Form 3160-5
(August 1999)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004- 0135
Expires: November 30, 2000

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE- Other instructions on the reverse side

5. Lease Serial No.: NOO-C-14-20-5390
6. If Indian, Allottee, or Tribe Name:
7. If Unit or CA. Agreement Designation:

1. Type of Well: [ ] Oil Well [X] Gas Well [ ] Other

8. Well Name and No.: RICKY #1R

2. Name of Operator: COLEMAN OIL & GAS, INC.

9. API Well No.: 30-045-31165

3a. Address: PO DRAWER 3337, Farmington NM 87499-3337

3b. Phone No. *(include area code)*: (505) 327-0356

10. Field and Pool, or Exploratory Area: Basin Fruitland Coal

4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)*: 765' FNL AND 830' FWL, SECTION 18, T26N, R11W

11. County or Parish, State: SAN JUAN COUNTY, NM

12. CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
[X] Notice of Intent	[ ] Acidize	[ ] Deepen	[ ] Production (Start/ Resume)	[ ] Water Shut-off
	[ ] Altering Casing	[ ] Fracture Treat	[ ] Reclamation	[ ] Well Integrity
[ ] Subsequent Report	[ ] Casing Repair	[ ] New Construction	[ ] Recomplete	[X] Other SEE BELOW
	[ ] Change Plans	[ ] Plug and abandon	[ ] Temporarily Abandon	
[ ] Final Abandonment Notice	[ ] Convert to Injection	[ ] Plug back	[X] Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths or pertinent markers and sands. Attach the Bond under which the work will performed or provide the Bond No. on file with the BLM/ BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notice shall be filed only after all requirements, including reclamantion, have been completed, and the operator has determined that the site is ready for final inspection.)

Coleman Oil & Gas, Inc., intends to dispose of produced water into the Cowsaround SWD #1 as per the conditions stated in the Department of the Interior Onshore Oil & Gas Order No. 7 for Off-Lease Water Disposal.

APPROVED
MAY 0 1 2003
FIELD MANAGER

RECEIVED
2003 APR 23 PM 1: 21
070 Farmington, NM

14. I hereby certify that the foregoing is true and correct.

Name *(Printed/ Typed)*: WENDY ROGERS — Title: PRODUCTION ACCT.

Signature: Wendy Rogers — Date: 03-27-03

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by — Title — Date

Conditions of approval, if any are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon. — Office

Title 18 U.S.C. Section 1001 AND Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make any department or agency of the United States any false, fictitiousor fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on reverse)

NMOCD

RICKY #1R
NOO-C-14-20-5390

RECEIVED
2003 APR 23 PM 1:21
070 Farmington, NM

Onshore Order No. 7 and Title 43 CFR 3162.5-1

The above noted lease/well disposes water without approval. Onshore Order No. 7 and Title 43 CFR 3162.5-1, requires the following information be submitted in order to process water disposal requests.

1. Name of formations producing water on the lease. BASIN FRUITLAND COAL
2. Amount of water produced from all formations in barrels per day. 130 bbls per day
3. Attach a current water analysis of produced water from all zones showing at least the total dissolved solids, ph, and the concentrations of chlorides and sulfates.
4. How water is stored on the lease. TANK
5. How water is moved to the disposal facility. TRUCK
6. Identify the Disposal Facility by :
   a. Facility operators name. COLEMAN OIL & GAS, INC.
   b. Name of facility or well name & number. COWSAROUND SWD #1
   c. Type of facility or well (WDW)(WIW) etc. SWD
   d. Location by 1/4 1/4 - section 16 township 26N range 12W
7. Attach a copy of the State issued permit for the Disposal Facility.

Submit to this office, the above required information on a Sundry Notice 3160-5. Submit 1 original and 2 copies. (You may also complete this form and attach it to the Sundry Notice.)

BACK UP DISPOSALS: ELM RIDGE - CBU
CARSON

BASIN DISPOSAL

Enclosure 1-1

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

RECEIVED
2003 APR 23 PM 1:21
070 Farmington, NM

GARY E. JOHNSON
Governor
Betty Rivera
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

ADMINISTRATIVE ORDER SWD-764
(2nd Corrected)

APPLICATION OF PENDRAGON ENERGY PARTNERS FOR PRODUCED WATER DISPOSAL, SAN JUAN COUNTY, NEW MEXICO.

ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION

Under the provisions of Rule 701(B), Pendragon Energy Partners made application to the New Mexico Oil Conservation Division on February 9, 2000, for permission to complete for produced water disposal its Cowsaround SWD Well No. 1 (**API No. 30-045-30096**) located 2220 feet from the South line and 1680 feet from the West line (Unit K) of Section 16, Township 26 North, Range 12 West, NMPM, San Juan County, New Mexico.

THE DIVISION DIRECTOR FINDS THAT:

(1) The application has been duly filed under the provisions of Rule 701(B) of the Division Rules and Regulations;

(2) Satisfactory information has been provided that all offset operators and surface owners have been duly notified;

(3) The applicant has presented satisfactory evidence that all requirements prescribed in Rule 701 will be met; and

(4) No objections have been received within the waiting period prescribed by said rule.

