

DWTS 0436 228970

DHC-3383

District I
1615 N. French Drive, Hobbs, NM 88240

District II
1301 W. Grand Avenue, Amarillo, NM 88210

District III
1000 Rio Grande Road, Adobe, NM 87410

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised June 10, 2003

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

APPLICATION TYPE
 Single Well
 Establish Pre-Approved Pools
EXISTING WELLBORE
 Yes No

APPLICATION FOR DOWNHOLE COMMINGLING

M & G DRILLING COMPANY c/o Mike Pippin LLC, 3104 N. Sullivan, Farmington, NM 87401
Operator Address

SCHLOSSER 34 #102 F Section 34 T28N R11W San Juan County
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 141852 Property Code API No. 30-045-32486 Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	<i>DUPES</i> KUTZ FARMINGTON		BASIN FRUITLAND COAL
Pool Code	79600 79560		71629
Top and Bottom of Pay Section (Perforated Interval)	860'-570'		140R'-1592'
Method of Production (Flowing or Artificial Lift)	Expected to Flow		Expected to Flow
Bottomhole Pressure <small>(Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone.)</small>	290 psi		210 psi
Oil Gravity or Gas BTU (Degree API or Gas BTU)	1105 BTU		1230 BTU
Producing, Shut-In or New Zone	New Zone		New Zone
Date and Oil/Gas/Water Rates of Last Production. <small>(Note: For new zones with no production history, applicants shall be required to attach production estimates and supporting data.) Individual rates will be submitted after completion.</small>	Date: Rates:	Date: Rates:	Date: Rates:
Fixed Allocation Percentage <small>(Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.) See Attached.</small>	Oil Gas % %	Oil Gas % %	Oil Gas % %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes No
 If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes No
 Are all produced fluids from all commingled zones compatible with each other? Yes No
 Will commingling decrease the value of production? Yes No
 If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes No

NMOCD Reference Case No. applicable to this well: _____

Attachments:

- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- Production curve for each zone for at least one year. (If not available, attach explanation.)
- For zones with no production history, estimated production rates and supporting data.
- Data to support allocation method or formula.
- Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
- Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:
 List of other orders approving downhole commingling within the proposed Pre-Approved Pools
 List of all operators within the proposed Pre-Approved Pools
 Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
 Bottomhole pressure data.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE *Mike Pippin* TITLE Agent - Petroleum Engineer DATE December 21, 2004

TYPE OR PRINT NAME Mike Pippin TELEPHONE NO. (505) 327-4573

E-MAIL ADDRESS mpippin@ddbroadband.net

DHC-3383

M & G DRILLING COMPANY
SCHLOSSER 34 #102 FRTC
2195' FNL, 1400' FWL
F Sec. 34 T28N R11W
San Juan County, NM
30-045-32486

COMMINGLE INFORMATION

12/21/04

During Fruitland Coal drilling operations in December 2004, gas was encountered in the Farmington Sand interval at about 870' KB . The well was drilled with a 6-1/4" bit and has 4-1/2" casing cemented to surface. The drilling rig has moved off and the completion rig is expected on location in about 10 days.

M & G Drilling Company would like to perforate the Farmington Sand interval during completion operations and complete the well as a commingled Kutz Farmington Sand / Basin Fruitland Coal. The Farmington Sand in this area of San Juan Basin has historically not been very prolific or economical alone. In addition, the Fruitland Coal may require pumping in the future.

For the allocation, we plan to complete the Fruitland Coal interval and test through a choke manifold. A bridge plug will be set above the Fruitland Coal and the Farmington Sand will be opened and tested through a choke manifold. The bridge plug will then be removed and the well completed commingled.

The Farmington interval historically does not make any water or oil. We anticipate that the Fruitland Coal interval will make about 5 BWPD and no oil.

