

ARCO
LEERO RDG UNIT DE #2
13710



NEW MEXICO
OIL CONSERVATION DIVISION

MALLON EXHIBIT 1

CASE NO. 11699-11701



Scale 1:15000



LEGEND
Red Outline = Pooling acreage

MALLON OIL COMPANY
Delaware Basin - Lea NE Pooling Acreage Lea County, New Mexico
1/17/96

Mallon Oil Company

Denver/Colorado ♦ Carlsbad/New Mexico

a Mallon Resources subsidiary

November 7, 1996

*Devon
Maddox*

Burlington Resources Oil & Gas Company
3300 N. "A" Street, Bldg. 6
Midland, TX 79705-5406

12.5%

Attn: P.M. Callaway

RE: Mallon 27 Federal No. 2
SESE Sec. 27-T19S-R34E
Lea County, NM

Gentlemen:

Enclosed please find the AFE with revised interests, covering the referenced well. Please review and return a signed copy by December 6, 1996. If you have any questions, please do not hesitate to call Ray Jones, VP-Engineering, or me.

Sincerely,

Anita Springer

Anita Springer
Title Analyst

Enclosure

NEW MEXICO
OIL CONSERVATION DIVISION
Mallon EXHIBIT *2*
CASE NO. *11699-11700-11701*

November 13, 1998

Burlington Resources Oil & Gas Company
3300 North "A" Street Bldg. 6
Midland, TX 79705-5406

Attention: Paul M. Callaway

Re: Mallon 27 Federal No. 1
SESW Section 27, T19S-R34E
AFE: 96-0400

Mallon 27 Federal No. 4
SWSE Section 27, T19S-R34E
AFE: 96-0487

Gentlemen:

Enclosed is Mallon Oil Company's AFE's for drilling and completing the referenced wells. Please review and return a signed copy by December 13, 1998.

Should you have any questions regarding the proposals and AFE's, please do not hesitate to call Ray Jones, VP-Engineering.

Sincerely,



Linda Wilkins
Operations Assistant

Enclosures

Date: 11/13/96

AFE No.: 96-0400

Drill 8200' Delaware test

Well Name: Mallon 27 Federal No. 1
Location: SESW Sec. 27, T19S-R34E
Field: Lea, N.E.

County: Lea
State: New Mexico
Proposed Depth: 8200'

Description	Dry Hole Drilling	Completion & Workover	Total
Intangible Cost:			
Damages, Losses & Legal	0	0	0
Surveys & Archaeological	0	0	0
Road, Location & Reclamation	15,000	2,500	17,500
Drilling-Footage	133,460	0	133,460
Drilling-Daywork	10,000	0	10,000
Drilling-Turnkey	2,500	0	2,500
Completion, Workover & Swab Units	0	12,000	12,000
Bits, Coreheads & B.T.R.A.	0	300	300
Water & SWD	8,000	4,000	12,000
Mud & Chemicals	7,000	0	7,000
Mud Logging	10,000	0	10,000
Open Hole Logging	20,000	0	20,000
Coring, DST & Wireline Tests	0	0	0
Cased Hole Logging	0	9,000	9,000
Cementing & Pumping Services	28,000	0	28,000
Stimulation	0	70,000	70,000
Equipment Rentals	2,500	5,300	7,800
Trucking	3,000	4,000	7,000
Other Contract Services	500	1,000	1,500
Fishing Services & Equipment	0	0	0
Engineering & Geologic Sup.	7,000	3,300	10,300
Administrative Overhead	2,500	1,100	3,600
Company Labor & Expense	0	0	0
Contingencies	2,000	2,000	4,000
Total Intangible Cost	\$251,460	\$114,500	\$365,960

Tangible Costs:			
Casing-Surface	22,200	0	22,200
Casing-Intermediate	0	0	0
Casing-Production	0	48,000	48,000
Tubing, Pups & Blast Joints	0	21,000	21,000
Wellheads & Equipment	900	4,000	4,900
Pumping Unit & Prime Mover	0	40,000	40,000
Sucker Rods & Downhole Pumps	0	18,000	18,000
Storage Tanks & Fittings	0	5,500	5,500
Heater Treaters & Separators	0	5,000	5,000
Compressor	0	0	0
Flowlines, Valves & Fittings	0	2,500	2,500
Meters & Runs	0	2,500	2,500
Power Lines & Electrical Hookup	0	5,000	5,000
Noncontrollable Items	0	1,000	1,000
Installation	0	5,000	5,000
Total Tangible Cost	\$23,100	\$157,500	\$180,600

Total Project Cost **\$274,560** **\$272,000** **\$546,560**

Date: 11/13/96

AFE No.: 96-0487

Drill: 8200' Delaware test

Well Name: Mallon 27 Federal No. 4

County: Lea

Location: SWSE Sec. 27, T19S-R34E

State: New Mexico

Field: Lea, N.E.

