

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [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 - Simultaneous Dedication
 NSL NSP 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

- [D] Other: Specify _____

[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] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate and complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

_____ Print or Type Name	_____ Signature	_____ Title	_____ Date
_____ e-mail Address			

M & G DRILLING COMPANY
c/o Mike Pippin LLC
3104 N. Sullivan Avenue
Farmington, NM 87401
505-327-4573 (phone) **505-564-8656 (fax)
Email: mpippin@ddroadband.net

2004 SEP 14 PM 1 22

September 9, 2004

CERTIFIED MAIL:

Mr. Michael E. Stogner
New Mexico Oil Conservation Division
1220 S. Saint Francis Drive
Santa Fe, New Mexico 87504

RE: Application for Administrative Approval of Unorthodox Location
M & G Drilling Company's Schlosser 34 #102s Well NM OGRID#: 141852
1630' FSL and 495' FWL
Unit L, Section 34, T28N, R11W
San Juan County, New Mexico
Basin Fruitland Coal

Dear Mr. Stogner:

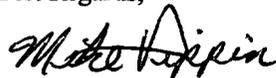
M & G Drilling Company hereby requests administrative approval for an unorthodox location for the above referenced well. Attached for your reference are the following exhibits:

1. Copy of Federal APD (BLM Form 3160-3)
2. Well location plat (NMOCD Form C-102)
3. List of Offset Operators
4. Ownership map
5. Topographic map
6. Production map
7. Directions to proposed well pad
8. Copy of letter to offset operator and certified mail receipt

The rules state that the well should not be closer than 660 feet to the South and North lines nor closer than 660 feet to the East and West lines of a Gas Proration Unit. In this case, the referenced well is a 320 acre stand-up proration unit. We encountered enormous topographic problems trying to stake this well. A suitable standard location for this well could not be found in the southwest quarter of Section 34 due to the topography and an irrigation canal. On our second field survey attempt, we staked the well in the only relatively flat area available. Unfortunately, that relatively flat area is only 495' FWL of the section line.

By certified mail, a copy of this application and request for administrative approval has been sent to all of the Basin Fruitland Coal working interest owners and offset operators listed on the attached list. M & G Drilling Company would like to request your Administrative Approval for the unorthodox location based on the above information. Should you need any additional information please feel free to contact me at (505) 327-4573.

Best Regards,



Mike Pippin
Petroleum Engineer
Agent - M & G Drilling Company

Enclosures

cc: Steve Hayden

Form 3160-3
(August 1999)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Designation and Serial No. NM-078673
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator M&G Drilling Company Inc. NM OGRID # 141852		7. If Unit or CA, Agreement, Name and No.
3a. Address c/o Mike Pippin LLC 3104 N. Sullivan, Farmington, NM 87401	3b. Phone Number (505) 327-4573	8. Lease Name and Well No. SCHLOSSER 34 #102s
4. Location of Well (Footage, Sec, T. R., M, or Survey Description) At surface: Unit L, 1630' FSL, 495' FWL At proposed prod. Zone: Same		9. API Well No.
14. Distance in miles and direction from nearest town or post office* 8 Miles South of Bloomfield, NM		10. Field and Pool, or Exploratory Basin Fruitland Coal
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drlg. Unit line, if any) 495'	16. No of Acres in lease 2560	11. Sec., T., R., M., or Blk. and Survey or Area Sec 34, T-28-N, R-11-W
18. Distance from proposed* location to nearest well 293'	19. Proposed Depth 1850'	12. County or Parish, San Juan 13. State New Mexico
21. Elevation (Show whether DF, KDB, RT, GL, etc.) 5907'	22. Approximate date work will start* November 12, 2004	17. Spacing Unit dedicated to this well 320 Acres W/2
23. Estimated duration 30 days		

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

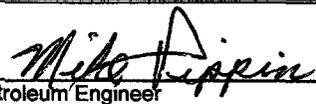
- Well plat certified by a registered surveyor.
- A Drilling Plan
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office.
- Bond to cover the operations unless covered by an existing bond on file (see item 20 above).
- Operator certification.
- Such other site specific information and/or plans as may be required by the authorized officer

Size of Hole	Grade, Size of Casing	Weight per Foot	Setting Depth	Quantity of Cement
12-1/4"	8-5/8" LS	23#	200'	140 Sxs, 165 ft3 - 100% Excess
6-1/4"	4-1/2" K-55	10.5#	1850'	144 Sxs, 275 ft3 - 45% Excess

The on-site inspection was on 6/31/04 by Brice Barlan
Archy is by DCA.
EA & TE are by Permits West.