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
611 South First, Artesia, N.M. 88210

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

DISTRICT III
1000 Rio Hrazos Rd., Artesia, 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 30-045-32486	*Pool Code 79 66	*Pool Name KUTZ FARMINGTON
*Property Code	*Property Name SCHLOSSER 34	*Well Number 102
*GRID No. 141852	*Operator Name M & G DRILLING COMPANY INC.	*Elevation 5716'

10 Surface Location

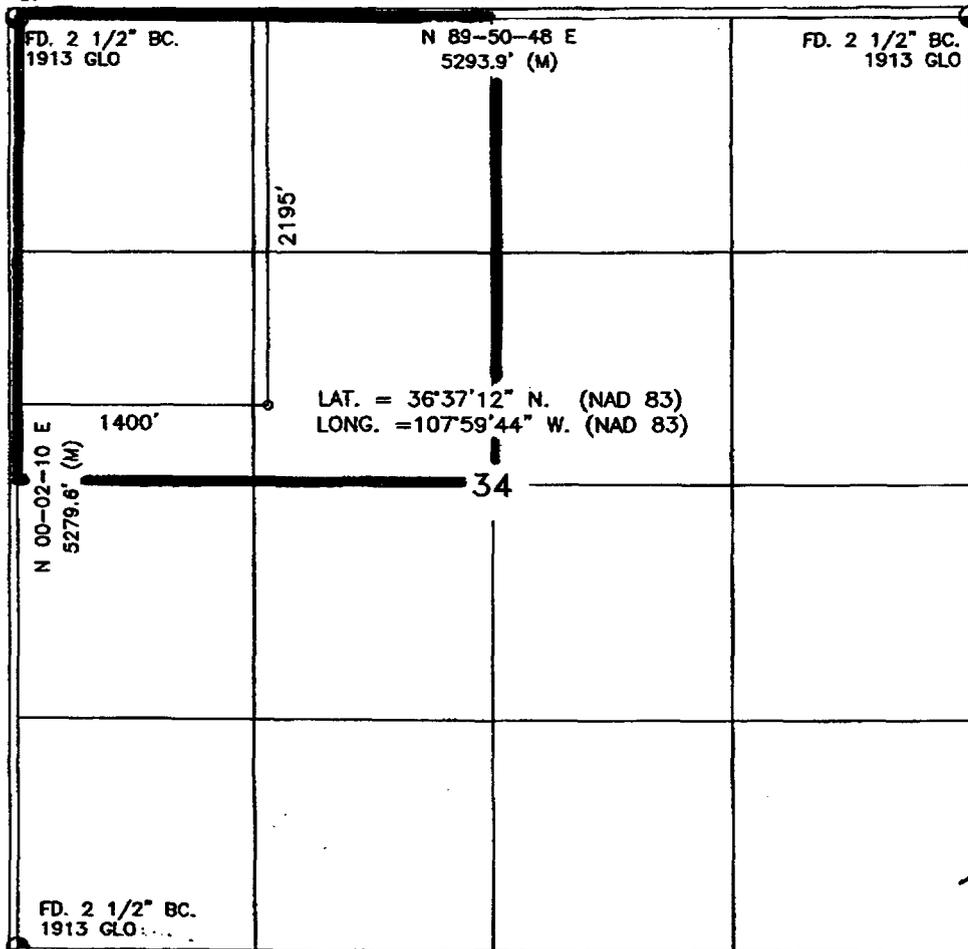
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	34	28-N	11-W		2195	NORTH	1400	WEST	SAN JUAN

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 160 NW/4		**Joint or Infill Y		**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



17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Mike Pippin
Signature

MIKE PIPPIN
Printed Name

AGENCY - PETR. ENGR.
Title

12-21-04
Date

18 SURVEYOR CERTIFICATION

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.

