



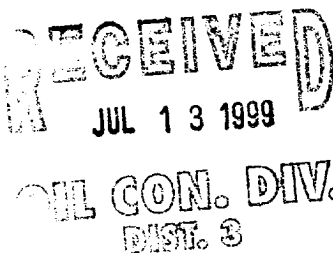
NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

July 7, 1999

Coleman Oil & Gas, Inc.
P. O. Drawer 3337
Farmington, New Mexico 87499
Attention: G. Chris Coleman

Telefax No. (505) 327-9425



Administrative Order NSL-4327

Dear Mr. Coleman:

Reference is made to the following: (i) your application dated June 15, 1999 for an exception to Rule 7 of the "*Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool*," as promulgated by New Mexico Oil Conservation Division ("Division") Order No. R-8768, as amended; and (ii) the records of the Division in Santa Fe: all concerning Coleman Oil & Gas Company's ("Coleman") request for authorization to reenter the plugged and abandoned Skelly Oil Company Navajo "B" Well No. 1 (API No. 30-045-05835), located 1650 feet from the South line and 1180 feet from the East line (Unit I) of Section 14, Township 26 North, Range 12 West, NMPM, San Juan County, New Mexico.

This well, to be redesignated the Eagles Com. Well No. 1 by Coleman, was originally drilled to a total depth of 7,134 feet in 1954 and completed in the Gallegos-Gallup Oil Pool. In 1968 this well had reached its economic limit and was subsequently plugged and abandoned.

It is our understanding that Coleman now intends to reenter this well and attempt a completion up-hole into the Basin-Fruitland Coal (Gas) Pool within a standard 320-acre stand-up gas spacing and proration unit comprising the E/2 of Section 14.

By the authority granted me under the provisions of Rule 8 of these special coal gas pool rules, the above-described off-pattern non-standard coal gas well location for this well is hereby approved.

Sincerely,

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec /