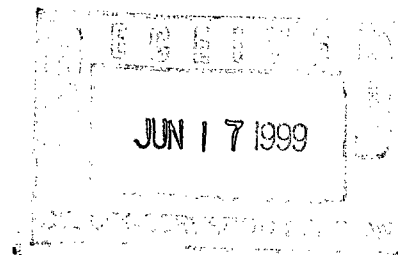


NSL

7/7/99



COLEMAN OIL & GAS, INC.



June 15, 1999

Mr. Michael E. Stogner
New Mexico Oil Conservation Division
2040 S. Pacheco St.
Santa Fe, New Mexico 87501

**Re: Application of Coleman Oil & Gas Corporation
Non-Standard Location
Eagles Com #1
Basin Fruitland Coal Pool
SE/4 Section 14, T26N-R12W
San Juan County, New Mexico**

Dear Mr. Stogner:

Coleman Oil & Gas Corporation (Coleman) requests administrative approval for a non-standard location for the subject well. Coleman has permitted to drill the Eagles Com #1 in the SE/4 of Section 14, T26N-R13W. The well will be completed in the Basin Fruitland Coal on a E/2 320 acre spacing unit (see Exhibit #1). Although the well is at standard offsets from the spacing unit boundary, it is off-pattern because of its location in the southeast quarter versus the northeast quarter of the section.

Coleman is proposing to drill this well on the southern portion of the spacing unit to utilize an old well pad and existing surface casing. The well is proposed at the location of the P&A'ed Navajo "B" #1. This well was drilled by Skelly Oil and subsequently plugged on 4-17-68. During the plugging operations the 5 1/2" production casing was pulled

and a 20 sack cement plug was placed from 2764'-2864' and a 10 sack cement plug was set at the top of 376' of 10 3/4" surface casing (Exhibit #2). Drilling plans call for the re-entry of the surface casing and cleaning out and running new 4 1/2" production casing to 1550' and cementing to the surface.

In addition to utilizing the existing surface casing at the proposed location, this off pattern location provides for more orderly development of the reservoir in the immediate area. Exhibit #3 shows the relationship of the proposed location with the existing Fruitland Coal wells and proposed Fruitland Coal wells in the offsetting areas. Two off pattern wells, one operated by Coleman and one by Dugan Production Company already exists in adjacent proration units.

Exhibit #4 is a list of the operators who received certified copies of this application.

Please notify me at (505) 327-1376 if additional information is needed.

Sincerely,

A handwritten signature in black ink, appearing to read 'G. Chris Coleman', written in a cursive style.

G. Chris Coleman
Vice-President

EXHIBIT #1

District I
PO Box 1900, Hobbs, NM 88241-1900
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 10, 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

1 APT. Number		2 Pool Code 71629		3 Pool Name BASIN FRUITLAND COAL	
4 Property Code		5 Property Name EAGLES COM			6 Well Number 1
7 OGRID No. 004838		8 Operator Name COLEMAN OIL & GAS			9 Elevation 6159'

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
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11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
I	14	26N	12W		1650'	SOUTH	1180'	EAST	SAN JUAN

12 Dedication Acres 320'	13 Joint or Infill Y	14 Consolidation Code C	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			17 OPERATOR CERTIFICATION	
			I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.	
			Signature Paul C. Thompson Printed Name Agent Title May 25, 1999 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.		Date of Survey Signature and Seal of Professional Surveyor: Original on File Certificate Number		

Exhibit #2

Skelly Oil Company
Navajo "B" #1
1650' FSL & 1180' FEL
Section 14, T26N-R12W
San Juan Co., New Mexico

