

#### KM PRODUCTION COMPANY

P. O. Box 2406 Farmington, NM 87499-2406 (505) 325-6900

October 20, 1997

#### Sent by FAX and Certified Mail - Return Receipt Requested #P 386810320

Mr. William J. LeMay, Chairman New Mexico Oil Conservation Division 2040 South Pacheco Santa Fe. New Mexico 87505

RE:

Request for Administrative Approval of a Non-Standard Pictured Cliffs Location M&G Drilling Company Schlosser #97 623' FSL and 1347' FWL Section 34, T28N R11W San Juan County, New Mexico

#### Gentlemen:

KM Production Company is an agent for M&G Drilling Company. M&G Drilling Company requests approval of a non-standard gas well location for their Schlosser #97 Pictured Cliffs well at 623' FSL and 1347' FWL of Section 34 of T28N R11W. Please refer to Administrative Order NSL-3857 granting unorthodox location approval for the Fruitland Coal formation in this well. This well was drilled as a Fruitland Coal well, but the Pictured Cliffs formation is productive also. A downhole commingle application will be made in the future to combine production from these two productive zones.

Enclosed as Attachment #1 is a Well Location and Acreage Dedication Plat for the Pictured Cliffs formation in this well. The topography in the SW ¼ of Section 34 is extremely rugged and the staked location for the Schlosser #97 is the only feasible place to drill a well in this quarter section. A topographic map is enclosed as Attachment #2 to demonstrate the rough terrain in this area.

Attachment #3 is a map showing the Pictured Cliffs formation ownership of the leases surrounding the Schlosser #97 well. The ownership in the Pictured Cliffs formation is the same as that in the Fruitland Coal formation. This new well is located too close to the southern boundary of Section 34. You will note that M&G Drilling Company has ownership of the acreage to the south of this well which is being encroached upon. The remaining Pictured Cliffs leases around this well are owned by Amoco Production Company and Marathon Oil Company. Copies of this letter have been sent by certified mail to these companies notifying them of this request. Copies of these return receipts are shown in Attachment #4. As per NMOCD regulations, by copy of this letter to offset leaseholders, M&G Drilling Company is asking offset leaseholders that they waive any objection to this Pictured Cliffs formation non- standard location.

I believe this request provides all the information required by NMOCD regulations for administrative approval of this non-standard location request. If any other information is needed, please call. Your prompt response to this request is appreciated.

Sincerely,

Kevin H. McCord Petroleum Engineer

**Attachments** 

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV

PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION PO Box 2088 Santa Fe, NM 87504-2088 Form C-102
Revised February 21, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

### WELL LOCATION AND ACREAGE DEDICATION PLAT

	3 Pool Name							
79680	KUTZ PICTURED CLIFFS WEST							
30-045-29482 79680 KUIZ PICTU      Property Code Property Name								
SCHLOSSER								
Operator Name								
M & G DRILLING COMPANY, INC.								
	SCHL O M&G DRILL	<sup>5</sup> Property Name SCHLOSSER <sup>6</sup> Operator Name						

# <sup>10</sup> Surface Location

UL or lot no.	N 34 28 N 11 W 623 S  11 Bottom Hole Location If D		North/South line Feet from the East/West line County									
N			South	1347	West	San Juan						
			11 Bot	tom Hol	e Location I	f Different Fro	om Surface					
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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

Signature  KEVIN MCCORD  Printed Nature  AGENT-PETROLEUM ENGINEER  Title  10/17/97  Date  18 SURVEYOR CERTIFICATION  I hereby certify that the well location shown on this plat was planted 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.  Signature and correct to the best of my belief.  Signature and correct to the best of my belief.  William F. Tokananda M.  Signature and correct to the best of my belief.	FV. BC		F-18L	FUSC	17 OPERATOR CERTIFICATION
True and complete to the best of my knowledge and belief  Signature  KEVIN MCCORD  Printed Name  AGENT-PETROLEUM ENGINEER  Title  10/17/97  Date  18 SURVEYOR CERTIFICATION  I hereby certify that the well location shown on this plat was plouted 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.  Signature and Surveys  WE  Signature and Surveys  Surve	16				
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# Pictured Cliffs Formation Ownership in the Vicinity of the Schlosser #97 Well SW 1/4 Section 34, T28N R11W

Krause #19 M+0 Krause #94	#12	Marathon	
28	5ch lusser # 13 	ohrogut 26 C-5	
Krause #11	Schlosser#25	Ohia Gout Ohia Gout 2-6 24	
MrG	Schlosophis M+G	Pipkin#15 Pipkin #14	
33	34	35	
Krause #7	Schlosser #97	Pipkin # 22	T-28N
Marathon	M+G Schlosser *10	Amoco	T-27 N
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800	TOTAL Postage & Fees	\$	3.46
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MAIL

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US Postal Service

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CMD : OG6C101

ONGARD C101-APPLICATION FOR PERMIT TO DRILL 10/20/97 16:17:29 OGOMES -EMFO

OGRID Idn

: 141852 API Well No: 30 45 29482 APD Status(A/C/P): A

Opr Name, Addr: M & G DRLG CO INC

Aprvl/Cncl Date : 08-31-1997

%KM PROD CO PO BOX 2406

FARMINGTON, NM 87499

Prop Idn: 16599 SCHLOSSER

Well No: 97

U/L Sec Township Range Lot Idn North/South East/West --- --- -----

Surface Locn: N 34 28N 11W FTG 623 F S FTG 1347 F W

OCD U/L : N API County : 45

Work typ (N/E/D/P/A) : N Well typ (O/G/M/I/S/W/C) : G Cable/Rotary (C/R) : R

Lease typ(F/S/P/N/J/U/I): F Ground Level Elevation: 5996

State Lease No: Multiple Comp (Y/N) : N

Prpsd Depth : 1990 Prpsd Frmtn : BASIN FT COAL

E0009: Enter data to modify record

PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM PF09 PRINT PF10 C102 PF11 HISTORY PF12 PF01 **HELP** PF02

PF07 PF08

#### 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

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 - Azec

U.S. Bureau of Land Management - Farmington