



505-564-8656

TRANSMITTAL COVER SHEET

OIL CONSERVATION DIVISION
1220 S. ST. FRANCIS DRIVE
SANTA FE, NM 87505
(505) 476-3440
(505)476-3462 (Fax)

PLEASE DELIVER THIS FAX:

TO: Mike Pippin

FROM: Michael E. Stogner

DATE: Oct. 5, 2004

PAGES: 2

SUBJECT: Schlusser 3 #101

Tried sending the attached e-mail but was

unsuccessful.

IF YOU HAVE TROUBLE RECEIVING THIS FAX, PLEASE CALL THE OFFICE
NUMBER ABOVE.

Stogner, Michael

From: Stogner, Michael
Sent: Tuesday, October 05, 2004 10:29 AM
To: 'Mike Pippin (E-mail)'
Cc: Hayden, Steven
Subject: RE: pSEM0-427232219

RE: Administrative Application for an Unorthodox Coal gas well location for:
M & G Drilling Company
Schlosser 3 #101
2400' FNL & 1305' FWL (E)
3-T27N-R11W

The Basin-Fruitland Coal (Gas) Pool is spaced on 320-acres, the proposed spacing unit for this well is the 322.96 acres comprising Lots 1 through 4 and the S/2 N/2 of Sec. 3. You covered the reason's why this was a viable well location in the NW/4 of Section 3, however why can't this well be drilled at a standard coal gas well location in the northeast quarter of Section 3. It appears that a suitable location is available in Unit "G" where M&G Drilling originally proposed to drill its Schlosser Well No. 96 (API No. 30-045-29486) in 1997.

TRANSACTION REPORT

P. 01

OCT-05-2004 TUE 12:47 PM

FOR:

| DATE | START | RECEIVER | TX TIME | PAGES | TYPE | NOTE | M# | DP |
|---------|----------|--------------|---------|-------|------|------------|-----|----|
| OCT-05 | 12:46 PM | 915055648656 | 32" | 2 | SEND | OK | 745 | |
| TOTAL : | | | | | | 32S PAGES: | 2 | |

IF YOU HAVE TROUBLE RECEIVING THIS FAX, PLEASE CALL THE OFFICE
NUMBER ABOVE.

Unsuccessful

Tried sending via e-mail but was

SUBJECT:

Schlosser, 3 #101

PAGES:

2

DATE:

Oct 5, 2004

FROM:

Michael E. Stogner

Stogner, Michael

From: MAILER-DAEMON@messagelabs.com
Sent: Tuesday, October 05, 2004 10:29 AM
To: MSTOGNER@state.nm.us
Subject: failure notice

This is the mail delivery agent at messagelabs.com.
I was not able to deliver your message to the following addresses.

<mpippin@ddroadband.net>:
Sorry, I couldn't find any host named ddroadband.net. (#5.1.2)

--- Below this line is a copy of the message.

Return-Path: <MSTOGNER@state.nm.us>
X-VirusChecked: Checked
X-Env-Sender: MSTOGNER@state.nm.us
X-Msg-Ref: server-8.tower-54.messagelabs.com!1096993723!15233499
X-StarScan-Version: 5.2.10; banners=state.nm.us,-,-
X-Originating-IP: [164.64.5.6]
Received: (qmail 4555 invoked from network); 5 Oct 2004 16:28:43 -0000
Received: from xconnect.state.nm.us (HELO xconnect.gsd.nm.gov) (164.64.5.6)
by server-8.tower-54.messagelabs.com with SMTP; 5 Oct 2004 16:28:43 -0000
Received: by xconnect.state.nm.us with Internet Mail Service (5.5.2653.19)
id <4GWS7TC0>; Tue, 5 Oct 2004 10:28:43 -0600
Message-ID: <DB33FA3F0FC6584E882D0CE6297AF0F94F7D35@nmemnrddept.prod.emnrd.nm.gov>
From: "Stogner, Michael" <MSTOGNER@state.nm.us>
To: "'Mike Pippin (E-mail)'" <mpippin@ddroadband.net>
Cc: "Hayden, Steven" <SHAYDEN@state.nm.us>
Subject: RE: pSEM0-427232219
Date: Tue, 5 Oct 2004 10:28:41 -0600
MIME-Version: 1.0
X-Mailer: Internet Mail Service (5.5.2653.19)
Content-Type: text/plain;
charset="iso-8859-1"

> RE: Administrative Application for an Unorthodox Coal gas well location
> for:
> M & G Drilling Company
> Schlosser 3 #101
> 2400' FNL & 1305' FWL (E)
> 3-T27N-R11W
>
> The Basin-Fruitland Coal (Gas) Pool is spaced on 320-acres, the proposed
> spacing unit for this well is the 322.96 acres comprising Lots 1 through 4
> and the S/2 N/2 of Sec. 3. You covered the reason's why this was a viable
> well location in the NW/4 of Section 3, however why can't this well be
> drilled at a standard coal gas well location in the northeast quarter of
> Section 3. It appears that a suitable location is available in Unit "G"
> where M&G Drilling originally proposed to drill its Schlosser Well No. 96
> (API No. 30-045-29486) in 1997.

Confidentiality Notice: This e-mail, including all attachments is for the sole use of the intended recipient(s) and may contain confidential and privileged information. Any unauthorized review, use, disclosure or distribution is prohibited unless specifically provided under the New Mexico Inspection of Public Records Act. If you are not the intended recipient, please contact the sender and destroy all copies of this message. --
This email has been scanned by the MessageLabs Email Security System.

This email has been scanned by the MessageLabs Email Security System.

M & G DRILLING COMPANY
c/o Mike Pippin
3104 N. Sullivan Avenue
Farmington, NM 87401
505-327-4573 (phone) **505-564-8656 (fax)
Email: mpippin@ddbroadband.net

RECEIVED

OCT 07 2004

OIL CONSERVATION
DIVISION

October 5, 2004

Mr. Michael E. Stogner
New Mexico Oil Conservation Division
1220 S. Saint Francis Drive
Santa Fe, New Mexico 87504

RE: Answers to Your Questions
Application for Administrative Approval of Unorthodox Location
M & G Drilling Company's Schlosser 3 #101 NM OGRID#: 141852
2400' FNL and 1305' FWL
Unit E, Section 3, T27N, R11W
San Juan County, New Mexico
Basin Fruitland Coal

Dear Mr. Stogner:

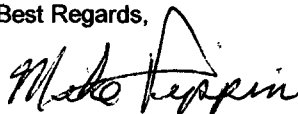
Thank you for your questions on our NSL application. I hope the following will help clarify M & G Drilling Company's reasons for an NSL.

Question #1: Why can't this well be drilled in the northeast of section 3 T27N R11W?

M & G Drilling Company believes that the Fruitland Coal well offset of their acreage to the west is draining their reserves in the northwest quarter of section 3. The Bolack 4 #2 (2225' FNL & 1660' FEL Section 4 T27N R11W) is still producing 270 MCF/D from the Fruitland Coal with a cumulative of over 1540 MMCF since 1993. Fruitland Coal wells to the east are not making near this amount of gas. Geologically, we also believe that the coal thickness decreases to the east through section 3 as we described its thinning to the northeast in the original application.

We therefore request your Administrative Approval for the unorthodox location based on the above additional information. Should you need anything further, please feel free to contact me at (505) 327-4573.

Best Regards,



Mike Pippin
Petroleum Engineer
Agent - M & G Drilling Company

Enclosure

cc: Steve Hayden