

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] OPERATOR/Applicant Name: MEG DRUINS OGRD: 141852
 (If one well) Lease/Well Name: GRAHAM #3 / #100
 Well API No. 30-045-22485
-32730

- [2] 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

- [3] 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
U.S. Bureau of Land Management
- [E] Notification and/or Concurrent Approval by SLO
Commissioner of Public Lands, State Land Office
- [F] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [G] Waivers are Attached

[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			

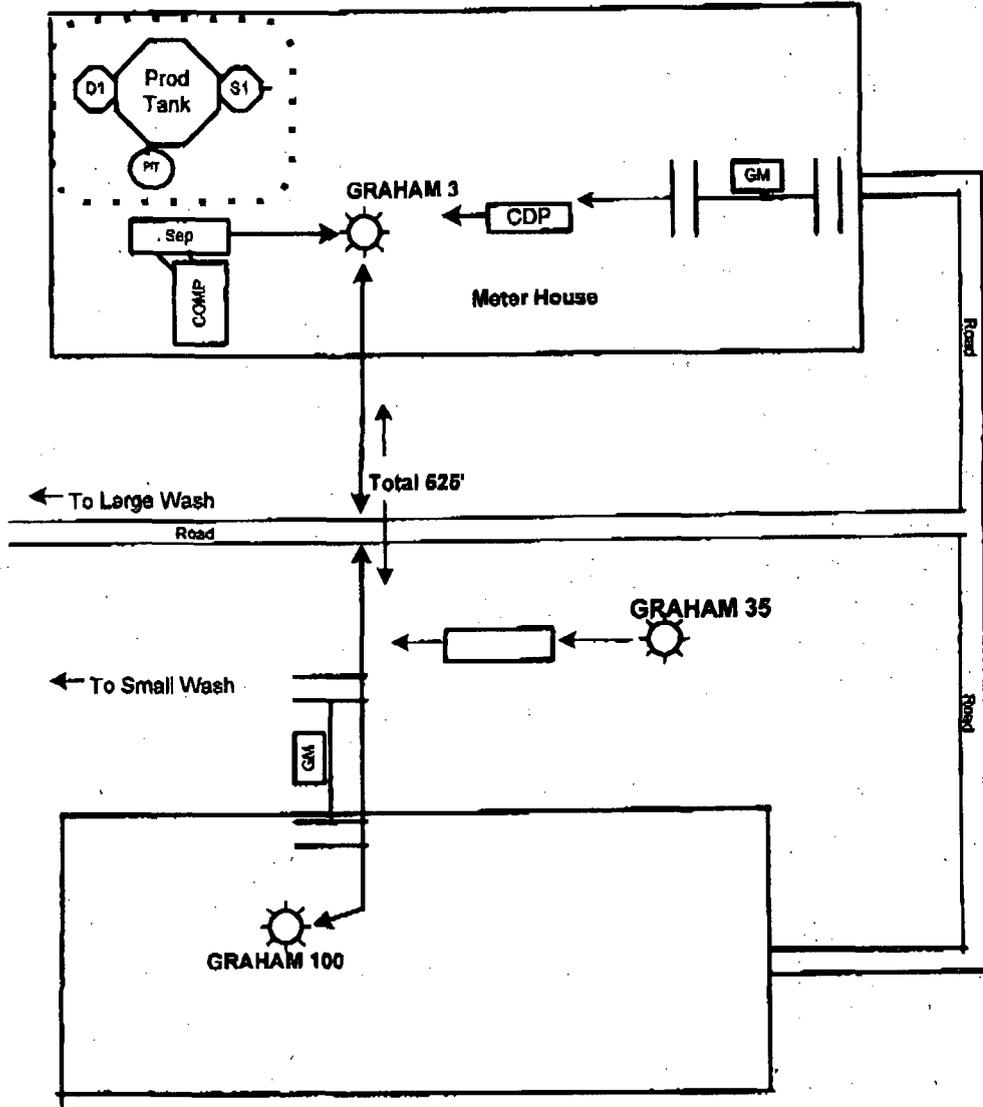
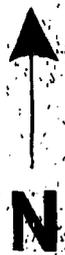
GRAHAM #3 & #100
SURFACE COMMINGLE

DHC-1580 AZ

Well Name	Graham #3	Graham #100
API#	30-045-22485	30-045-32730
Sec.-T-R	Sec. 3, T27N-R8W	Sec. 3, T27N-R8W
FNL/FSL	1450 FSL	890 FSL
FEL/FWL	1830 FEL	1845 FEL
Lease No.	NMSF 078481A	NMSF 078481A
Pool	Blanco Mesaverde/ Otero Chacra	Basin Fruitland Coal
Permits	N/A	N/A
Spacing	160/160	320
Gravity	N/A	N/A
BTU		
Est. Daily Rate		
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.

GRAHAM 3 CDP & 100
Sec.3, T27N, R18W,
Federal Lease #: NMSF-07481A
COMMINGLE



General sealing of valves, sales by tank gauging.
 Production phase: Drain valve D1 and sales valve S1 sealed closed.
 Sales phase: Drain valve D1 sealed closed. Sales valve S1 open.
 Draining phase: Drain valve D1 open. Sales valve S1 sealed closed.

This lease is subject to the site security plan for San Juan Basin Area.

The plan is located at:
 Updated: 08/24/07
 M&G Drilling Company
 3001 Northridge Drive, Suite D
 Farmington, NM 87401

M&G Drilling Company, Inc.
P. O. BOX 5940
FARMINGTON, NM 87499-5940

FAX NO.
(505) 325-6270

OFFICE NO.
(505) 325-6779

July 20, 2007

Mr. Will Jones
New Mexico Oil Conservation Commission
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: Surface Commingling Applications

Dear Mr. Jones:

M&G Drilling Company Inc. ("MGD") has submitted Surface Commingling Applications for the Graham 3 & Graham 100.

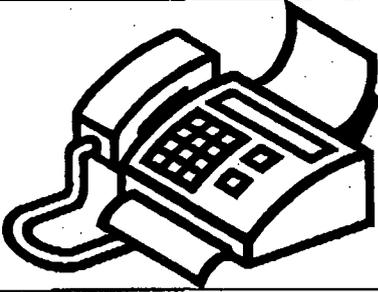
Per your request, this letter confirms that MGD has 100% working interest ownership of oil, natural gas and associated liquid hydrocarbons on all wells listed above.

If you have any questions or need additional information please contact me at (505) 325-6779.

Sincerely,



Pat Gottlieb
Vice President



A facsimile from

M&G Drilling Company, Inc.

P.O. Box 5940

Farmington, NM 87499-5940

Fax # 505-325-6270

Main # 505-325-6779

To: Will Jones

Fax number: 476-3462

Date: 11/6/2007

Regarding: Graham #100 Letter of Identical, Approved Surface Commingle Sundry.
Pages including cover: 6

Lynn,

I'm faxing the Approved Surface Commingle Sundry with all the documentation that was sent with the Sundry along with a Copy of the Letter of Identical that was mailed to you on July 20, 2007.

Please call me if you need any additional information 325-6779.

Rhonda DeVilbiss

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