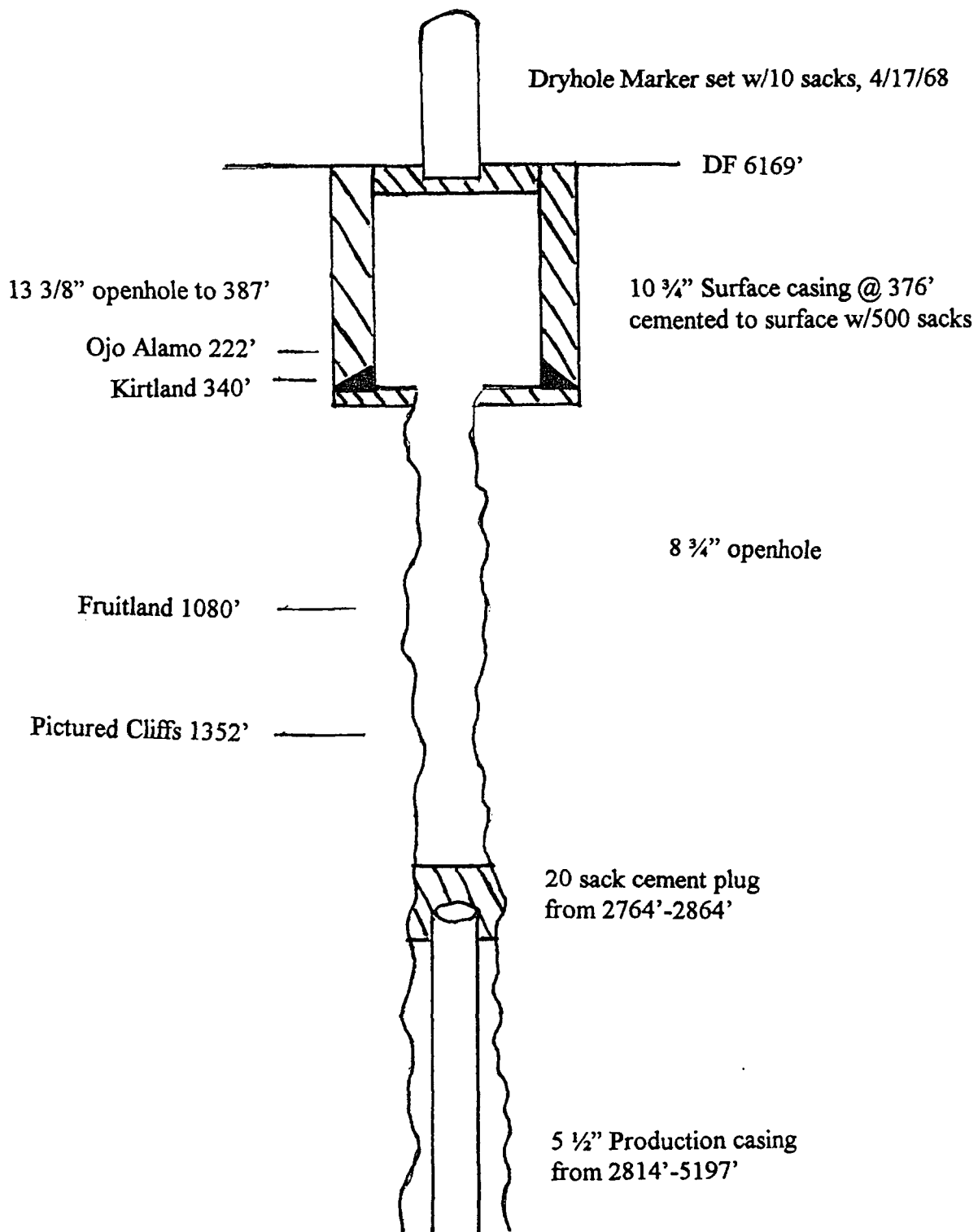


Exhibit #3

T26N

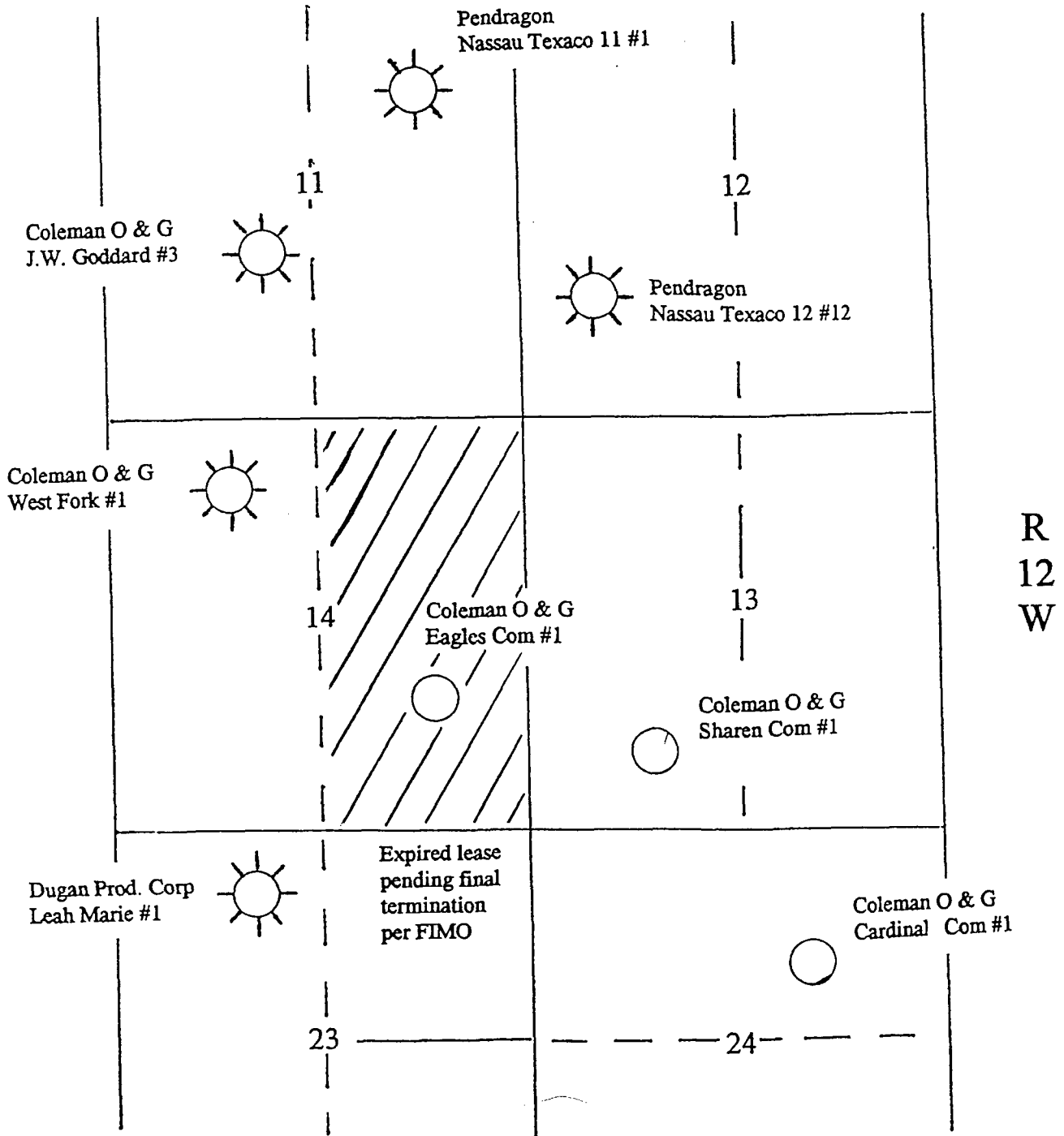


Exhibit #4

**Offset Operator Notification
Eagles Com #1
Non-Standard Location**

To: Offset Operators

If you have any questions, please call Chris Coleman at 327-0356. If you have any objections to this application, please notify the NMOCD in writing within 20 days of receipt of this application.

**Mr. John Alexander
Dugan Production Corp.
P.O. Box 420
Farmington, NM 87499**