



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**  
Governor  
**Joanna Prukop**  
Cabinet Secretary

October 15, 2004

**Mark E. Fesmire, P.E.**  
Director  
Oil Conservation Division

**M & G Drilling Company**  
c/o **Mike Pippin, LLC**  
3104 No. Sullivan Avenue  
Farmington, New Mexico 87401

Telefax No. (505) 564-8656

Attention: **Mike Pippin**  
[mpippin@ddroadband.net](mailto:mpippin@ddroadband.net)

**Administrative Order NSL-5122**

Dear Mr. Pippin:

Reference is made to the following: (i) your application on behalf of the operator, M & G Drilling Company ("M&G"), submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe on September 24, 2004 (*administrative application reference No. pSEM0-427232219*); (ii) the Division's initial response from Mr. Michael E. Stogner, Engineer/Hearing Officer with the Division in Santa Fe by e-mail/telefax on Tuesday, October 5, 2004; (iii) your reply by letter dated October 5, 2004; and (iv) the records of the New Mexico Oil Conservation Division ("Division") in Aztec and Santa Fe: all concerning M&G's request for an exception to the well location requirements [Rule 7 (a) (1)] provided within the "*Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool*," as promulgated by Division Order No. R-8768, as amended, for M&G's proposed Schlosser "3" Well No. 101 to be drilled 2400 feet from the North line and 1305 feet from the West line (Unit E) of Section 3, Township 27 North, Range 11 West, NMPM, San Juan County, New Mexico.

Lots 1 through 4 and the S/2 N/2 (N/2 equivalent) of Section 3 is to be dedicated to this well in order to form a standard 322.96-acre lay-down gas spacing unit within the Basin-Fruitland Coal (Gas) Pool (71629).

This application has been duly filed under the provisions of: (i) Rule 7 (b) of the "*Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool*," (ii) Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission ("Commission") in Case No. 12119 on August 12, 1999; and (iii) Rule 1207.A (2), revised by Division Order No. R-11205, issued by the Commission in Case No. 12177 on June 17, 1999.

It is the Division's understanding that M&G seeks this location exception based on both geologic and topographic reasons.

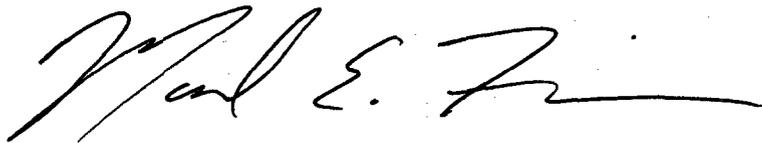
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By the authority granted me under the applicable provisions of the special pool rules governing the Basin-Fruitland Coal (Gas) Pool and Division Rule 104.F (2), the above-described unorthodox coal gas well location is hereby approved.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark E. Fesmire". The signature is fluid and cursive, with a long horizontal stroke at the end.

Mark E. Fesmire, P. E.  
Director

MEF/mes

cc: New Mexico Oil Conservation Division – Aztec  
U. S. Bureau of Land Management – Farmington