



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

September 1, 2005

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Holland & Hart, LLP
P.O. Box 2208
Santa Fe, New Mexico 87504-2208

Attention: Mr. William F. Carr

Re: Division Case No. 13279
Coleman Oil & Gas, Inc.

Dear Mr. Carr:

By Order No. R-12201 dated August 26, 2004, the Division authorized Coleman Oil & Gas, Inc. to conduct a one-year production test to determine the economic viability of producing the upper coal interval within the Basin-Fruitland Coal Gas Pool by producing four wells on a standard 320-acre unit comprising the W/2 of Section 18, Township 26 North, Range 11 West, NMPM, San Juan County, New Mexico. Order No. R-12201 further stipulated that the production test shall end on August 31, 2005, and at that time, the Ricky Wells No. 1 and 2 shall be shut-in.

Pursuant to your request dated August 29, 2005, and for the reasons outlined in your letter, Coleman Oil & Gas, Inc., is hereby granted temporary approval to continue producing its Ricky Wells No. 1 and 2 until such time as Coleman Oil & Gas, Inc.'s application to extend the production test is heard by the Division. It is our understanding that this case (Case No. 13558) is currently scheduled to be heard on September 22, 2005.

If necessary, Coleman Oil & Gas, Inc. may request a further extension from the Division examiner at the September 22nd hearing.

Sincerely,

Mark E. Fesmire, P.E.

Director

Xc: OCD-Aztec
Case Files-13279, 13558