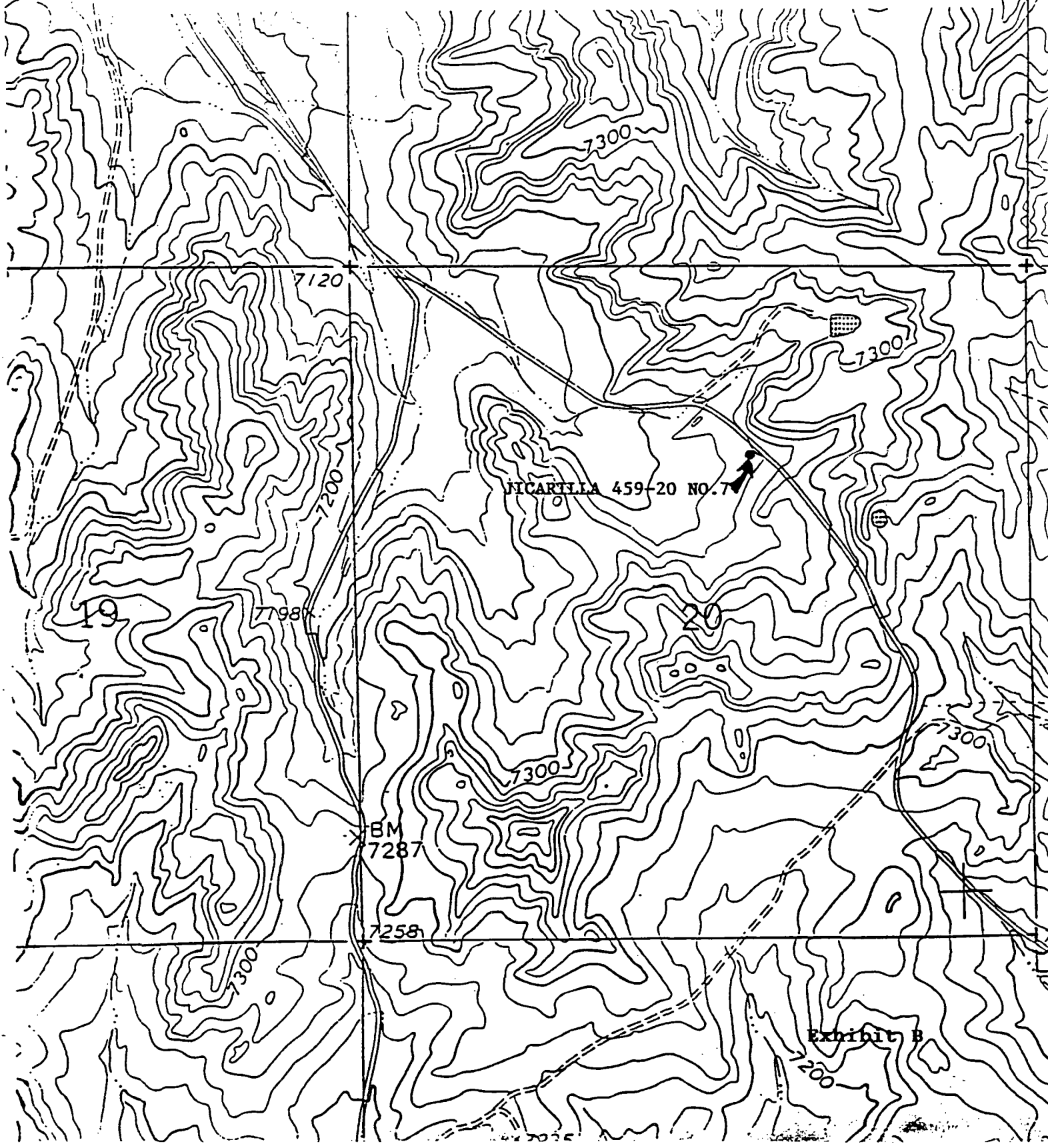
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p>16</p>	<p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p> <p><i>Terry Lindeman</i> Signature</p> <p>Terry Lindeman Printed Name</p> <p>Production Superintendent Title</p> <p><i>1-12-98</i> Date</p>
	<p>18 SURVEYOR CERTIFICATION</p> <p>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.</p> <p><i>12-1</i> Date of Survey</p> <p><i>[Signature]</i> Signature</p> <p>ROY A. RUSH NEW MEXICO REGISTERED PROFESSIONAL LAND SURVEYOR 8894</p> <p>8894 Certificate Number</p>

