

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or reenter an abandoned well. Use Form 3160-3 (APD) for such proposals.

FORM APPROVED
OMB No. 1004-0135
Expires July 31, 1996

5. Lease Serial No.

NMSF-078673

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

M & G Drilling Company Inc. c/o Mike Pippin LLC (Agent)

3a. Address

Pippin, 3104 N. Sullivan, Farmington, NM 87401

3b. Phone No. (include area code)

505-327-4573

8. Well Name and No.

SCHLOSSER 27 #104

9. API Well No.

30-045-32488

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

660' FSL 740' FEL (P) Sec. 27 T28N R11W

10. Field and Pool, or Exploratory Area

Kutz Farmington / Kutz PC, West

11. County or Parish, State

San Juan County, New Mexico

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize <input type="checkbox"/> Deepen <input type="checkbox"/> Production (Start/Resume) <input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing <input type="checkbox"/> Fracture Treat <input type="checkbox"/> Reclamation <input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair <input type="checkbox"/> New Construction <input type="checkbox"/> Recomplete <input checked="" type="checkbox"/> Other
	<input type="checkbox"/> Change Plans <input type="checkbox"/> Plug and Abandon <input type="checkbox"/> Temporarily Abandon <input type="checkbox"/> COMMINGLE
	<input type="checkbox"/> Convert to Injection <input type="checkbox"/> Plug Back <input type="checkbox"/> Water Disposal <input type="checkbox"/> ALLOCATION

13. Describe Proposed or Completed Operations (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomple horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once Testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

The subject gas well was completed on 1/25/05 and has been approved for downhole commingling in the Kutz PC, West and the Kutz Farmington with DHC-3384. Attached are calculations from choke tests, which indicate the gas allocations to each pool. This well should not make any oil.

GAS: Pictured Cliffs 16%
Farmington 84%

OIL: Pictured Cliffs 100%
Farmington 0%

These commingle allocations have been filed concurrently with the NMOCD.

DHC 3384

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)

Mike Pippin

Title

Petr. Engr. (Agent)

Signature

Mike Pippin

Date

December 22, 2004

THIS SPACE FOR FEDERAL OR STATE USE

Approved by

Jim Lovelace

Title

Petr. Engr.

Date

2/15/05

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

Title 18 U.S.C. Section 1001, makes 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)

NMOCD

M & G DRILLING COMPANY
SCHLOSSER 27 #104 PC / FARMINGTON
P Section 27 T28N R11W
1/27/2005

Commingle Allocation Calculations

OIL

The Kutz Pictured Cliffs, West gas pool seldom makes any oil in the vicinity of the subject well. The Kutz Farmington gas pool has never made any oil. Therefore, any and all oil will be assigned to the Pictured Cliffs.

GAS

During completion operations, stabilized choke tests were individually taken for both the Pictured Cliffs and the Farmington gas pools.

The Pictured Cliffs (only) choke test stabilized at 70 psi on a 1/4" choke for a 5 hour period.

$$Q = .0555 \cdot C \cdot P \quad \begin{array}{l} C = \text{coefficient for } 1/4" \text{ choke} = 26.51 \\ P = \text{gauge pressure} + 15 \text{ psi} = 85 \text{ psi.} \end{array}$$

$$Q = .0555 \cdot 26.51 \cdot 85 = 125 \text{ MCF/D.}$$

The Kutz Farmington (only) choke test stabilized at 90 psi on a 1/2" choke for a 4 hour period.

$$Q = .0555 \cdot C \cdot P \quad \begin{array}{l} C = \text{coefficient for } 1/2" \text{ choke} = 112.72 \\ P = \text{gauge pressure} + 15 \text{ psi} = 105 \text{ psi.} \end{array}$$

$$Q = .0555 \cdot 112.72 \cdot 105 = 657 \text{ MCF/D.}$$

$$\text{Total gas} = 125 + 657 = 782 \text{ MCF/D}$$

$$\% \text{ Pictured Cliffs} = \frac{125}{782} = 16\%$$

$$\% \text{ Farmington} = \frac{657}{782} = 84\%$$