



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington Field Office
1235 La Plata Highway, Suite A
Farmington, New Mexico 87401



IN REPLY REFER TO:
3162.7-3
Juniper CDP #1 & #2,
Surface Commingling
& open system

RECEIVED

MAR 28 2007

March 2, 2007

Oil Conservation Division
1220 S. St. Francis Street
Santa Fe, NM 87503

CERTIFIED-RETURN RECEIPT REQUESTED
7005 3110 0001 9727 6234

Bryan Lewis
Coleman Oil & Gas, Inc.
P. O. Drawer 3337
Farmington, New Mexico 87499

Dear Mr. Lewis:

Reference is made to your application dated November 30, 2006 requesting approval for surface commingling for the Coleman Oil & Gas, Inc. Juniper area wells through delivery points at the CDP # 1 in the NWNW of Section 10, TWP 24N Range 10W and through CDP # 2 which is located in the NWNE of Section 5, TWP 24N Range 10W.

The basis for the request is to allow production through one large compressor at each delivery point (CDP) using an open system whereby if one compressor becomes non-operational, the compressor at the other CDP will still pull gas to it's delivery point so wells will continue to produce. The intent is to maximize the gathering capacity and allow the wells to produce at their optimal rates. All wells will maintain an allocation meter on location.

Approval is hereby granted for approval for surface commingling for the Juniper wells listed in the application using the open system as outlined in your application. The CDP meters shall follow the requirements as set by Onshore Order # 5 and must be calibrated quarterly, not semi-annually as stated in your application. Any new wells added to the gathering system must be applied for separately. Compressor fuel use and down time must be monitored and documented for verification of volume reporting.

This surface commingling and off-lease measurement process will be monitored on a continual basis by BLM to evaluate the benefits for royalty determination. This office reserves the right to rescind this approval should future evaluation of this method of measurement indicate that royalties would be reduced or production accountability compromised.

If you have any questions regarding the above, contact Nancy Gibson at (505) 599-8975.

Nancy R. Gibson

Nancy R. Gibson
Production Accountability Technician

Cc: NMOCD Santa Fe

NMOCD