

RECEIVED

2007 DEC 4 AM 11:41

November 29, 2007

New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

Re: Non-Standard Location
M & G Drilling Company, Inc. (141852)
Schlosser 3 No. 101
Basin Fruitland Coal (71629)
3E-27N-11W San Juan Co., NM
API: 30-045-32581

Dear Sirs:

M & G Drilling Company, Inc. requests administrative approval for a non-standard gas well location in the Basin Fruitland Coal pool for its Schlosser 3 No. 101 well.

The Schlosser 3 No. 101, a N/2 dedication, was staked in an unorthodox location due to extremely rough topography as shown on the enclosed topographic map. In order to place the well in an accessible location, the well was staked 2400' FNL, encroaching 420' South of the standard drilling window. M & G Drilling Company, Inc. is also the leaseholder of Basin Fruitland Coal rights in the S/2 of Section 3 of Township 27 North, Range 11 West, thus the location only impacts M & G Basin Fruitland Coal rights and no offset owners are affected.

Please find enclosed a C102 plat showing the location of the well, a topographic map, and a map showing that no offset owners are affected by the unorthodox location.

If you have any questions or need additional information, please give me a call at (505) 326-4125. Thank you for your consideration in this matter.

Sincerely,



Dana L. Delventhal
Agent

DISTRICT I
1625 N. Preach Dr., Hobbs, N.M. 88240

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised August 15, 2000

DISTRICT II
811 South First, Artesia, N.M. 88210

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT III
1000 Rio Brazos Rd., Artec, N.M. 87410

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-045-32581		*Pool Code 21629	*Pool Name BASIN FRUITLAND CORL
*Property Code	*Property Name SCHLOSSER 3		*Well Number 101
*GRID No. 141852	*Operator Name M & G DRILLING COMPANY INC.		*Elevation 6168'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	3	27-N	11-W		2400	NORTH	1305	WEST	SAN JUAN

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres 320 1/2	¹³ Joint or Infill Y	¹⁴ Consolidation Code	¹⁵ Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16

FD. 2 1/2" BC. 1913 GLO	S 89-52-44 W 5289.6' (C)	CALC'D COR. BY SNGL. PROP. METHOD
LOT 4	LOT 3	LOT 2
LOT 1		
LAT. = 36°36'18" N. (NAD 83) LONG. = 107°59'45" W. (NAD 83)		
FD. 2 1/2" BC. 1913 GLO		

17 OPERATOR CERTIFICATION

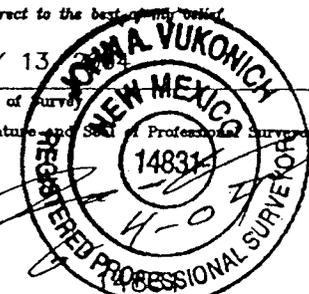
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Mike Pippin
Signature
MIKE PIPPIN
Printed Name
AGENT-PETR. ENGR.
Title
9-11-04
Date

18 SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

MAY 13
Date of Survey
Signature and Seal
Professional Surveyor
148314
Certificate Number



108°01'00" W

108°00'00" W

WGS84 107°59'00" W

M&G DRILLING COMPANY INC.

SCHLOSSER 3 No. 101

2400 FNL 1305 FWL

SEC. 3, T-27-N, R-11-W, N.M.P.M.

SAN JUAN COUNTY, NEW MEXICO

79' NEW ACCESS

36°38'00" N

36°38'00" N

36°37'00" N

36°37'00" N

36°36'00" N

36°36'00" N

M&G DRILLING CO. INC. - SCHLOSSER 3 No. 101

LAT: 36.36.18 N (NAD 83)

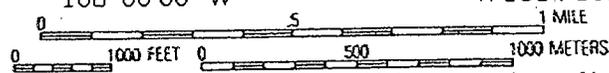
LONG: 107.59.45 W (NAD 83)

