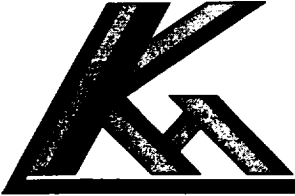


116639323 NSL 7/5/01



KM PRODUCTION COMPANY
P. O. Box 2406
Farmington, NM 87499-2406
(505) 325-6900

NSL-4609
7-16-119

June 13, 2001

Certified Mail - Return Receipt Requested #P 7000 1670 0012 7262 6232

Ms. Lori Wrotenbery, Director
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

RE: Request for Administrative Approval of a
Non-Standard Basin Fruitland Coal Location
M&G Drilling Company
Hardie #62
935' FSL and 1010' FEL
Section 14, T29N R12W
San Juan County, New Mexico

RECEIVED
JUN 14 2001
OIL CONSERVATION DIVISION



Gentlemen:

KM Production Company is an agent for M&G Drilling Company. M&G Drilling Company requests administrative approval of a non-standard Basin Fruitland Coal formation gas well. They plan to recomplete their Hardie #62 well (SE ¼, Section 14, T29N R12W) in the Fruitland Coal formation. This well produced from the Pictured Cliffs formation and does not currently produce any gas, being it is beyond its economic limit. The Hardie #62 well will be a non-standard Fruitland Coal location in that it is located in the SE ¼ of Section 14 rather than the SW ¼ of the section. The NE ¼ of the section already has a Fruitland Coal well on it. The well located in the SW ¼ of Section 14 is currently producing gas economically from the Pictured Cliffs formation and is therefore not a good recompletion candidate.

You will find enclosed with this request a map showing operators of the acreage surrounding the Hardie #62 well. This map also shows the Fruitland Coal wells offsetting this proposed plug back candidate well. Also enclosed is an acreage dedication plat for this well and a list of the names and addresses of offset operators that were sent copies of this application. As per NMOCD regulations, by copy of this letter to offset operators, M&G Drilling Company is asking offset operators to waive any objection to this Basin Fruitland Coal non-standard location.

I believe this request provides all the information required by NMOCD regulations for administrative approval of a non-standard location. Your prompt response to this request is appreciated.

Sincerely,

Kevin H. McCord
Petroleum Engineer

OFFSET OPERATORS - NON STANDARD LOCATION

M&G DRILLING COMPANY
 HARDIE #62 FRUITLAND COAL WELL
 SE ¼, Section 14, T29N R12W
 San Juan County, New Mexico

T29N R12W

BURLINGTON RESOURCES 10	BURLINGTON RESOURCES 11	PRODUCING ROYALTIES, INC. 11	PRODUCING ROYALTIES, INC. 12	BURLINGTON RESOURCES 12 PRODUCING ROYALTIES, INC.
TEXAKOMA 15 Ropco F&E ▲ 15#2 Ropco F&E ▲ 15#1	BURLINGTON RESOURCES 14 CORNELL ▲ B#100	PRODUCING ROYALTIES, INC. 13	M+G DRILLING CO. 13 BURLINGTON RESOURCES HARDIE ● 62	
BP AMOCO 22 GCU ▲ #562	TEXACO 23 H.J. LOEFED ▲ B#4 H.J. LOEFED ▲ B#5	ALPINE O+G 24	MANANA O+G 24 BP AMOCO	

▲ - FRUITLAND COAL WELL

District I
 PO Box 1908, Hobbs, NM 88241-1908
 District II
 PO Drawer DD, Artesia, NM 88211-0719
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
 Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
 PO Box 2088
 Santa Fe, NM 87504-2088

Form C-102
 Revised February 10, 1994
 Instructions on back
 Submit to Appropriate District Office
 State Lease - 4 Copies
 Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-045-22311		Pool Code 71629	Pool Name BASIN FRUITLAND COAL
Property Code 16604	Property Name HARDIE		Well Number 62
GRID No. 141852	Operator Name M&G DRILLING COMPANY, INC.		Elevation 5715

10 Surface Location

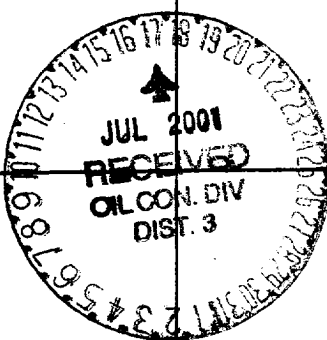

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	14	29N	12W		935	SOUTH	1010	EAST	SAN JUAN

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 Dedication Acres 320	13 Joint or Infill	14 Consolidation Code	15 Order No.
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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				17 OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i>
				Signature <i>Kevin H. McCord</i>
				Printed Name KEVIN H MCCORD Title AGENT-PETROLEUM ENGINEER Date JUNE 13, 2001
	18 SURVEYOR CERTIFICATION <i>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.</i>			
	Date of Survey			
	Signature and Seal of Professional Surveyor:			
ORIGINAL PLAT ON FILE.				
Certificate Number				

LIST OF OFFSET OPERATORS GIVEN NOTICE - NON STANDARD LOCATION

**M&G DRILLING COMPANY
HARDIE #62 FRUITLAND COAL WELL
SE ¼, Section 14, T29N R12W
San Juan County, New Mexico**

**Alpine Oil & Gas
333 Logan Street, Suite 215
Denver, CO 80203**

**Return Receipt Requested
#P 7000 1670 0012 7262 6089**

**BP Amoco
P. O. Box 591
Tulsa, OK 74102**

**Return Receipt Requested
#P 7000 1670 0012 7262 6072**

**Burlington Resources Oil & Gas Co.
P. O. Box 4289
Farmington, NM 87499**

**Return Receipt Requested
#P 7000 1670 0012 7262 6065**

**Manana Gas Inc.
2520 Tramway Terrace Ct. NE
Albuquerque, NM 87122-2317**

**Return Receipt Requested
#P 7000 1670 0012 7262 6058**

**Producing Royalties, Inc.
c/o A.R. Kendrick
P.O. Box 516
Aztec, NM 87410**

**Return Receipt Requested
#P 7000 1670 0012 7262 8618**

**Texaco Inc.
1111 Bagby
Houston, TX 77002**

**Return Receipt Requested
#P 7000 1670 0012 7262 6614**

**Texakoma Oil & Gas Corporation
5400 LBJ Freeway, Suite 500
Dallas, TX 75240**

**Return Receipt Requested
#P 7000 1670 0012 7262 6607**