

- Jicarilla Apache Tribe

- Oil & Gas Administration
Correspondence

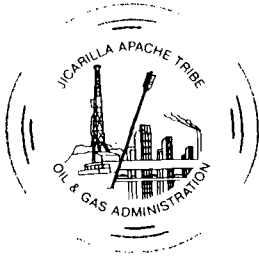
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OIL & GAS ADMINISTRATION

JICARILLA APACHE TRIBE

P.O. Box 507

Dulce, New Mexico 87528

[505] 759-3485 / 759-3242

FAX: [505] 759-3881

April 6, 1999

Mr. Terry Lindeman
Operations Superintendent
Mallon Oil Co.
P.O. Box 2797
Durango, CO 81302

Dear Terry:

I have reviewed the leasehold that is in the vicinity of the Mallon acreage as specified in your letter of March 24th and have determined that there are no direct offset leasehold operators other than Mallon Oil for the area specified. The closest offset operators to the specified acreage are located at least one mile from the Mallon acreage.

If you should have any other questions please contact me or Thurman Velarde at the above address.

Sincerely,

John T. Kilpatrick
Petroleum Geologist
Jicarilla Oil & Gas Administration