Form 3160-3 (July 1992)

UNITED STATES DEPARTMENT OF THE INTERIOR

SUBMIT IN TRIPLICATE*
(Other instructions on reverse side)

FORM APPROVED OMB NO. 1004-0136 Expires: February 28, 1995

5. LEASE DESIGNATION AND BERIAL NO. BUREAU OF LAND MANAGEMENT SF078673 6. IF INDIAN, ALLOTTED OR TRIBE NAME APPLICATION FOR PERMIT TO DRILL OR DEEPEN 1a. TYPE OF WORK 7. UNIT AGREEMENT NAME DRILL [X] DEEPEN b. TYPE OF WELL WELL MULTIPLE 8. FARM OR LEASE NAME, WELL NO. OTHER 2. NAME OF OPERATOR 141852 SCHLOSSER #98 M & G DRILLING COMPANY API WELL NO C/O KM PRODUCTION COMPANY 3. ADDRESS AND TELEPHONE NO 26-64-33487 10. FIELD AND POOL, OR WILDCAT FARMINGTON, NM 87499 (505)325-6900 <u>PO BOX 2406</u> 4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At surface BASIN FRUITLAND COAL 11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA 1720 FNL & 1245 FEL At proposed prod. zone UNIT LETTER H SEC. 34, T28N, R11W 12. COUNTY OR PARISH | 13. STATE SAME R11W 14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE SAN JUAN 15. DISTANCE FROM PROPOSED* 16. NO. OF ACRES IN LEASE NO. OF ACRES ASSIGNED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drig, unit line, if any) TO THIS WELL /320 1245' 2560 18. DISTANCE FROM PROPOSED LOCATION®
TO NEAREST WELL, DRILLING, COMPLETED,
OR APPLIED FOR, ON THIS LEASE, FT. 19. PROPOSED DEPTH 20. ROTARY OR CABLE TOULS 700' 1720 ROTARY 21. ELEVATIONS (Show whether DF, RT, GR, etc.) 22. APPROX. DATE WORK WILL START* 5671' ASAP DRILLING OPERATIONS AUTHORIZED ARE 23.PROPOSED CASING AND CEMENTING PROGRADBIECT TO COMPLIANCE WITH ATTACHED GENERAL REQUIREMENTS ENT SIZE OF HOLE GRADE SIZE OF CASING WEIGHT PER FOOT SETTING DEPTH 1/4" 5/8" 24#/ft 120' (88 ft³) 12 75 sx 5 1/2" and 3/4" 14#/ft 1720 170 sx This action is subject procedural review pursuant to 43 CFR 3 65.3 and appeal purbuant to 43 GFR 3185.4. Will drill 12 1/4" hole to 120 ft and set 8 5/8" 24# J55 ST&C used casing and cement with 75 sx (88 ft³) of Class B cement, circulated to surface. Will drill 6 3/4" hole to 1720 ft with circulating medium of clear water, natural mud, and water loss control additives. No abnormal temperatures or pressures are anticipated. Induction and density logs will be run. Will run 1720 ft of 5 1/2" 14#/ft J55 ST&C new casing. cement with 17C sx (270 ft^3) cement, circulated to surface. FORMATION TOPS Ojo Alamo 430 **Kirtland** 540 Fruitland 1275 Pictured Cliffs 1550 IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to dell or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any 24. DATE 7/30/97 Agent-Petroleum Engineer (This space for Federal or State office use) X. APPROVAL DATE . Application approval 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. CONDITIONS OF APPROVAL, IF ANY ISI Duame W. Sprender APPROVED BY DATE

District I PO Box 1980, Hobbs, NM 88241-1980 District II PO Drawer DD, Artesia, NM 88211-0719 District III

1000 Rio Brazos Rd., Aztec, NM 87410

PO Box 2088, Santa Fe, NM 87504-2088

District IV

State of New Mexico Energy, Minerals & Natural Resources Department

Form C-102 Revised February 21, 1994

Instructions on back

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

Submit to Appropriate District Of ice State Lease - 4 Copies

Fee Lease - 3 Col les

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT 2 Pool Code API Number 145- 18418 ⁴ Property Code ⁵ Property Name Well Number SCHLOSSER 98 ¹ Operator Name * Elevation M & G DRILLING COMPANY, INC. 5671 ¹⁰ Surface Location Feet from the North/South line Section Township Range Lot Idn Feet from the East/West line UL or lot no. County 34 28 N 11 W 1720 North 1245 East Н San Juan Bottom Hole Location If Different From Surface Lot Idn UL or lot no. Section Range Feet from the North/South line Feet from the East/West line Township County 12 Dedicated Acres 15 Joint or Infill 14 Consolidation Code 77*0* 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 TITIO TO THE PROPERTY OF THE P 17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and bel of 1245' Date ¹⁸SURVEYOR CERTIFICATION 34 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.

New Mexico Oil Conservation Division

Certificate Number

GEOLOGICAL SURVEY