JOHN A. VUKONICH
Date of Survey
Signature and Seal of Professional Surveyor

NEW MEXICO
REGISTERED PROFESSIONAL SURVEYOR
14831

Certificate Number

DISTRICT I
1825 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
911 South First, Artesia, N.M. 88210

Submit to Appropriate District Office
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OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, NM 87505

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87506

RECEIVED

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number	*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code	*Property Name SCHLOSSER 34	*Well Number 102
*OGRD No. 141852	*Operator Name M & G DRILLING COMPANY INC.	*Elevation 5716'

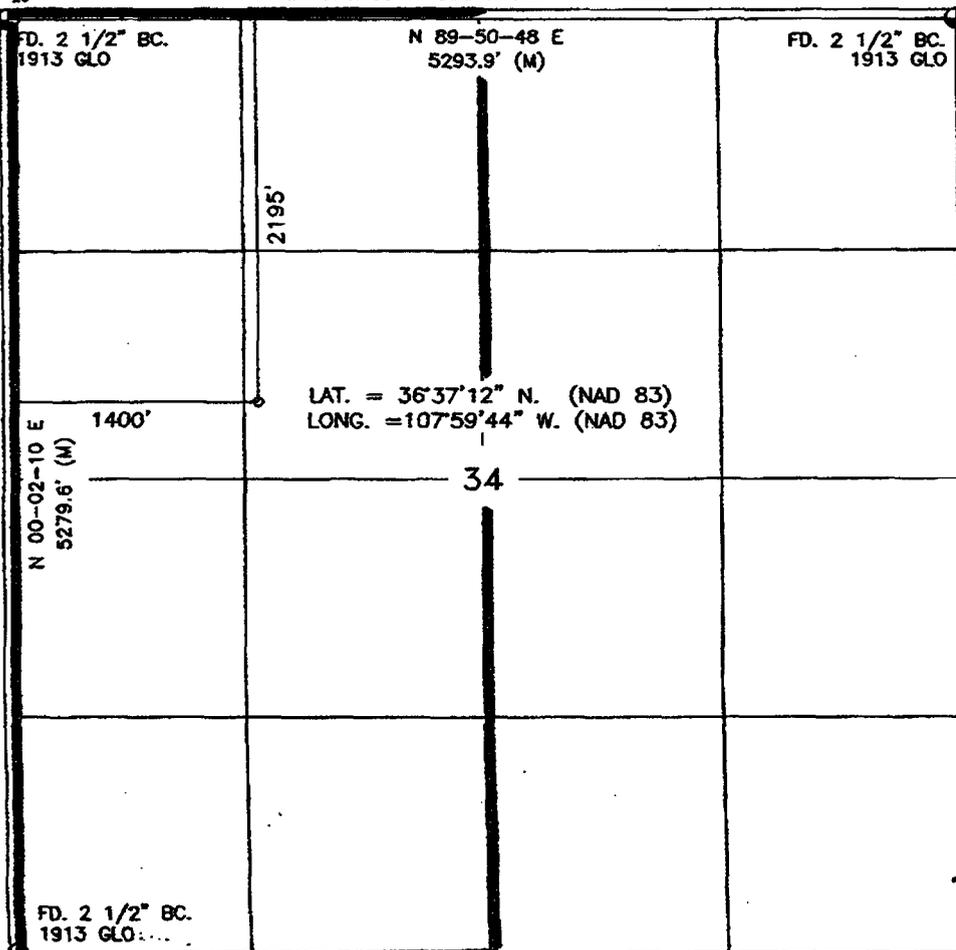
10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	34	28-N	11-W		2195	NORTH	1400	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 Y		*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



17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Mike Pippin
Signature

MIKE PIPPIN
Printed Name

AGENT - PETR. ENGR.
Title

7-26-04
Date

18 SURVEYOR CERTIFICATION

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.

MAY 22 2004
Date of Survey
JOHN A. VUKONICH
Signature and Seal of Professional Surveyor
REGISTERED PROFESSIONAL SURVEYOR
14831

Certificate Number

TRANSACTION REPORT

P. 01

DEC-21-2004 TUE 04:43 PM

FOR:

RECEIVE

DATE	START	SENDER	RX TIME	PAGES	TYPE	NOTE	M#	DP
DEC-21	04:40 PM	505 564 8656	2' 12"	5	RECEIVE	OK		