SEE ATTACHED APD INFORMATION

Latitude: 36 Deg, 36 Min, 57.5 Sec N
Longitude: 107 Deg, 59 Min, 55 Sec W

25. Signature 	Name (Printed/Typed) Mike Pippin	Date July 28, 2004
Title Petroleum Engineer		
Approved by (Signature)	Name (Printed/Typed)	Date
Title	Office	

Application approval does not warrant or certify 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, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make 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.

*(Instructions on reverse)

DISTRICT I
1625 N. French Dr., Hobbs, N.M. 88240

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised August 15, 2000

DISTRICT II
811 South First, Artesia, N.M. 88210

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

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

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

AMENDED REPORT

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number		*Pool Code 71629	*Pool Name BASIN FRUITLAND GOAL
*Property Code	*Property Name SCHLOSSER 34		*Well Number 102S
*OGRID No. 141852	*Operator Name M & G DRILLING COMPANY		*Elevation 5907'

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
L	34	28-N	11-W		1630	SOUTH	495	WEST	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
*Dedicated Acres 320 W/2		** Joint or Infill		** 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

16

<p>FD. 2 1/2" BC. 1913 GLO</p> <p>30-045-07062</p> <p>N 00-02-10 E 5279.6' (M)</p> <p>495'</p> <p>LAT. = 36°36'57.5" N. (NAD 83) LONG. = 107°59'55" W. (NAD 83)</p> <p>1630'</p> <p>FD. 3 1/2" BC. 1913 GLO</p>	<p>34</p> <p><i>Standard 640-acre Section all Federal Lands</i></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>Mike Pippin</i> Signature</p> <p>MIKE PIPPIN Printed Name</p> <p>AGENT-PETR. ENGR. Title</p> <p>7-28-04 Date</p>
<p>N 89-52-45 E 5289.6' (C)</p> <p>CALC'D BY SINGLE PROP.</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>JUNE 2004 Date of Survey</p> <p><i>JOHNA VUKONICH</i> Signature of Registered Professional Surveyor</p> <p>14887 10-04 1871 REGISTERED PROFESSIONAL SURVEYOR</p> <p>Certificate Number</p>

M & G DRILLING COMPANY
c/o Mike Pippin
3104 N. Sullivan Avenue
Farmington, NM 87401
505-327-4573 (phone) **505-564-8656 (fax)
Email: mpippin@ddroadband.net

**OFFSET OPERATORS AND OWNERS NOTIFICATION LIST
SCHLOSSER 34 #102s FRTC**

OFFSET OPERATORS:

XTO ENERGY INC.
2700 Farmington Avenue
Building K, Suite 1
Farmington, NM 87401

WORKING INTEREST OWNERS:

