



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

RCVD DEC21'06
OIL CONS. DIV.
DIST. 3

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

December 11, 2006

M & G Drilling Company, Inc.
P.O. Box 5940
Farmington, New Mexico 87499

Attention: Ms. Dana L. Delventhal, Agent

Re: **Schlosser "34" Well No. 102S**
API No. 30-045-32485
1630' FSL & 495' FWL, Unit L,
Section 34, T-28 North, R-11 West, NMPM,
San Juan County, New Mexico

Administrative Order NSL-5524

Dear Ms. Delventhal:

Reference is made to the following:

- (a) M & G Drilling Company, Inc.'s ("M & G") application for a non-standard well location (*administrative application reference No. pTDS0633235488*) for the Schlosser "34" Well No. 102S that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on November 27, 2006; and
- (b) the Division's records pertinent to your request.

M & G requests approval of an unorthodox gas well location for its Schlosser "34" Well No. 102S in the **Basin-Fruitland Coal Gas Pool** (Gas - 71629) which has been drilled 1630 feet from the South line and 495 feet from the West line (Unit L) of Section 34, Township 28 North, Range 11 West, NMPM, San Juan County, New Mexico. The well is to be dedicated to an existing 320-acre gas spacing and proration unit in the Basin-Fruitland Coal Gas Pool comprising the W/2 of Section 34.

The Basin-Fruitland Coal Gas Pool is currently governed by special rules established by Division Order No. R-8768, as amended, which require 320-acre spacing and proration units with wells to be located no closer than 660 feet to the outer boundary of the spacing unit nor closer than 10 feet to any quarter-quarter section line or subdivision inner boundary.

The applicant presented evidence to demonstrate that the unorthodox gas well location is necessitated by topographic factors within the SW/4 of Section 34.

Division records show that the Schlosser "34" Well No. 102S will be the second well currently producing from the Basin-Fruitland Coal Gas Pool within the W/2 of Section 34. The W/2 of Section 34 is currently dedicated to M & G's Schlosser Well No. 102 (API No. 30-045-32486) located 2195 feet from the North line and 1400 feet from the West line (Unit F) of Section 34, which currently produces from the Basin-Fruitland Coal Gas Pool.

The unorthodox gas well location encroaches towards the S/2 of Section 33, Township 28 North, Range 11 West. The applicant stated in its application that the affected offset acreage is leased by M & G, and that there are no other affected offset owners. Consequently, M & G was not required, and did not provide notice of this application to any party.

Pursuant to the authority granted under the provisions of Division Rule 19.15.3.104.F(2), the above-described unorthodox gas well location in the Basin-Fruitland Coal Gas Pool is hereby approved.

The applicant shall, in future applications of this type, make a concerted effort to obtain Division approval for any unorthodox gas well location prior to the drilling of the well.

Sincerely,



Mark E. Fesmire, P.E.
Division Director

MEF/drc

cc: New Mexico Oil Conservation Division - Aztec
Bureau of Land Management-Farmington