

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: November 30, 2000

SUNDRY NOTICES AND REPORTS ON WELLS
*Do not use this form for proposals to drill or to re-enter an
abandoned well. Use Form 3160-3 (APD) for such proposals.*

RECEIVED

2006 MAY 24 AM 9:07

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other	8. Well Name and No. HAMMOND #55A & HAMMOND #93
2. Name of Operator M&G DRILLING COMPANY, INC.	9. API Well No. 30-045-21735/30-045-23580
3a. Address PO Box 5940, Farmington, NM 87499-5940	10. Field and Pool, or Exploratory Area BLANCO-MESAVERDE/OTERO CHACRA
3b. Phone No. (include area code) (505) 325-6779	11. County or Parish, State San Juan, New Mexico
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) SEC. 26, T27N-R8W	

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"/> Convert to Injection <input type="checkbox"/> Plug Back <input type="checkbox"/> Water Disposal

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat 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.)

M&G Drilling Company requests administrative approval for surface commingling natural gas production from the Hammond #55A (Blanco-Mesaverde 72319) and Hammond #93 (Otero Chacra 82329) wells.

Both wells produce from a common Federal Lease No. NMNM03603A and both have common ownership. M&G Drilling plans to produce the commingled gas through a central compressor, thus lowering operating expenses and extending the economic life of the wells and increasing their ultimate recoveries on the lease. We anticipate the only fuel requirements to be on compressor engine and separator. All flow lines will be pressure tested appropriately.

The Hammond #55A will be equipped with an allocation meter, which will be maintained by M&G Drilling in accordance with State and Federal Regulations. The production from the Hammond #93 will be determined by a subtraction method, the difference between the volume recorded at the sales meter and the sum of the volume recorded at the Hammond #55A. Produced liquid will not be surface commingled.

Notice has been filed concurrently on Form C-103 with the NMOCD.

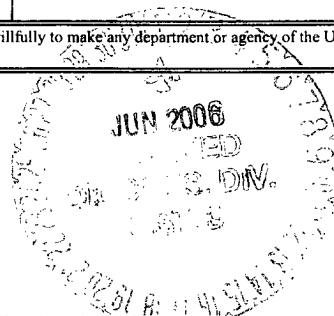
No order yet 6-15-06

14. I hereby certify that the foregoing is true and correct Name (Printed/Typed) Miranda Wells	Title PRODUCTION ASSISTANT
Signature <i>Miranda Wells</i>	Date 5/23/06

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by <i>Jim Lovel</i>	Title <i>Petr. Eng</i>	Date 5/30/06
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 operation thereon.	Office	

Title 18 U.C.S. Section 1001 and Title 43 U.C.S. Section 1212, makes it a crime for any person knowingly and willfully to make any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.



NMOCD

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HAMMOND #55A & HAMMOND #93
SURFACE COMMINGLE

Well Name	Hammond #55A	Hammond #93
API#	30-045-21735	30-045-23580
Sec.-T-R	Sec. 26, T27N-R08W	Sec. 26, T27N-R08W
FNL/FSL	1850 FSL	1540 FSL
FEL/FWL	935 FEL	790 FEL
Lease No.	NMNM03603A	NMNM03603A
Pool	Blanco-Mesaverde	Otero Chacra
Permits	N/A	N/A
Spacing	320	160
Gravity	54.9	N/A
BTU	1377	1192
Est. Daily Rate	49	0
WI	100%	100%
NRI	87.5%	87.5%

Compressor and other equipment fuel usage will be determined on manufacturer's specifications. Pumping unit & separator fuel will be allocated to well if equipment exists.

Submit 3 Copies to Appropriate District Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
May 27, 2004

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

WELL API NO. 30-045-21735/ 30-045-23580
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. FEDERAL: NMNM03603A
7. Lease Name or Unit Agreement Name HAMMOND
8. Well Number: #55A & #93
9. OGRID Number: 141852
10. Pool name or Wildcat BLANCO-MESAVERDE & OTERO CH

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)	
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>	
2. Name of Operator M&G DRILLING COMPANY, INC.	
3. Address of Operator PO BOX 5940, FARMINGTON, NM 87499	
4. Well Location Unit Letter <u>I</u> : <u>1850</u> feet from the <u>SOUTH</u> line and <u>935</u> feet from the <u>EAST</u> line Section <u>26</u> Township <u>27N</u> Range <u>8W</u> NMPM <u>SAN JUAN</u> County	
11. Elevation (Show whether DR, RKB, RT, GR, etc.)	
Pit or Below-grade Tank Application <input type="checkbox"/> or Closure <input type="checkbox"/>	
Pit type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____	
Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____	

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO: PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPL <input type="checkbox"/> OTHER: SURFACE COMMINGLE <input type="checkbox"/>	SUBSEQUENT REPORT OF: REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> P AND A <input type="checkbox"/> CASING/CEMENT JOB <input type="checkbox"/> OTHER: <input type="checkbox"/>
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13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

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The Hammond #55A will be equipped with an allocation meter, which will be maintained by M&G Drilling in accordance with State and Federal Regulations. The production from the Hammond #93 will be determined by a subtraction method, the difference between the volume recorded at the sales meter and the sum of the volume recorded at the Hammond #55A. Produced liquid will not be surface commingled.

Notice has been filed concurrently on Form 3160-5 with the BLM for notification.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☐, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE Miranda Wells TITLE Production Assistant DATE 05/23/06
Type or print name Miranda Wells E-mail address: mandgdrilling@qwest.net Telephone No. (505) 325-6779
For State Use Only

APPROVED BY: _____ TITLE _____ DATE _____
Conditions of Approval (if any): _____