

DATE IN 2-1-05	SUSPENSE	ENGINEER Jones	LOGGED IN 2-2-05	TYPE DHC	APP NO. DSEM0503331376
----------------	----------	----------------	------------------	----------	------------------------

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
☒ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

- [D] Other: Specify _____

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or ☐ Does Not Apply

- [A] ☐ Working, Royalty or Overriding Royalty Interest Owners
 [B] ☐ Offset Operators, Leaseholders or Surface Owner
 [C] ☐ Application is One Which Requires Published Legal Notice
 [D] ☐ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
 [E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,
 [F] ☐ Waivers are Attached

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Print or Type Name

Signature

Title

Date

e-mail Address

FAX COVER SHEET

DATE: 2-1-05# OF PAGES (INCLUDING COVER) 5TO: WILL JONESFROM: MIKE PIPPINCOMPANY: NMOCDPHONE #: 505-327-4573FAX #: 505 476 3462FAX#: 505-564-8656

COMMINGLE APPLICATION

M & G DRILLING CO.

SCHLOSSER 34 #100

District I

1423 N. French Drive, Hobbs, NM 88240

District II

1301 W. Grand Avenue, Artesia, NM 88210

District III

1000 Rio Pecos Road, Artesia, NM 87410

District IV

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

State of New Mexico
Energy, Minerals and Natural Resources Department

DAC-3398

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**
Operatorc/o Mike Pippin LLC, 3104 N. Sullivan, Farmington, NM 87401
Address**SCHLOSSER 34**

#100

J - Section 34 T28N R11W

San Juan County

Lease

Well No.

Unit Letter-Section-Township-Range

County

OGRID No. 141852 Property Code

API No. 30-045-32489

Lease Type: ☒ Federal State ☐ Fec

DATA ELEMENT	UPPER ZONE <i>UNDES.</i>	INTERMEDIATE ZONE	LOWER ZONE <i>UNDES.</i>
Pool Name	KUTZ FARMINGTON		Kutz Pictured Cliffs, West
Pool Code	<i>79560</i> 860-1036		79680 ✓
Top and Bottom of Pay Section (Perforated Interval)			1569' - 1650'
Method of Production (Flowing or Artificial Lift)	Expected to Flow		Expected to Flow
Bottomhole Pressure (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)	290 psi		210 psi
Oil Gravity or Gas BTU (Degree API or Gas BTU)	1098 BTU		1230 BTU
Producing, Shut-In or New Zone	New Zone		New Zone
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.) <i>Indicative rates will be submitted after completion.</i>	Date: Rates:	Date: Rates:	Date: Rates:
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or exploration data will be required.) <i>See Attached</i>	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 ☐

NMOC 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 February 1, 2005TYPE OR PRINT NAME Mike Pippin TELEPHONE NO. (505) 327-4573E-MAIL ADDRESS mpippin@ddbroadband.net

M & G DRILLING COMPANY
SCHLOSSER 34 #100 PC / FARMINGTON
2335' FSL, 1910' FEL
J Sec. 34 T28N R11W
San Juan County, NM
30-045-32489

COMMINGLE INFORMATION

2/1/05

During Pictured Cliffs drilling operations on January 31, 2005, gas was encountered in a Farmington interval at about 880' KB. The well was drilled with a 7-7/8" bit and will soon have 4-1/2" casing cemented to surface. The completion rig is expected on location in about 18 days.

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

For the allocation, we plan to complete the Pictured Cliffs interval and test through a choke manifold. A bridge plug will be set above the Pictured Cliffs and the Farmington 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 Pictured Cliffs interval will make about 1 BWPD and no oil.

DISTRICT I
1625 N. French Dr., Hobbs, N.M. 88240

DISTRICT II
811 South First, Artesia, N.M. 88210

DISTRICT III
1000 Rio Brazos Ed., Aztec, N.M. 87410

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87506

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-102
Revised August 15, 2000

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-045-32499		*Pool Code 79600	*Pool Name KUTZ FARMINGTON
*Property Code	*Property Name SCHLOSSER 34		*Well Number 100
*OGRD No. 141852	*Operator Name M & G DRILLING COMPANY INC.		*Elevation 5723'

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
J	34	28-N	11-W		2335	SOUTH	1910	EAST	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 SE/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

		SEC. CORNER FD. 2 1/2" BC. 1913 U.S.G.L.O.	
LAT. = 36°37'05" N. LONG. = 107°59'19" W.		(NAD 83) (NAD 83)	5282.6' (C)
34		1910'	W
		N 00°05'03"	
		2335'	
SEC. CORNER FD. 2 1/2" BC. 1913 U.S.G.L.O.		S 89°52'44" W	5289.6' (C)
		SEC. CORNER CALC. BY SINGLE PROP.	

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
2-1-05
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.
JOHN VUKOVICH
Signature
NEW MEXICO
Professional Surveyor
14831
Certificate Number

DISTRICT I
1625 N. French Dr., Hobbs, N.M. 88240

DISTRICT II
611 South First, Artesia, N.M. 88210

DISTRICT III
1000 Rio Brazos Rd., Artesia, N.M. 87410

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87506

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, NM 87506

Form C-102
Revised August 15, 2000

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

☐ 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 100
*OGRID No. 141852	*Operator Name M & G DRILLING COMPANY INC.	*Elevation 5723'

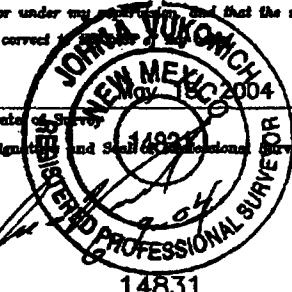
10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	34	28-N	11-W		2335	SOUTH	1910	EAST	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 E/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

16		SEC. CORNER FD. 2 1/2" BC. 1913 U.S.G.L.O.		17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature <u>Mike Pippin</u> Printed Name <u>MIKE PIPPIN</u> Title <u>AGENT - PETR. ENGR.</u> Date <u>7-26-04</u>	
		LAT. = 36°37'05" N. (NAD 83) LONG. = 107°59'19" W. (NAD 83)		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. Date of Survey <u>7-26-04</u> Signature and Seal of Professional Surveyor:  Certificate Number <u>14831</u>	
34		1910' W		N 00°05'03" W	
2335'		5289.6' (C)		SEC. CORNER CALC. BY SINGLE PROP.	
SEC. CORNER FD. 2 1/2" BC. 1913 U.S.G.L.O.		S 89°52'44" W		5289.6' (C)	

TRANSACTION REPORT

P. 01

FEB-01-2005 TUE 03:14 PM

FOR:

RECEIVE

DATE	START	SENDER	RX TIME	PAGES	TYPE	NOTE	M#	DP
FEB-01	03:12 PM	505 564 8656	2' 09"	5	RECEIVE	OK		