MALLON OIL COMPANY
PROPOSED WELL LOCATION & ACCESS ROAD
JICARILLA 459-20 NO. 7
NE/4 SEC. 20, T-30-N, R-3-W, N.M.P.M.,
RIO ARriba COUNTY, NEW MEXICO
1535 FNL, 2255 FEL



MALLON OIL COMPANY
PROPOSED WELL LOCATION & PIPELINE ACCESS
JICARILLA 459-20 NO. 7
NE/4 SEC. 20, T-30-N, R-3-W, N.M.P.M.,
RIO ARRIBA COUNTY, NEW MEXICO
1535 FNL, 2255 FEL



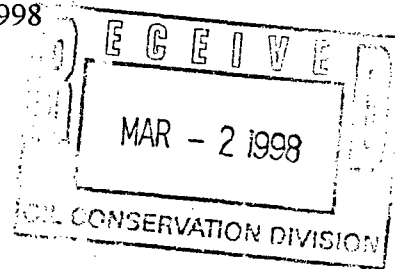
Mallon Oil Company

Denver/Colorado ♦ Carlsbad/New Mexico

NSL 3/23/98

a Mallon Resources subsidiary

February 27, 1998



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

Dear Mr. Stagner:

Enclosed, you will find, the East Blanco Field map for Mallon Oil Company, eleven (11) C-102 survey plats with attached topographic maps for the respective wells.

Mallon Oil Company is requesting an exemption to rule 104 due to topographic conditions for the following wells:

- | | |
|---------------------------|---------------------------|
| 1. Jicarilla 457-4 No. 2 | 5. Jicarilla 459-20 No. 8 |
| 2. Jicarilla 457-10 No. 8 | 6. Jicarilla 459-20 No. 7 |
| 3. Jicarilla 458-8 No. 7 | 7. Jicarilla 460-16 No. 1 |
| 4. Jicarilla 459-17 No. 9 | 8. Jicarilla 464-29 No. 9 |

needs more detail
30-039-25786

Note: Jicarilla 460-16 No. 1 has two plats attached showing the well was moved 100 feet west to avoid an archaeological site.

In addition to topographical conditions, due to irregular sections in Sec. 19-30N-3W and Sec. 30-30N-3W we are requesting non standard pro-ration units, for the following wells:

1. Jicarilla 459-19 No. 9
2. Jicarilla 464-30 No. 9
3. Jicarilla 464-30 No. 10

The only offset operator to the west is Robert L. Bayless and we have notified them of our request.

If any additional information is needed please contact me at (505) 885-4596

Mallon Oil Company
Sincerely,

A handwritten signature in black ink, appearing to read "Terry Lindeman".

Terry Lindeman
Exploration/Production Superintendent

State of New Mexico

Energy, Minerals & Natural Resources Department

DISTRICT I Hobbs, N.M. 88241-1980

DISTRICT II DO, Artesia, N.M. 88211-0719

DISTRICT III 1000 Rio Brazos Rd., Aztec, 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		2 Pool Code		3 Pool Name <i>E. Blanco P.L.</i>	
4 Property Code		5 Property Name JICARILLA 459-20		6 Well Number 7	
7 OGRID No.		8 Operator Name MALLON OIL CO.		9 Elevation 7239'	

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
	20	30-N	3-W		1535	NORTH	2255	EAST	RIO ARRIBA

