



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

January 25, 2008

M & G Drilling Company, Inc.
Attn: Ms. Dana L. Delventhal
P.O.Box 5940
Farmington, NM 87499

Administrative Order NSL-5770

**Re: Schlosser 3 Well No. 101
API No. 30-045-32581
Unit E, Section 3-27N-11W
San Juan County**

Dear Ms Delventhal:

Reference is made to the following:

(a) your application (**administrative application reference No. pKVR07-34049529**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on December 6, 2007,

(b) your supplemental communication dated January 25, 2008, and

(c) the Division's records pertinent to this request.

M & G Drilling Company, Inc. (M&G) has requested to drill the above-referenced well at an unorthodox Fruitland Coal gas well location, 2400 feet from the North line and 1305 feet from the West line (Unit E) of Section 3, Township 27 North, Range 11 West, N.M.P.M., in San Juan County, New Mexico. The N/2 of Section 3 will be dedicated to this well in order to form a standard 320-acre spacing unit in the Basin-Fruitland Coal Gas Pool (71629). This location is governed by the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool, as amended by Order No. R-8768-F, effective July 17, 2003, which provide generally that a well shall be located at least 660 feet from any unit boundary. This location is less than 660 feet from the southern unit boundary.

Your application has been duly filed under the provisions of Division Rules 104.F and 1210.A(2).

It is our understanding that you are seeking this location for topographic reasons.

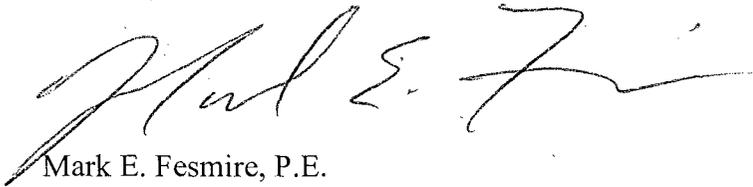
It is also understood that notice of this application to offsetting operators or owners is unnecessary because M&G owns 100% of the working interest in the offsetting unit to the south.

Pursuant to the authority conferred by Division Rule 104.F(2), the above-described unorthodox location is hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 40.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark E. Fesmire". The signature is fluid and cursive, with a long horizontal stroke at the end.

Mark E. Fesmire, P.E.
Director

MEF/db

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