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TRANSMITTAL COVER SHEET

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PLEASE DELIVER THIS FAX:

TO: Mike Pippia

FROM: Michael E. Stoguer

DATE: Oct 5, 2004

PAGES: 2

SUBJECT: Schlusser 3 #101

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## Stogner, Michael

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**From:** Stogner, Michael  
**Sent:** Tuesday, October 05, 2004 10:29 AM  
**To:** 'Mike Pippin (E-mail)'  
**Cc:** Hayden, Steven  
**Subject:** RE: pSEM0-427232219

RE: Administrative Application for an Unorthodox Coal gas well location for:  
M & G Drilling Company  
Schlosser 3 #101  
2400' FNL & 1305' FWL (E)  
3-T27N-R11W

The Basin-Fruitland Coal (Gas) Pool is spaced on 320-acres, the proposed spacing unit for this well is the 322.96 acres comprising Lots 1 through 4 and the S/2 N/2 of Sec. 3. You covered the reason's why this was a viable well location in the NW/4 of Section 3, however why can't this well be drilled at a standard coal gas well location in the northeast quarter of Section 3. It appears that a suitable location is available in Unit "G" where M&G Drilling originally proposed to drill its Schlosser Well No. 96 (API No. 30-045-29486) in 1997.

TRANSACTION REPORT

P.01

OCT-05-2004 TUE 12:47 PM

FOR:

DATE	START	RECEIVER	TX TIME	PAGES	TYPE	NOTE	M#	DP
OCT-05	12:46 PM	915055648656	32"	2	SEND	OK	745	
TOTAL :						32S PAGES:	2	

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SUBJECT:

*Schlosser 3 #101*

PAGES:

*2*

DATE:

*Oct 5, 2004*

FROM:

*Michelle Stegner*

**Stogner, Michael**

---

**From:** MAILER-DAEMON@messagelabs.com  
**Sent:** Tuesday, October 05, 2004 10:29 AM  
**To:** MSTOGNER@state.nm.us  
**Subject:** failure notice

This is the mail delivery agent at messagelabs.com.  
I was not able to deliver your message to the following addresses.

<mpippin@ddroadband.net>:  
Sorry, I couldn't find any host named ddroadband.net. (#5.1.2)

--- Below this line is a copy of the message.

Return-Path: <MSTOGNER@state.nm.us>  
X-VirusChecked: Checked  
X-Env-Sender: MSTOGNER@state.nm.us  
X-Msg-Ref: server-8.tower-54.messagelabs.com!1096993723!15233499  
X-StarScan-Version: 5.2.10; banners=state.nm.us,-,-  
X-Originating-IP: [164.64.5.6]  
Received: (gmail 4555 invoked from network); 5 Oct 2004 16:28:43 -0000  
Received: from xconnect.state.nm.us (HELO xconnect.gsd.nm.gov) (164.64.5.6)  
by server-8.tower-54.messagelabs.com with SMTP; 5 Oct 2004 16:28:43 -0000  
Received: by xconnect.state.nm.us with Internet Mail Service (5.5.2653.19)  
id <4GWS7TC0>; Tue, 5 Oct 2004 10:28:43 -0600  
Message-ID: <DB33FA3F0FC6584E882D0CE6297AF0F94F7D35@nmemnrddept.prod.emnrd.nm.gov>  
From: "Stogner, Michael" <MSTOGNER@state.nm.us>  
To: "'Mike Pippin (E-mail)'" <mpippin@ddroadband.net>  
Cc: "Hayden, Steven" <SHAYDEN@state.nm.us>  
Subject: RE: pSEM0-427232219  
Date: Tue, 5 Oct 2004 10:28:41 -0600  
MIME-Version: 1.0  
X-Mailer: Internet Mail Service (5.5.2653.19)  
Content-Type: text/plain;  
charset="iso-8859-1"

> RE: Administrative Application for an Unorthodox Coal gas well location  
> for:  
> M & G Drilling Company  
> Schlosser 3 #101  
> 2400' FNL & 1305' FWL (E)  
> 3-T27N-R11W  
>  
> The Basin-Fruitland Coal (Gas) Pool is spaced on 320-acres, the proposed  
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> where M&G Drilling originally proposed to drill its Schlosser Well No. 96  
> (API No. 30-045-29486) in 1997.

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**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@ddbroadband.net

RECEIVED

OCT 07 2004

OIL CONSERVATION  
DIVISION

October 5, 2004

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

RE: Answers to Your Questions  
Application for Administrative Approval of Unorthodox Location  
M & G Drilling Company's Schlosser 3 #101 NM OGRID#: 141852  
2400' FNL and 1305' FWL  
Unit E, Section 3, T27N, R11W  
San Juan County, New Mexico  
Basin Fruitland Coal

Dear Mr. Stogner:

Thank you for your questions on our NSL application. I hope the following will help clarify M & G Drilling Company's reasons for an NSL.

Question #1: Why can't this well be drilled in the northeast of section 3 T27N R11W?

M & G Drilling Company believes that the Fruitland Coal well offset of their acreage to the west is draining their reserves in the northwest quarter of section 3. The Bolack 4 #2 (2225' FNL & 1660' FEL Section 4 T27N R11W) is still producing 270 MCF/D from the Fruitland Coal with a cumulative of over 1540 MMCF since 1993. Fruitland Coal wells to the east are not making near this amount of gas. Geologically, we also believe that the coal thickness decreases to the east through section 3 as we described its thinning to the northeast in the original application.

We therefore request your Administrative Approval for the unorthodox location based on the above additional information. Should you need anything further, please feel free to contact me at (505) 327-4573.

Best Regards,



Mike Pippin  
Petroleum Engineer  
Agent - M & G Drilling Company

Enclosure

cc: Steve Hayden