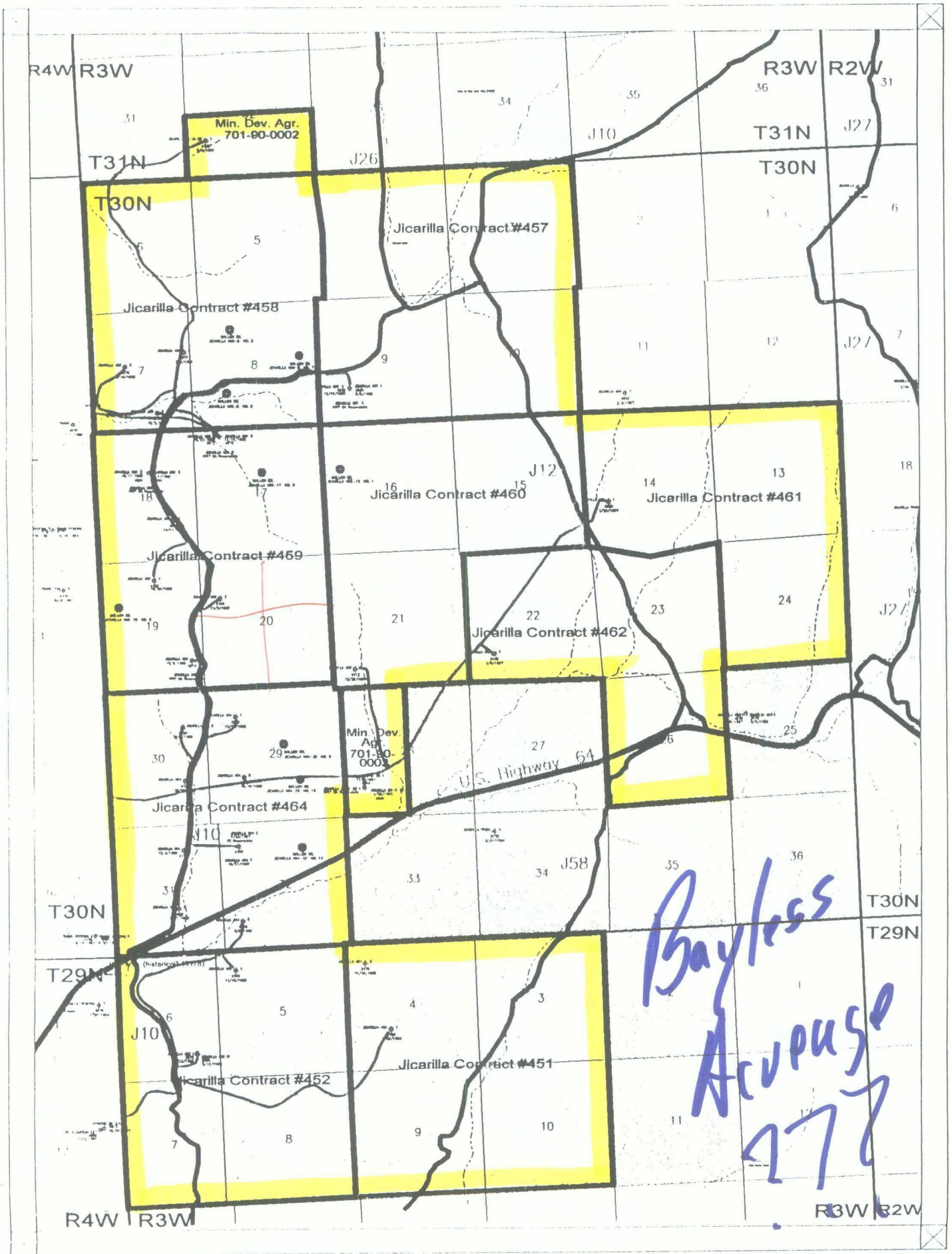
11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 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

16	WEST 5266.8* (record)		1535'	2255'	17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. <i>Shows 160</i> <i>Terry Lindeman</i> Signature Terry Lindeman Printed Name Production Superintendent Title 1-12-98 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. 12-1-98 Date of Survey ROY A. RUSH Signature of Registered Professional Surveyor 8894 Certificate Number



*Bayless
Acupuse
477*



Scale 1:63360.



MALLON OIL COMPANY		
East Blanco Field - San Juan Basin		
Townships 29-30 North		
Rio Arriba County, New Mexico		
		10/22/1997

Sec : 20 Twp : 30N Rng : 03W Section Type : NORMAL

D 40.00 Indian owned	C 40.00 Indian owned	B 40.00 Indian owned	A 40.00 Indian owned
E 40.00 Indian owned	F 40.00 Indian owned	G 40.00 Indian owned	H 40.00 Indian owned
A		A	

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06
PF07 BKWD PF08 FWD PF09 PRINT PF10 SDIV PF11 PF12

CMD :
OG6IWCM

ONGARD
INQUIRE WELL COMPLETIONS

08/12/98 09:57:48
OGOIV -EME5

API Well No : 30 39 25786 Eff Date : 04-18-1998 WC Status : A
Pool Idn : 96538 CABRESTO CANYON;OJO ALAMO (G)
OGRID Idn : 13925 MALLON OIL CO
Prop Idn : 22862 JICARILLA 459 20

Well No : 007
GL Elevation: 7239

	U/L	Sec	Township	Range	North/South	East/West	Prop/Act (P/A)
B.H. Locn	: G	20	30N	03W	FTG 1535 F N	FTG 2255 F E	P