IT IS THEREFORE ORDERED THAT:

The applicant herein, is hereby authorized to complete its Cowsaround SWD Well No. 1 (**API No. 30-045-30096**) located 2220 feet from the South line and 1680 feet from the West line (Unit K) of Section 16, Township 26 North, Range 12 West, NMPM, San Juan County, New Mexico, in such a manner as to permit the injection of produced water for disposal purposes into the Mesaverde formation from approximately 2,000 feet to 3,882 feet through 2 7/8 inch plastic-lined tubing set in a packer located at approximately 1,908 feet.

IT IS FURTHER ORDERED THAT:

The operator shall take all steps necessary to ensure that the injected water enters only the proposed injection interval and is not permitted to escape to other formations or onto the surface.

Prior to commencing injection operations into the well, the casing shall be pressure tested from the surface to the packer setting depth to assure the integrity of said casing.

The casing-tubing annulus shall be loaded with an inert fluid and equipped with a pressure gauge at the surface or left open to the atmosphere to facilitate detection of leakage in the casing, tubing, or packer.

The injection well or system shall be equipped with a pressure limiting device which will limit the wellhead pressure on the injection well to no more than 400 psi.

The Director of the Division may authorize an increase in injection pressure upon a proper showing by the operator of said well that such higher pressure will not result in migration of the injected fluid from the Mesaverde formation. Such proper showing shall consist of a valid step-rate test run in accordance with and acceptable to this office.

The operator shall notify the supervisor of the Aztec district office of the Division of the date and time of the installation of disposal equipment and of any mechanical integrity test so that the same may be inspected and witnessed.

The operator shall immediately notify the supervisor of the Aztec district office of the Division of the failure of the tubing, casing, or packer in said well and shall take such steps as may be timely and necessary to correct such failure or leakage.

PROVIDED FURTHER THAT, jurisdiction is retained by the Division for the entry of such further orders as may be necessary for the prevention of waste and/or protection of correlative rights or upon failure of the operator to conduct operations (1) to protect fresh water or (2) consistent with the requirements in this order, whereupon the Division may, after notice and hearing, terminate the injection authority granted herein.

The operator shall submit monthly reports of the disposal operations on Division Form C-115, in accordance with Rule Nos. 706 and 1120 of the Division Rules and Regulations.

The injection authority granted herein shall terminate one year after the effective date of this order if the operator has not commenced injection operations into the subject well, provided however, the Division, upon written request by the operator, may grant an extension thereof for good cause shown.

Approved at Santa Fe, New Mexico, on this 1st day of April, 2002.

Lori Wrotenbery by DRC

LORI WROTENBERY, Director

LW/DRC

cc: Oil Conservation Division – Aztec
State Land Office – Oil and Gas Division

Analytical Laboratory Report for:
Coleman Oil

BJ Unichem Chemical Services
UNICHEM Representative: Tony Snow

Production Water Analysis

Listed below please find water analysis report from: Rickys, 1R

Lab Test No:	**2003109879**	**Sample Date:**	**03/04/2003**
Specific Gravity:	**1.026**		
TDS:	**38774**		
pH:	**6.56**		

Cations:	mg/L	as:
Calcium	274	(Ca^{++})
Magnesium	128	(Mg^{++})
Sodium	15821	(Na^{+})
Iron	4.80	(Fe^{++})
Barium	2.14	(Ba^{++})
Strontium	25.38	(Sr^{++})
Manganese	0.21	(Mn^{++})
Anions:	**mg/L**	**as:**
Bicarbonate	854	(HCO_3^{-})
Sulfate	64	($SO_4^{=}$)
Chloride	21600	(Cl^{-})
Gases:		
Carbon Dioxide	132	(CO_2)
Hydrogen Sulfide	0	(H_2S)

Coleman Oil **Lab Test No: 2003109879**

BJ Unichem Chemical Services

DownHole SAT™ Scale Prediction @ 100 deg. F

Mineral Scale	Saturation Index	Momentary Excess (lbs/1000 bbls)
Calcite (CaCO3)	.7	-.116
Aragonite (CaCO3)	.593	-.186
Witherite (BaCO3)	.00164	-17.88
Strontianite (SrCO3)	.125	-2.36
Magnesite (MgCO3)	.356	-.411
Anhydrite (CaSO4)	.00734	-823.14
Gypsum (CaSO4*2H2O)	.00859	-825.02
Barite (BaSO4)	.942	-.076
Celestite (SrSO4)	.0109	-206.32
Silica (SiO2)	0	-53.78
Brucite (Mg(OH)2)	< 0.001	-1.15
Magnesium silicate	0	-119.25
Siderite (FeCO3)	23.17	.299
Halite (NaCl)	.00507	-182131
Thenardite (Na2SO4)	< 0.001	-66080
Iron sulfide (FeS)	0	-.0871

Interpretation of DHSat Results:

The Saturation Index is calculated for each mineral species independently and is a measure of the degree of supersaturation (driving force for precipitation) under the conditions modeled. This value ranges from 0 to infinity with 1.0 representing a condition of equilibrium where scale will neither dissolve nor precipitate. Values less than 1.0 are undersaturated and values greater than 1.0 are supersaturated. The scale is logarithmic, i.e. a Saturation Index of 3 is 10 times more saturated than a value of 2.

The Momentary excess is a measure of how much scale would have to precipitate to bring the system back to a non-scaling condition. This value ranges from negative (dissolving) infinity to positive (precipitating) infinity. The Momentary Excess represents the amount of scale possible while the Saturation Level represents the probability that scale will form.