Proposed Depth: 8200'

Description	Dry Hole Drilling	Completion & Workover	Total
Intangible Cost:			
Damages, Losses & Legal	0	0	0
Surveys & Archaeological	0	0	0
Road, Location & Reclamation	15,000	2,500	17,500
Drilling-Footage	133,460	0	133,460
Drilling-Daywork	10,000	0	10,000
Drilling-Turnkey	2,500	0	2,500
Completion, Workover & Strab Units	0	12,000	12,000
Bits, Coreheads & B.H.A.	0	300	300
Water & SWD	8,000	4,000	12,000
Mud & Chemicals	7,000	0	7,000
Mud Logging	10,000	0	10,000
Open Hole Logging	20,000	0	20,000
Coring, DST & Wireline Tests	0	0	0
Cased Hole Logging	0	9,000	9,000
Cementing & Pumping Services	28,000	0	28,000
Stimulation	0	70,000	70,000
Equipment Rentals	2,500	5,300	7,800
Trucking	3,000	4,000	7,000
Other Contract Services	500	1,000	1,500
Fishing Services & Equipment	0	0	0
Engineering & Geologic Sup.	7,000	3,300	10,300
Administrative Overhead	2,500	1,100	3,600
Company Labor & Expense	0	0	0
Contingencies	2,000	2,000	4,000
Total Intangible Cost	\$251,460	\$114,500	\$365,960

Tangible Costs:			
Casing-Surface	22,200	0	22,200
Casing-Intermediate	0	0	0
Casing-Production	0	48,000	48,000
Tubing, Pups & Blast Joints	0	21,000	21,000
Wellheads & Equipment	900	4,000	4,900
Pumping Unit & Prime Mover	0	40,000	40,000
Sucker Rods & Downhole Pumps	0	18,000	18,000
Storage Tanks & Fittings	0	5,500	5,500
Heater Treaters & Separators	0	5,000	5,000
Compressor	0	0	0
Flowlines, Valves & Fittings	0	2,500	2,500
Meters & Runs	0	2,500	2,500
Power Lines & Electrical Hookup	0	5,000	5,000
Noncontrollable Items	0	1,000	1,000
Installation	0	5,000	5,000
Total Tangible Cost	\$23,100	\$157,500	\$180,600

Total Project Cost	\$274,560	\$272,000	\$546,560
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Mallon Oil Company

Denver/Colorado ♦ Carlsbad/New Mexico

a Mallon Resources subsidiary

November 18, 1996

Via Facsimile: 915-688-6010

Burlington Resources
3300 N. "A" Street, Building 6
Midland, TX 79705-5406
Attn: Leslyn Swierc

Re: Well Proposals
Mallon 27 Federal No. 1 - SESW Sec. 27
Mallon 27 Federal No. 2 - SESE Sec. 27
Mallon 27 Federal No. 4 - SWSE Sec. 27
T19S-R34E
Lea County, NM

Gentlemen:

El Paso Production Company farmed out its leasehold interest in three locations in Section 34 of the above-captioned T&R in our Farmout Agreement dated July 21, 1994. The farmout agreement was then amended to provide for continuous development with El Paso having the option to either participate in proposed wells or farmout. The parties subsequently executed Joint Operating Agreements ("JOA"), one for Section 34 and one for Section 35.

Under separate covers, dated November 7, 1996 and November 13, 1996, Mallon Oil Company proposed the aforementioned wells. It was Mallon's belief that these lands were included in our Section 34 JOA.

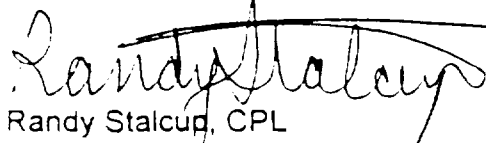
Mallon respectfully requests you to consider one of the following options:

1. Farmout your leasehold interest in these lands under the same terms set forth in our Farmout Agreement dated July 21, 1994; or
2. Amend one of our existing JOA's to cover your lands in Section 27; or
3. Consider selling Mallon your undeveloped leasehold interests in this area since they have been placed in your divestiture package.