Lot Identifier:
Dedicated Acre: 160.00

Lease Type : J

Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :

M0025: Enter PF keys to scroll

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06
PF07	PF08	PF09	PF10 NEXT-WC	PF11 HISTORY	PF12 NXTREC

CMD :
OG6C101

ONGARD
C101-APPLICATION FOR PERMIT TO DRILL

08/12/98 09:58:08
OGOIV -EME5

OGRID Idn : 13925 API Well No: 30 39 25786 APD Status(A/C/P): A
Opr Name, Addr: MALLON OIL CO Aprvl/Cncl Date : 02-18-1998
999 18TH ST
STE 1700
DENVER,CO 80202
Prop Idn: 22862 JICARILLA 459 20 Well No: 7

	U/L	Sec	Township	Range	Lot	Idn	North/South	East/West
	---	---	-----	-----	-----	-----	-----	-----
Surface Locn :	G	20	30N	03W			FTG 1535 F N	FTG 2255 F E
OCD U/L :	G		API County :	39				

Work typ(N/E/D/P/A) : N Well typ(O/G/M/I/S/W/C): G Cable/Rotary (C/R) : R
Lease typ(F/S/P/N/J/U/I): J Ground Level Elevation : 7239

State Lease No: Multiple Comp (Y/N) : S
Prpsd Depth : 4500 Prpsd Frmtn : CABRESTO CYN OJO ALAMO

E7024: Only view is allowed

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06 CONFIRM
PF07	PF08	PF09 PRINT	PF10 C102	PF11 HISTORY	PF12

County RIO ARRIBA

Pool EAST BLANCO-PICTURED CLIFFS

TOWNSHIP 30N South, RANGE 3W East, NEW MEXICO PRINCIPAL MERIDIAN

6	5	4	3	2	1
7	8	9	10	11	12
13	17	16	15	14	13
19	20	21	22	23	24
26	29	28	27	26	25
31	32	33	34	35	36

EXT: ALL SECS 7-32 (R-8713, 8/12/88) EXT: W/2 Sec. 5 (R-10178, 8-30-94)



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

March 4, 1998

Mallon Oil Company
P. O. Box 3256
Carlsbad, New Mexico 88220

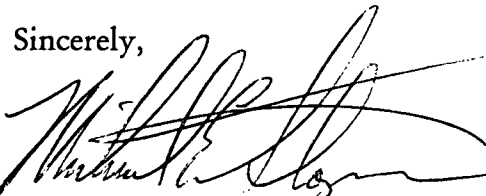
Attention: Terry Lindeman
Exploration/Production Superintendent

Re: Application for administrative approval to drill the Jicarilla 459-20 Well No. 7 (30-039-25786) to the Pictured Cliffs formation at an unorthodox gas well location 1535 feet from the North line and 2255 feet from the East line (Unit G) of Section 20, Township 30 North, Range 3 West, NMPM, East Blanco-Pictured Cliffs Pool, Rio Arriba County, New Mexico.

Dear Mr. Lindeman:

As required by Division Rule 104.F(3), see copy attached, please explain in more detail the topographic conditions that exist in the proposed 160-acre gas spacing and proration unit that is the NE/4 of said Section 20 preventing Mallon Oil Company from drilling this well at a standard gas well location.

Should you have any questions concerning this matter, you will first want to direct them to your legal counsel, Mr. James Bruce in Santa Fe at (505) 982-2043.

Sincerely,


Michael E. Stogner
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division - Aztec
James Bruce, Legal Counsel for Mallon Oil Company - Santa Fe

(i) Affected parties in this instance shall be defined as those parties who own interests in the applicable half quarter section (80-acre spacing), quarter section (160-acre spacing), half section (320-acre spacing), or section (640-acre spacing) in which the non-standard spacing unit is situated and which acreage is not included in said non-standard spacing unit;

(ii) the designated operator of any adjoining or diagonal spacing unit producing from the same pool(s) as the proposed non-standard spacing unit;

(iii) in the absence of an operator, all lessees of record of any diagonal or adjoining lease owning interests in the same pool(s) as the proposed non-standard spacing unit; and

(iv) in the absence of an operator or lessee, then to all owners of record of unleased mineral interests. [5-25-64...2-1-96]

