

8/25/98

9/14/98

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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

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

U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

[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.

JAMES BRUCE
P.O. BOX 1056
SANTA FE, NM 87504

Note: Statement must be completed by an individual with supervisory capacity.

Print or Type Name

Signature

Title

Date

8/25/98

JAMES BRUCE

ATTORNEY AT LAW

POST OFFICE BOX 1006
SANTA FE, NEW MEXICO 87504

SUITE B
602 OLD SANTA FE TRAIL
SANTA FE, NEW MEXICO 87501

(505) 982-2043
(505) 982-2151 (FAX)

August 25, 1998

Hand Delivered

Michael E. Stogner
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Dear Mr. Stogner:

This letter is submitted in response to your letter of August 13, 1998 addressed to Mallon Oil Company ("Mallon"), regarding its application for administrative approval of an unorthodox gas well location for the following well:

Jicarilla 464-30 Well No. 10
API No. 30-039-25788
1700 feet FNL & 800 feet FWL (Lot 2)
S30, Township 30 North, Range 3 West, NMPM
Rio Arriba County, New Mexico

The well was drilled under Division Administrative Order NSP-1786(L), issued for the East Blanco-Pictured Cliffs formation.¹ However, the San Jose and Nacimiento formations are the producing formations. Both formations are subject to statewide rules, with 160 acre well units, and wells to be located no closer than 790 feet to the outer boundary of the well unit nor closer than 130 feet to a quarter-quarter section line.

At this time, pursuant to Division Rule 104.D.(2), Mallon requests approval of a non-standard gas spacing and proration unit for the well consisting of Lots 1, 2, and the NE¼ (N½ equivalent) of Section 30, containing 246.46 acres.² Attached as Exhibit A is the

¹I have been informed that the location was also approved by Division Order No. R-8774. I have not reviewed that order.

²I have been informed that Mallon has discussed this proposed well unit with the Division's Aztec office, which has no objection.

Form C-102 for the well, marking the well location and outlining the proposed well unit. The non-standard unit is necessitated by a variation in the United States public land surveys: Section 30 is comprised of Lots 1-6, the NE $\frac{1}{4}$, and the N $\frac{1}{2}$ SE $\frac{1}{4}$, containing 519.21 acres. Approval of the non-standard unit means the unorthodox location is no longer necessary.

Attached as Exhibit B is a land plat of the area. Sections 29-32 are owned and operated by Mallon, and royalty and overriding royalty ownership is common in those sections. The acreage immediately to the west of section 30 is operated by Robert L. Bayless, who has been notified of this application by certified mail. A copy of the notice letter is attached as Exhibit C.

Based on the foregoing, Mallon requests approval of the above non-standard gas spacing and proration unit. Please call me if you need anything further on this matter.

Very truly yours,



James Bruce

Attorney for Mallon Oil Company

DISTRICT II
P.O. Drawer 110, Artesia, N.M. 80411-0710

DISTRICT III
1030 Rio Grande Rd., Artesia, N.M. 87410

DISTRICT IV
PO Box 2000, Santa Fe, NM 87501-2000

OIL CONSERVATION DIVISION

P.O. Box 2000
Santa Fe, NM 87504-2000

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | | |
|-----------------------------|------------------------------------|------------|---|
| *API Number 30-039-25700 | | *Pool Code | *Pool Name Wildcat Cabresto Canyon; San Jose |
| *Property Code | *Property Name JICARILLA 464-30 | | *Well Number 10 |
| *ORD No. 013925 | *Operator Name MALLON OIL CO. | | *Mavilion 7230 |

10 Surface Location

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from lbr | North/South line | Feet from lbr | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|------------|
| E | 30 | 30-N | 3-W | | 1700 | NORTH | 800 | WEST | RIO ARriba |

11 Bottom Hole Location If Different From Surface

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

| | | | |
|-------------------------|---------------|---------------------|------------|
| *Dedicated Acres 160 | *Lot or Tract | *Consolidation Code | *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

| | | | |
|----------------------|-------|---------------------|-------|
| U.S.G.L.O. B.C. 1917 | | WEST 4067' (RECORD) | |
| 1 | 2 | 3 | 4 |
| 43.22 | 43.24 | 43.23 | 52.17 |
| 1700' | 800' | 5633.59' | 48.60 |
| 48.75 | | | |
| U.S.G.L.O. B.C. 1917 | | 48.60 48.75 | |

17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature: Terry Lindeman

Printed Name: Terry Lindeman

Title: Production Superintendent

Date: 1-13-98

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: 12-

Signature: [Signature]