Mallon is planning an aggressive drilling program in this area. We would appreciate your prompt attention to this matter.

Sincerely,

Mallon Oil Company


Randy Stalcup, CPL
Vice President, Land

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATIONS OF MALLON OIL COMPANY
FOR COMPULSORY POOLING, LEA
COUNTY, NEW MEXICO.

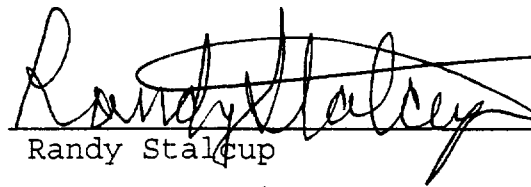
Case Nos. ⁷⁰¹ ~~11698~~, 11699,
and 11700

AFFIDAVIT REGARDING NOTICE

STATE OF NEW MEXICO)
COUNTY OF SANTA FE) ss.

Randy Stalcup, being duly sworn upon his oath, deposes and states:

1. I am over the age of 18, and have personal knowledge of the matters stated herein.
2. I am a landman for Applicant.
3. Applicant has conducted a good faith, diligent effort to find the names and correct addresses of the interest owners entitled to receive notice of the application filed herein.
4. Notice of the application and hearing date was provided to the interest owner at its correct address by certified mail. Copies of the notice letters and certified return receipts are attached hereto as Exhibit A.
5. Applicant has complied with the notice provisions of Division Rule 1207.


Randy Stalcup


SUBSCRIBED AND SWORN TO before me this 9th day of January, 1997, by Randy Stalcup.


Notary Public

My Commission Expires:

Oct 28, 1997

NEW MEXICO
OIL CONSERVATION DIVISION

 EXHIBIT 3

CASE NO. 11699 thru 11701

Mallon Oil Company

Denver/Colorado • Carlsbad/New Mexico

(Mallon Resources subsidiary)

December 19, 1996

Via Certified Mail, Return Receipt

Burlington Resources Oil & Gas Company
3300 North "A" Street, Bldg. 6
Midland, TX 79715-5406

Attn: Leslyn Swierc

Re Mallon 27 Federal No. 1, 2 and 4
SESW, SESE, SWSE Sec. 27, T19S-R34E
Lea County, New Mexico

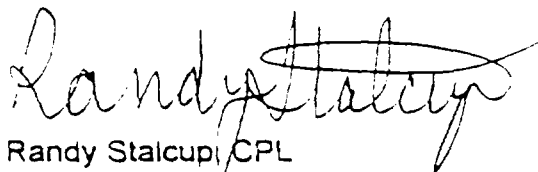
Mescalero Ridge 30 No. 4
N/2 Sec. 30, T19S-R34E
Lea County, New Mexico

Dear Sirs:

Enclosed are copies of applications for compulsory pooling filed at the New Mexico Oil Conservation Division by Mallon Oil Company regarding the Mallon 27 Federal No. 1, 2 and 4 wells, located in Section 27, Township 19 South, Range 34 East of Lea County, New Mexico, and the Mescalero Ridge 30 No. 4 well, located in Section 30, Township 19 South, Range 34 East of Lea County, New Mexico. These matters will be heard at 9:15 a.m. on ~~the~~ January 9, 1997 at the Division's offices at 2040 South 87505. As an interest owner in the wells, you have the participate in the cases. Failure to appear at the hearir these matters at a later date.

Sincerely,

Mallon Oil Company



Randy Stalcup, CPL
Vice President, Land

enclosures (4 items)



2 379 987 573 *see Back*

Receipt for Certified Mail
No Insurance Coverage Provided
Do not use for International Mail
(See Reverse)

PS Form 3800, March 1993

BURLINGTON O&G	
3300 N "A" ST Bldg 6	
MIDLAND TX 79715-5406	
Postage	\$ 1.11
Postage and Insurance	1.10
Postage and Insurance	
Postage and Insurance	
Postage and Insurance	1.10
Postage and Insurance	
Postage and Insurance	\$3.21

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.

Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

- 1. Show to whom delivered, date, and addressee's address.
- 2. Restricted Delivery ¹(Extra charge)†

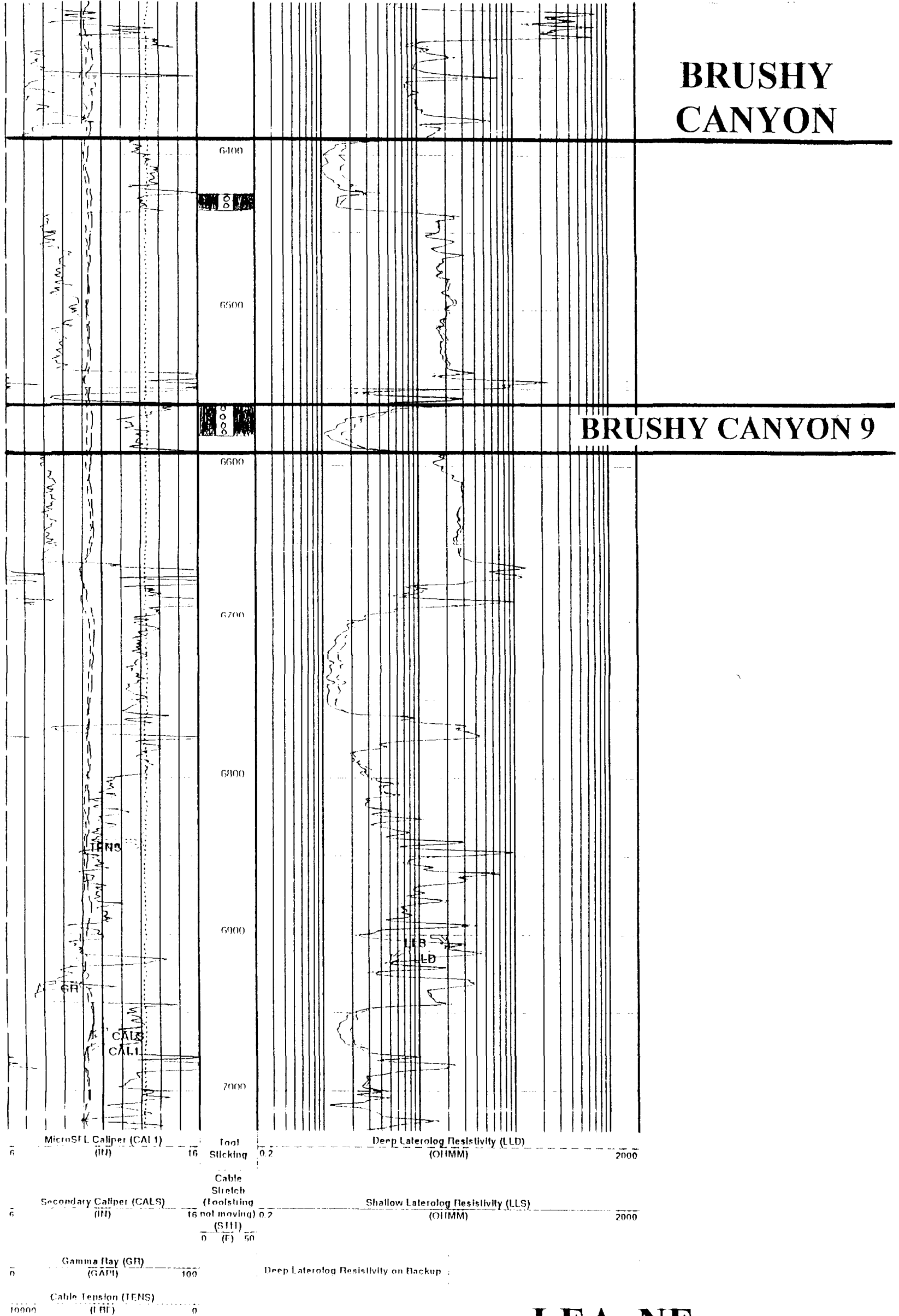
3. Article Addressed to:		4. Article Number	
BURLINGTON O+G CO 3300 N. 44 th ST. BLDG. 6 MIDLAND TX 79715-5406		Z 379 987 573	
5. Signature - Addressee		Type of Service:	
X <i>[Signature]</i>		<input type="checkbox"/> Registered <input type="checkbox"/> Insured	
6. Signature - Agent		<input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD	
X <i>[Signature]</i>		<input type="checkbox"/> Express Mail	
7. Date of Delivery		Always obtain signature of addressee or agent and DATE DELIVERED.	
12-16-96		8. Addressee's Address (ONLY if requested and fee paid)	

MALLON OIL COMPANY
MALLON - FEDERAL 34 #9
1980 FNL 1980 FEL
SECTION 34 T19S-R34E
LEA COUNTY, NEW MEXICO
K.B. ELEVATION: 3707