79' NEW ACCESS

108°01'00" W

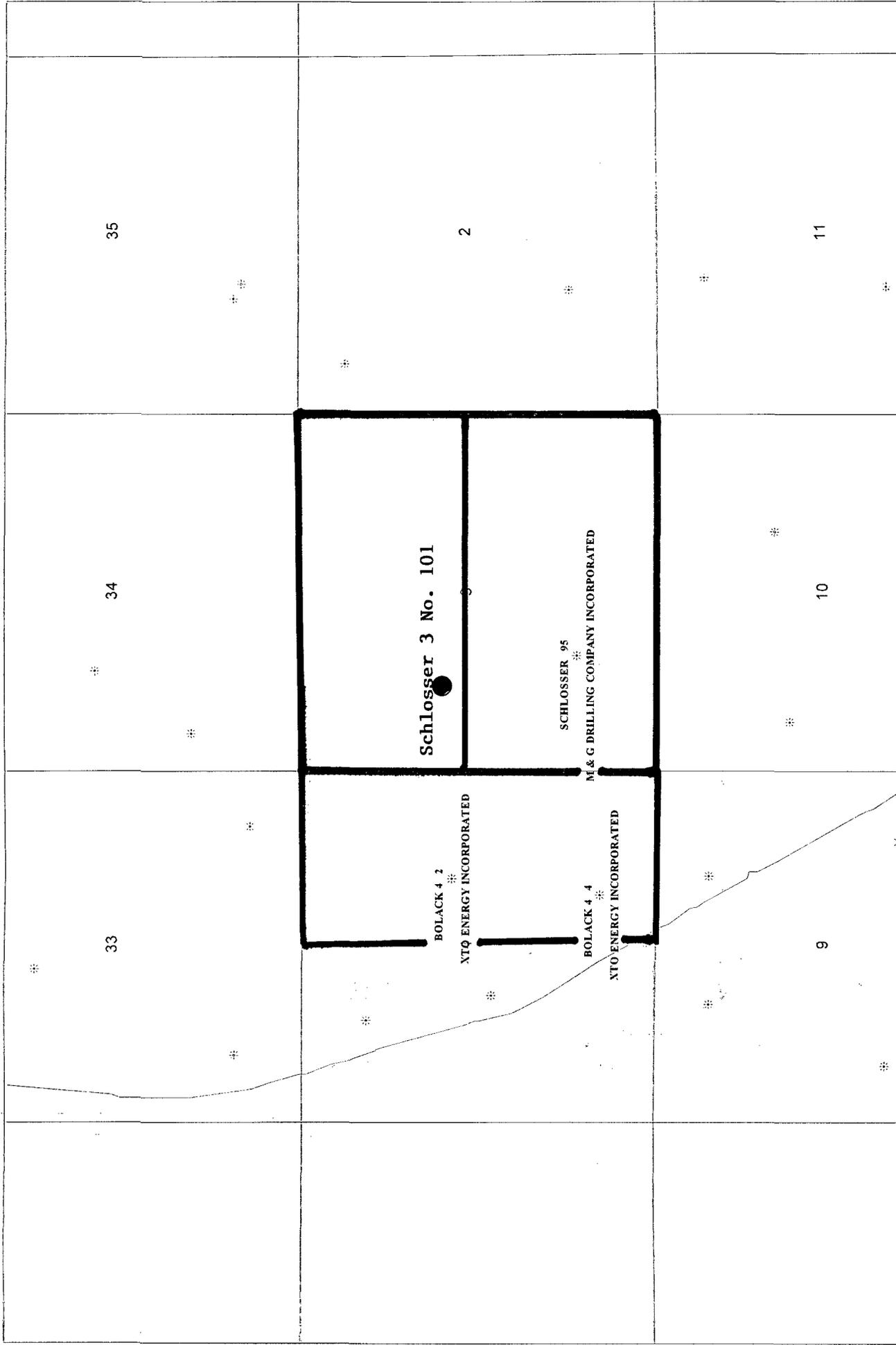
108°00'00" W

WGS84 107°59'00" W



Map created with TOPO!® ©2002 National Geographic (www.nationalgeographic.com/topo)

PAGE # 11



December 5, 2007

Bureau of Land Management
Farmington District Office
1235 La Plata Highway, Suite A
Farmington, NM 87401

Dear Sirs:

M & G Drilling Company, Inc. has requested administrative approval from the New Mexico Oil Conservation Division for a non-standard location for the Schlosser 3 No. 101 well. A copy of this application is enclosed.

This well was staked 420' south of the standard drilling window because of extremely rough topography. M & G Drilling Company, Inc. is also the lease holder of the Basin Fruitland Coal rights in the S/2 of Section 3; thus the non-standard location encroaches on M & G Drilling Company holdings and no other lease holders are affected. All of Section 3 is covered by Federal Lease No. NMSF078673, so lease boundaries are unaffected also.

If you have any questions or need additional information, please give me a call at (505) 326-4125. Thank you for your consideration in this matter.

Sincerely,



Dana L. Delventhal
Agent

Brooks, David K., EMNRD

From: Brooks, David K., EMNRD
Sent: Friday, January 18, 2008 10:41 AM
To: 'ddelventhal@qwest.net'
Subject: M&G Drilling Co. Inc., Schlosser No. 101 - NSL Application

Dear Ms. Delventhal

I have before me the referenced application for approval of a non-standard location.

You state that "M&G Drilling Company, Inc. is also the leaseholder of the Basin Fruitland Coal rights in the S/2 of Section3."

IF M&G owns 100% of the operating rights in the Fruitland in the S/2, or if operating rights ownership in the S/2 is identical to that in the N/2, your conclusion is correct that no notice of this application is required. However, if there is any difference in operating rights ownership, notice to all owners of operating rights in the S/2 would be required.