(d) The applicant shall submit a statement attesting that applicant, on or before the same date the application was submitted to the Division, has sent notification to the affected parties by submitting a copy of the application, including a copy of the plat described in Subpart (c) above by certified or registered mail-return receipt in accordance with Rule 1207(6)(a) advising them that if they have an objection it must be filed in writing within twenty days from the date notice was sent. The Division Director may approve the non-standard spacing unit upon receipt of waivers from all said parties or if no said party has entered an objection to the non-standard spacing unit within 20 days after the Director has received the application. [5-25-64...2-1-96]

(e) The Division Director may set any application for administrative approval for a non-standard spacing unit for public hearing. [5-25-64...2-1-96]

(3) Number of Wells Per Spacing Unit in Non-Prorated Gas Pools:
Unless otherwise permitted by special pool rules or authorized after notice and hearing, only one (1) well per spacing unit is permitted in non-prorated pools. [5-25-64...2-1-96]

104.E. Form C-102, "Well Location and Acreage Dedication Plat", for any well shall designate the exact legal subdivision allotted to the well and Form C-101, "Application for Permit to Drill, Deepen, or Plug Back", will not be approved by the Division without such proper designation of acreage. [12-29-52...2-1-96]

104.F. UNORTHODOX LOCATIONS

(1) Well locations for producing wells and/or injection wells which are unorthodox based on the well location requirements of Rule 104.C(1)(a) above and which are necessary to permit the completion of an efficient production and injection pattern within a secondary recovery, tertiary recovery, or pressure maintenance project are hereby authorized, provided that any such unorthodox location within such project is no closer than the required minimum orthodox distance to the outer boundary of the lease or the unitized area, nor closer than 10 feet to any quarter-quarter section line or subdivision inner boundary. Such locations shall only require such prior approval as is necessary for an orthodox location. [1-1-50...2-1-96]

(2) The Division Director shall have authority to grant an exception to the well location requirements of Sections 104.B and 104.C above or to the well location requirements of special pool rules without notice and hearing when the necessity for such unorthodox location is based upon geologic conditions, archaeological conditions, topographical conditions, or the recompletion of a well previously drilled to a deeper horizon provided said well was drilled at an orthodoxy or approved unorthodox location for such original horizon. [1-1-82...2-1-96]

(3) Applications for administrative approval of unorthodox locations pursuant to Rule 104.F(2), above, shall be accompanied by a plat showing the subject spacing unit, its proposed unorthodox well location, the diagonal and adjoining spacing units and/or leases (whichever is applicable) and wells, and a list of affected parties. If the proposed unorthodox location is based upon topography or archaeology, the plat shall also show and describe the existing topographical or archaeological conditions. If the proposed unorthodox location is based upon geology, the application shall include appropriate geologic exhibits and a discussion of the geologic conditions which result in the necessity for the unorthodox location. [2-9-66...2-1-96]

(a) Adjoining and diagonal spacing units shall be defined as those immediately adjacent existing spacing units in the same pool(s) as the proposed unorthodox well and towards which the unorthodox well location encroaches. [2-9-66...2-1-96]

(b) Affected parties shall be defined as those parties who own interests in leases or operate wells on adjoining or diagonal spacing units and include:

(i) the designated operator of any adjoining or diagonal spacing unit producing from the same pool(s) as the proposed well;

(ii) in the absence of an operator, all lessees of record of any diagonal or adjoining lease owning interests in the same pool(s) as the proposed well; and

(iii) in the absence of an operator or lessee, all owners of record of unleased mineral interests in the same pool(s) as the proposed well. [2-9-66...2-1-96]

(4) The applicant shall submit a statement attesting that applicant, on or before the same date the application was submitted to the Division, has sent notification to the affected parties by submitting a copy of the application, including a copy of the plat described in Rule 104.F(3) above by certified or registered mail-return receipt in accordance with Rule 1207(A)(5) advising them that if they have an objection it must be filed in writing within twenty days from the date notice was sent. The Division Director may approve the unorthodox location upon receipt of waivers from all said parties or if no said party has entered an objection to the unorthodox location within 20 days after the Director has received the application. [2-9-66...2-1-96]

(5) The Division Director may set any application for administrative approval of an unorthodox location for public hearing, and may require that a directional survey be run in the unorthodox well to establish the actual location of the producing interval(s). [1-1-82...2-1-96]

104.G. Whenever an exception is granted, the Division may take such action as will offset any advantage which the person securing the exception may obtain over other producers by reason of the unorthodox location. [1-1-50...2-1-96]

104.H. If the drilling tract is within an allocated oil pool or is