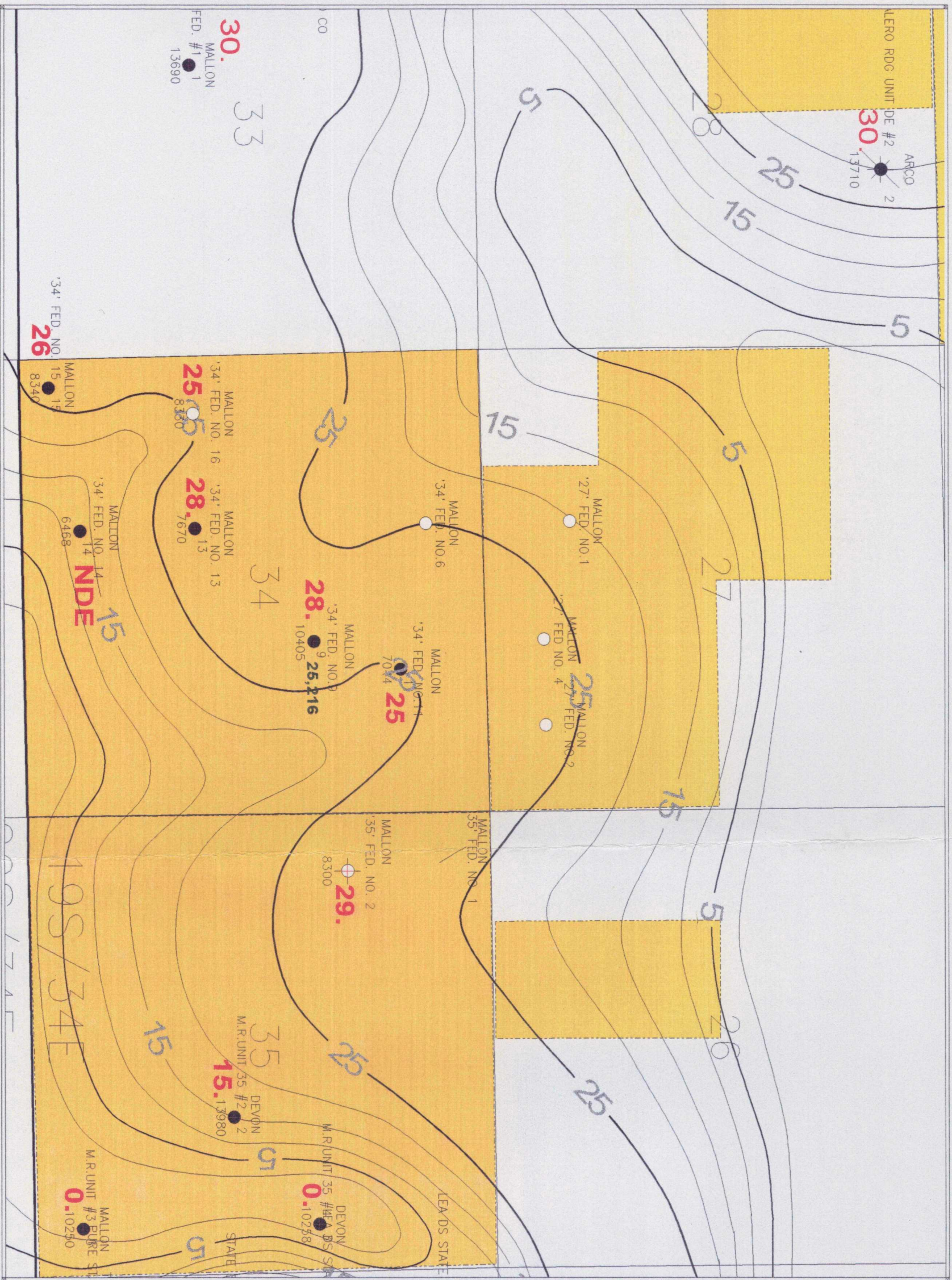
NEW MEXICO
OIL CONSERVATION DIVISION

MALLON EXHIBIT 4

CASE NO. 11633-1170



LEA, NE.
REFERENCE WELL LOG



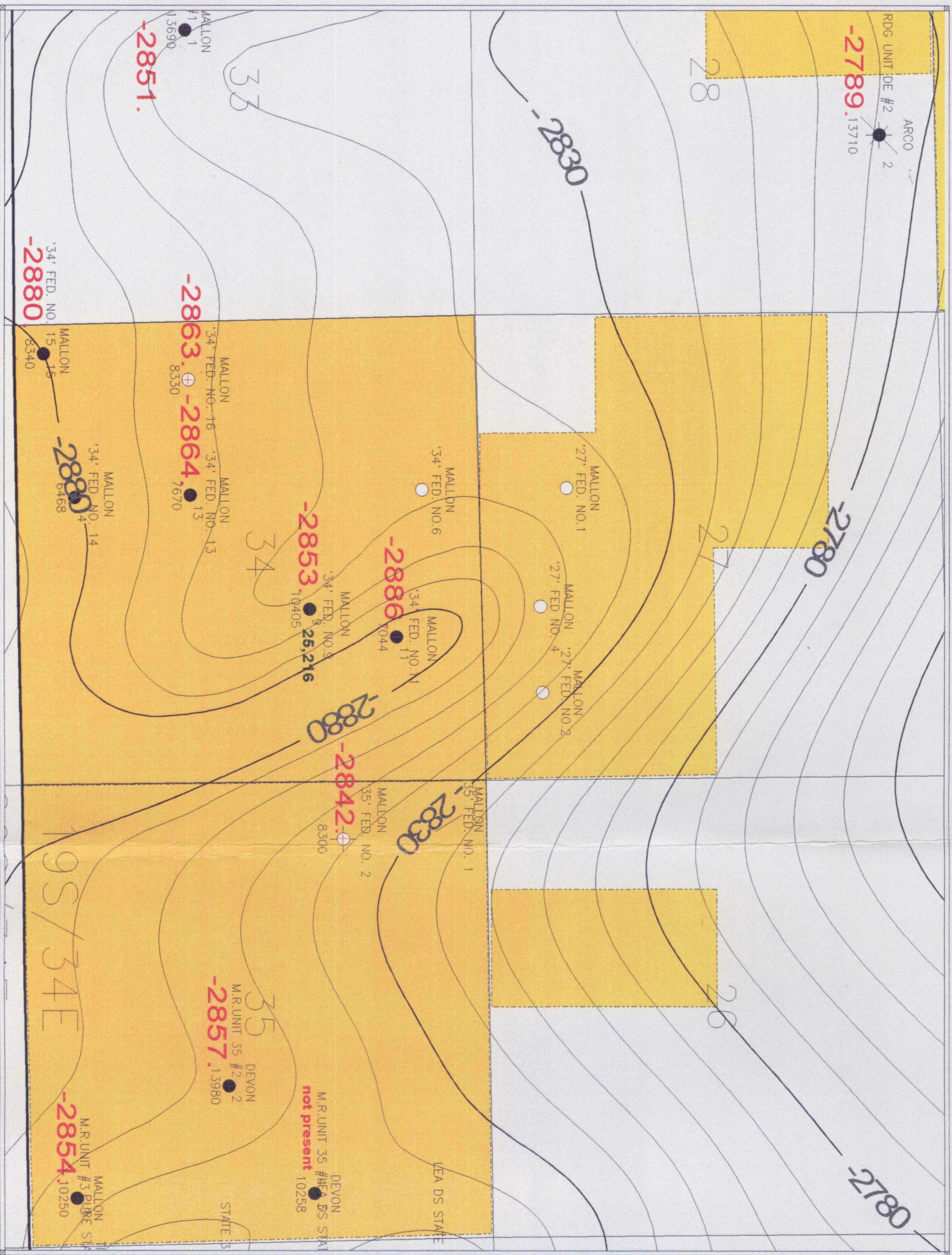
NEW MEXICO
OIL CONSERVATION DIVISION

MALLON EXHIBIT 5

CASE NO. 11699-11701

LEGEND
• cumulative prod. (bo)
well TD

MALLON OIL COMPANY		
Lea NE, Delaware, Lea Co., New Mexico		
ISOPACH		
TOTAL NET SAND - BRUSHY CANYON 9		
w.a. bond	C.I.: 5 feet	>12% porosity (den)
		1987



NEW MEXICO
OIL CONSERVATION DIVISION

MALLON EXHIBIT 6

CASE NO. 11699-11701

LEGEND

• cumulative prod. (bo)
well TD

MALLON OIL COMPANY

Lea NE Delaware, Lea Co., New Mexico
STRUCTURE
BRUSHY CANYON 9

w.a. bond	C.I.: 10 feet	1/97
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