M & G Drilling Company
c/o Mike Pippin LLC
3104 N. Sullivan
Farmington, NM 87401

OWNERSHIP MAP

SCHLOSSER 34 #102s FRTC

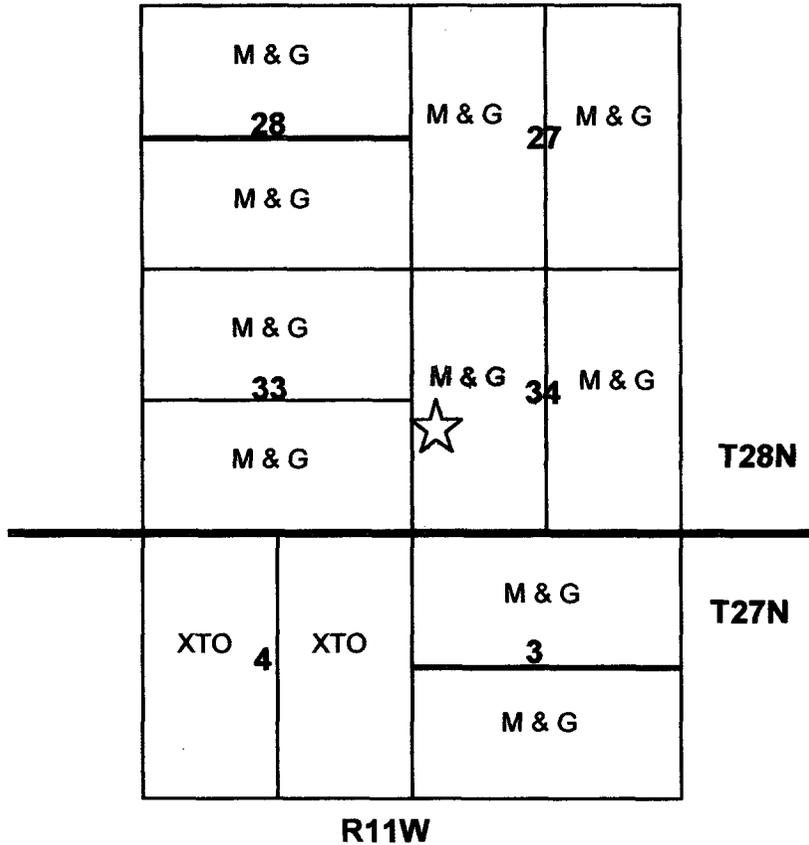
1630' FSL & 495' FWL

(L) Sec. 34 T28N R11W

San Juan County, NM

Spacing: West Half

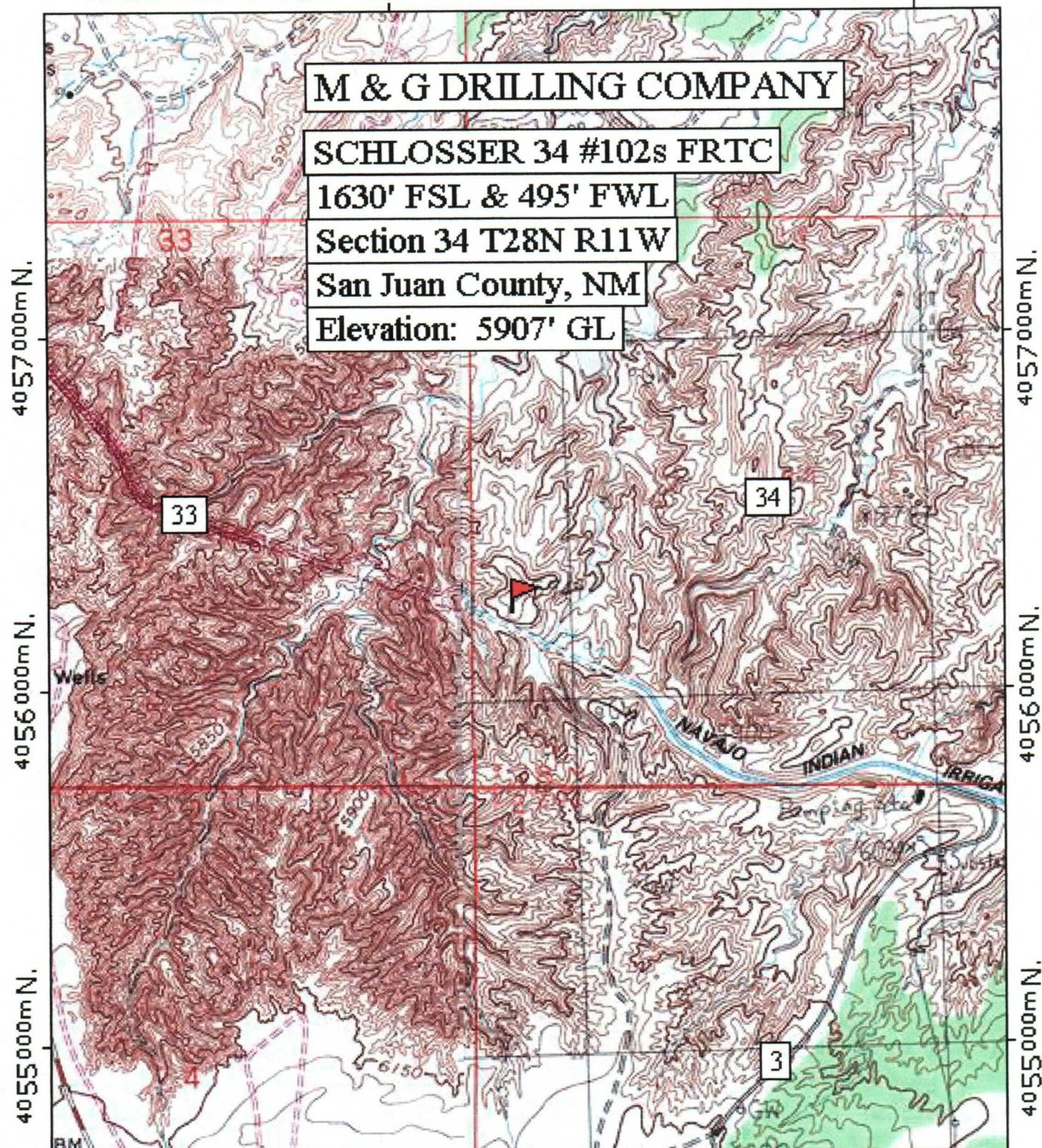
Operator: M & G Drilling Company



XTO Energy Inc.
2700 Farmington Ave.
Building K, Suite 1
Farmington, NM 87401

M & G Drilling Company
c/o Mike Pippin LLC
3104 N. Sullivan
Farmington, NM 87401

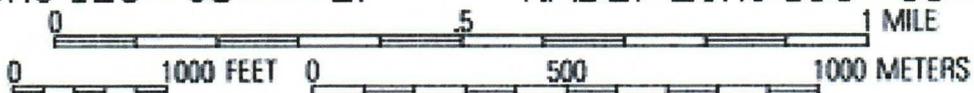
TOPO! map printed on 09/08/04 from "New Mexico.tpo" and "Untitled.tpg"
NAD27 Zone 12S 768000m E. NAD27 Zone 13S 233000m E.



M & G DRILLING COMPANY
SCHLOSSER 34 #102s FRTC
1630' FSL & 495' FWL
Section 34 T28N R11W
San Juan County, NM
Elevation: 5907' GL

NAD27 Zone 12S 768000m E. NAD27 Zone 13S 233000m E.

