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STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

2040 S. PACHECO  
SANTA FE, NEW MEXICO 87505  
(505) 827-7131

August 20, 1997

M & G Drilling Company  
c/o KM Production Company  
P. O. Box 2406  
Farmington, New Mexico 87499-2406  
Attention: Kevin McCord

RECEIVED  
AUG 22 1997

OIL CON. DIV.  
DIST. 3

*Administrative Order NSL-3857*

Dear Mr. McCord:

Reference is made to your application dated July 30, 1997 on behalf of the operator, M & G Drilling Company, for an unorthodox coal gas well location for its proposed Schlosser Well No. 97 to be drilled 623 feet from the South line and 1347 feet from the West line (Unit N) of Section 34, Township 28 North, Range 11 West, NMPM, Basin Fruitland Coal (Gas) Pool, San Juan County, New Mexico. The S/2 of said Section 34 is to be dedicated to said well to form a standard 320-acre gas spacing and proration unit for said pool.

By the authority granted me under the provisions of Rule 8 of the "*Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool*", as promulgated by Division Order No. R-8768, as amended, the above-described unorthodox coal gas well location is hereby approved.

Sincerely,

William J. LeMay  
Director

WJL/MES/kv

cc: Oil Conservation Division - Aztec  
U.S. Bureau of Land Management - Farmington