Please confirm specifically that either M&G is 100% owner in the S/2, or ownership is identical to the N/2.

Thanks in advance for you attention.

David K. Brooks
Legal Examiner
505-476-3450

Brooks, David K., EMNRD

From: Dana L. Delventhal [ddelventhal@qwest.net]
Sent: Friday, January 25, 2008 1:36 PM
To: Brooks, David K., EMNRD
Subject: RE: M&G Drilling Co. Inc., Schlosser No. 101 - NSL Application

Dear Mr. Brooks:

I have confirmed that M & G Drilling has a 100% working interest in both the N/2 and the S/2 of Section 3, so ownership is identical. Please let me know if you need me to confirm this in a letter or if you need any additional information. Thank you for your help.

Dana L. Delventhal

From: Brooks, David K., EMNRD [mailto:david.brooks@state.nm.us]
Sent: Friday, January 18, 2008 10:41 AM
To: ddelventhal@qwest.net
Subject: M&G Drilling Co. Inc., Schlosser No. 101 - NSL Application

Dear Ms. Delventhal

I have before me the referenced application for approval of a non-standard location.

You state that "M&G Drilling Company, Inc. is also the leaseholder of the Basin Fruitland Coal rights in the S/2 of Section3."

IF M&G owns 100% of the operating rights in the Fruitland in the S/2, or if operating rights ownership in the S/2 is identical to that in the N/2, your conclusion is correct that no notice of this application is required. However, if there is any difference in operating rights ownership, notice to all owners of operating rights in the S/2 would be required.

Please confirm specifically that either M&G is 100% owner in the S/2, or ownership is identical to the N/2.

Thanks in advance for you attention.

David K. Brooks
Legal Examiner
505-476-3450

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 Sybari - Antigen Email System.

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1/25/2008

Well File Search - Select API Number to View

Please select the API Number you wish to view from the list below by clicking the radio button next to the API Number. Then click the "Continue" button to see the thumbnails for the API you selected.

The search results are broken out by groups of 25 on each page. Switching pages can be done by clicking the "Next 25" or "Previous 25" links.

10 Records Found

Displaying Screen 1 of 1

- | API Number | ULSTR | Footages | |
|--|-------------------------|---------------------|---|
| <input type="radio"/> 3004506770 | M -3-27N-11W | 790 FSL & 790 FWL | |
| Well Name & Number: PRE-ONGARD WELL No. 002 | | | |
| Operator: PRE-ONGARD WELL OPERATOR | | | |
| <input type="radio"/> 3004506782 | A -3-27N-11W | 990 FSL & 990 FWL |  |
| Well Name & Number: PRE-ONGARD WELL No. 010 | | | |
| Operator: PRE-ONGARD WELL OPERATOR | | | |
| <input type="radio"/> 3004506900 | A -3-27N-11W | 1110 FNL & 1010 FEL | DK |
| Well Name & Number: SCHLOSSER WN FEDERAL No. 006 | | | |
| Operator: CONOCOPHILLIPS COMPANY | | | |
| <input type="radio"/> 3004524276 | C -3-27N-11W | 865 FNL & 1520 FWL | DK |
| Well Name & Number: SCHLOSSER WN FEDERAL No. 002E | | | |
| Operator: CONOCOPHILLIPS COMPANY | | | |
| <input type="radio"/> 3004524457 | P -3-27N-11W | 790 FSL & 1120 FEL | |
| Well Name & Number: SCHLOSSER WN FEDERAL No. 006E | | | |
| Operator: CONOCOPHILLIPS COMPANY | | | |
| <input type="radio"/> 3004526145 | K -3-27N-11W | 1835 FSL & 1720 FWL | |
| Well Name & Number: SCHLOSSER WN FEDERAL No. 002R | | | |
| Operator: CONOCOPHILLIPS COMPANY | | | |
| <input type="radio"/> 3004529481 | N -3-27N-11W | 1190 FSL & 1650 FWL | |
| Well Name & Number: SCHLOSSER No. 095 | | | |
| Operator: M & G DRLG CO INC | | | |
| <input type="radio"/> 3004529486 | G -3-27N-11W | 1850 FNL & 1735 FEL |  |
| Well Name & Number: SCHLOSSER No. 096 | | | |
| Operator: M & G DRLG CO INC | | | |
| <input type="radio"/> 3004532496 | G -3-27N-11W | 1955 FNL & 1875 FEL | FC |
| Well Name & Number: SCHLOSSER No. 101S | | | |
| Operator: M & G DRLG CO INC | | | |
| <input type="radio"/> 3004532581 | E -3-27N-11W | 2400 FNL & 1305 FWL | FC |
| Well Name & Number: SCHLOSSER No. 101 | | | |
| Operator: M & G DRLG CO INC | | | |

10 Records Found

Displaying Screen 1 of 1

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