TN \star MN
11°



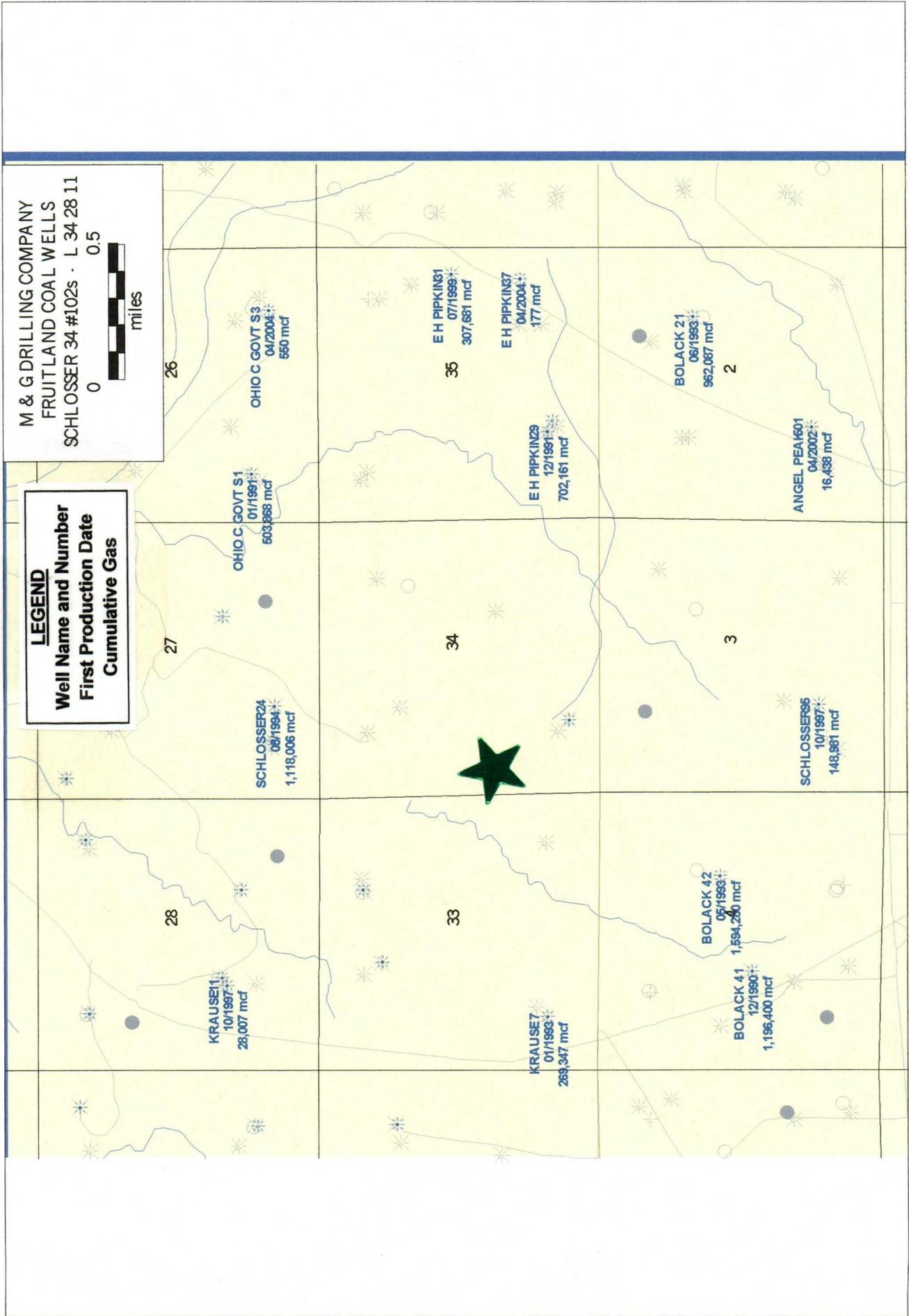
PowerTools Map

Lease Name: E H PIPKIN (22)
County, ST: SAN JUAN, NM
Location: 35N 28N 11W NW SE SW

Project: C:\Program Files\IHS Energy\PowerTools v6.0\Projects\ALL M&G.MDB

Date: 9/7/2004
Time: 6:14 PM

Operator: BHP PETROLEUM (AMERICAS) INCORPORATED
Field Name: BASIN



M & G DRILLING COMPANY
c/o Mike Pippin LLC
3104 N. Sullivan Avenue
Farmington, NM 87401
505-327-4573 (phone) **505-564-8656 (fax)
Email: mpippin@ddroadband.net

DIRECTIONS TO SCHLOSSER 34 #102s FRTC

The location is approximately 8.5 miles south of Bloomfield, NM.
From the intersection of Hwy 550 & Hwy 64 in Bloomfield:

Take Hwy 550 south 5.2 miles.

Turn left on a lease oil field road & go south 0.4 mile to an intersection.

Turn left & go east for 0.5 mile to a fork.

Go straight & continue north-easterly for 0.3 mile to another fork.

Go right & continue north-easterly 0.4 mile.

Turn right & go south-westerly 0.8 mile to a fork.

Turn right & go south 0.7 mile to an intersection.

Turn left & go south-easterly for 0.2 mile to beginning of the new access road.

Follow the new access road 463' to the proposed location.

M & G DRILLING COMPANY
c/o Mike Pippin LLC
3104 N. Sullivan Avenue
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505-327-4573 (phone) **505-564-8656 (fax)
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September 9, 2004

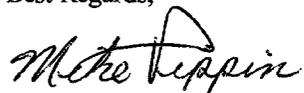
CERTIFIED MAIL:
XTO Energy Inc.
2700 Farmington Avenue
Building K, Suite 1
Farmington, NM 87401

RE: Application for Administrative Approval of Unorthodox Location
M & G Drilling Company's Schlosser 34 #102s Well
1630' FSL and 495' FWL
Unit L, Section 34, T28N, R11W
San Juan County, New Mexico
Basin Fruitland Coal

Dear Sir or Madam:

Enclosed please find a copy of the above captioned application that has been sent to the NMOCD for administrative approval. Should you not agree with the request, please notify the NMOCD within 20 days of the date of this application. Any questions you may have concerning the operations, please feel free to contact me at (505) 327-4573.

Best Regards,



Mike Pippin
Petroleum Engineer
Agent – M & G Drilling Company

Enclosures

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

XTO ENERGY, INC
2700 FARMINGTON AVE
BLDG K STE 1
FARMINGTON NM 87401

2. Article Number

(Transfer from service label)

7004 1350 0002 0323 2554

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X Agent Addressee

B. Received by (Printed Name)

C. Date of Delivery

 D. Is delivery address different from item 1? Yes
 If YES, enter delivery address below: No

3. Service Type

 Certified Mail Express Mail Registered Return Receipt for Merchandise Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee)

 Yes**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Michael Stagner
NM Oil CONSERVATION DIV.
1220 S St Francis Dr
Santa Fe NM 87504

2. Article Number

(Transfer from service label)

7004 1350 0002 0323 2561

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X Agent Addressee

B. Received by (Printed Name)

C. Date of Delivery

 D. Is delivery address different from item 1? Yes
 If YES, enter delivery address below: No

3. Service Type

 Certified Mail Express Mail Registered Return Receipt for Merchandise Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee)

 Yes