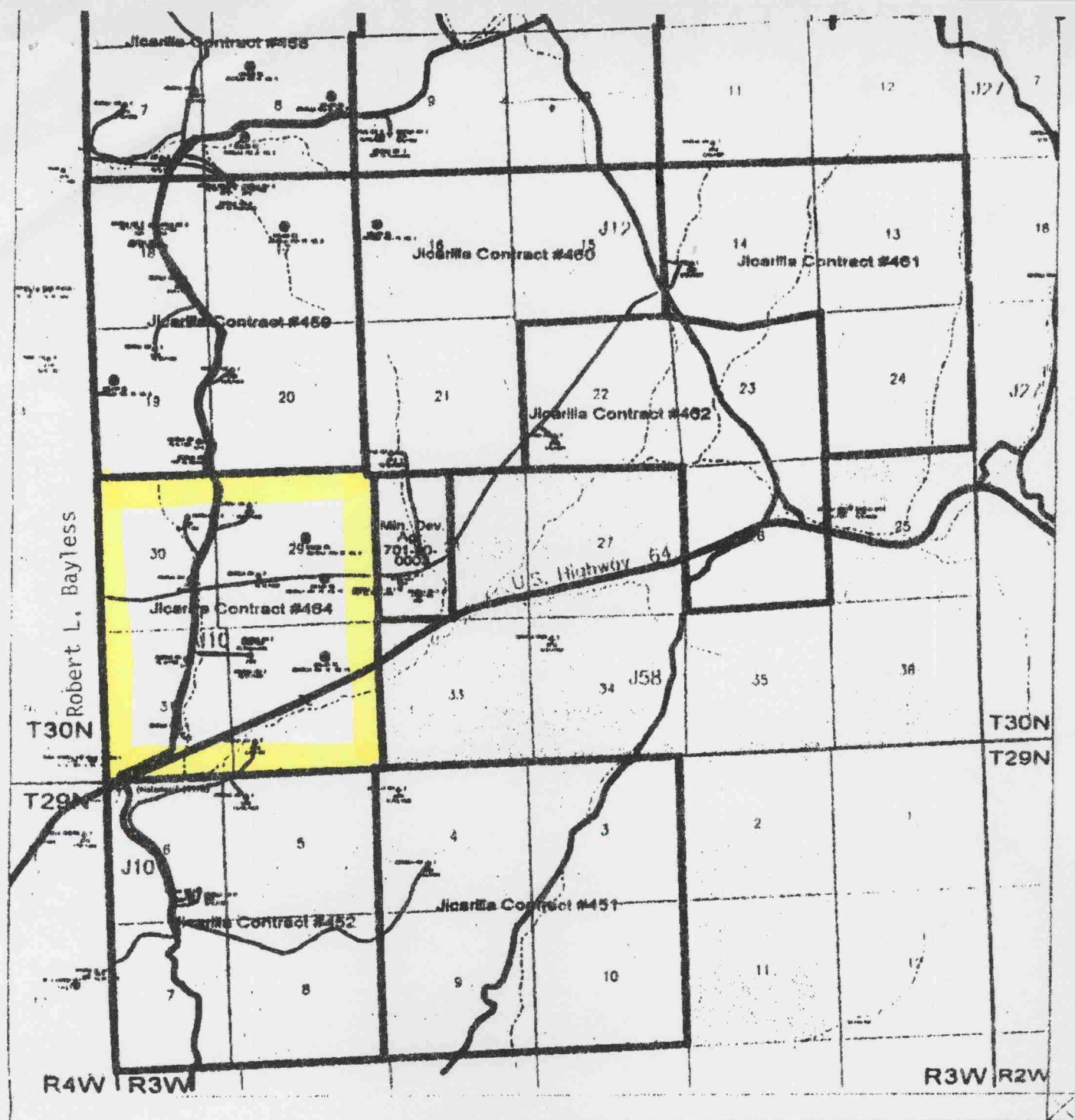
Professional Surveyor
8894

8894

Certificate Number

EXHIBIT

A



Robert L. Bayless

T30N

T29N

T30N

T29N

R4W R3W

R3W R2W



Scale 1:63360.

0 2 0 0 2 0 4 0 0 0 6 1. miles



MALLON OIL COMPANY

East Blanco Field - San Juan Basin
Townships 29-30 North
Rio Arriba County, New Mexico

10/23/197

EXHIBIT

B

JAMES BRUCE

ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

SUITE B
612 OLD SANTA FE TRAIL
SANTA FE, NEW MEXICO 87501

(505) 982-2043
(505) 982-2151 (FAX)

August 25, 1998

**CERTIFIED MAIL
RETURN RECEIPT REQUESTED**

Robert L. Bayless
P.O. Box 168
Farmington, New Mexico 87499

Dear Mr. Bayless:

Mallon Oil Company has filed an administrative application for approval of a non-standard gas spacing and proration unit with the New Mexico Oil Conservation Division. A copy of the application is enclosed. If you object to the application, you must notify the Division in writing no later than Monday, September 14, 1998. The Division's address is 2040 South Pacheco Street, Santa Fe, New Mexico 87505 (Attention: Michael E. Stogner).

Very truly yours,


James Bruce

Attorney for Mallon Oil Company

