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Sent To Bureau of Land Management
 Farmington District Office
 1235 La Plata Highway, Suite A
 Farmington, NM 87401-8731
 PS Form 3800

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Postmark: SANTA FE, NM OCT 12 2006

Sent To Commissioner of Public Lands
 State Land Office Building
 Post Office Box 1148
 Santa Fe, NM 87504-1148
 PS Form 3800

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
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1. Article Addressed to:
 Bureau of Land Management
 Farmington District Office
 1235 La Plata Highway, Suite A
 Farmington, NM 87401-8731

2. Article Number (Copy from 7001 1140 0002 9558 7400)
 PS Form 3811, July 1999 Domestic Return Receipt

COMPLETE THIS SECTION ON DELIVERY

Eleanor J. Apperdown, B. Name of Delivery

C. Signature Agent
 Addressee

D. Is delivery address different from item 1? Yes
 if YES, enter delivery address below: No

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:
 Commissioner of Public Lands
 State Land Office Building
 Post Office Box 1148
 Santa Fe, NM 87504-1148

2. Article Number (Copy from 7001 1140 0002 9558 7417)
 PS Form 3811, July 1999 Domestic Return Receipt

COMPLETE THIS SECTION ON DELIVERY

S. Floyd, B. Name of Delivery

C. Signature Agent
 Addressee

D. Is delivery address different from item 1? Yes
 if YES, enter delivery address below: No

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

NOTIFICATION LIST

Bureau of Land Management
Farmington District Office
1235 La Plata Highway
Suite A
Farmington, New Mexico 87401-8731

Commissioner of Public Lands
State Land Office Building
310 Old Santa Fe Trail
Post Office Box 1148
Santa Fe, New Mexico 87504-1148



October 12, 2006

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

AFFECTED INTEREST OWNERS

Re: Application of Coleman Oil & Gas, Inc. for amendment of administrative Order SWD-806-B, San Juan County, New Mexico.

Ladies and Gentlemen:

This letter is to advise you that Coleman Oil & Gas, Inc., Inc. has filed the enclosed application with the New Mexico Oil Conservation Division seeking an order amending the provisions of Administrative Order SWD-806-B which authorized the completion of the Juniper SWD Well No. 1 (API No. 30-045-29732) located 880 feet from the North line and 730 feet from the West line (Unit D) of Section 16, Township 24 North, Range 10 West, NMPM, San Juan County, New Mexico for the injection of produced water for disposal purposes into the Mesaverde formation to eliminate the requirement for the re-entering and re-plugging the Monument Well No. 1 (API No. 30-045-21912) located 1650 feet from the North line and 990 feet from the East line of Section 17, , and the Monument Well No. 2 (API No. 30-045- 21463) located 800 feet from the North and West lines of Section 16, both in Township 24 North, Range 10 West, NMPM, San Juan County, New Mexico.

This application has been set for hearing before a Division Examiner on November 9, 2006. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 1208.B to file a Pre-Hearing Statement with the Oil Conservation Division's Santa Fe office located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505, four days in advance of a scheduled hearing, but at least on the Thursday preceding the hearing. This statement must include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

Sincerely,

William F. Carr

ATTORNEY FOR COLEMAN OIL & GAS, INC.

cc: Alan Emmendorfer
Coleman Oil & Gas, Inc.

**STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE APPLICATION OF COLEMAN OIL & GAS, INC. FOR
AMENDMENT OF DIVISION ADMINISTRATIVE ORDER SWD-806-B, SAN JUAN COUNTY,
NEW MEXICO.**

CASE NO. _____

APPLICATION

COLEMAN OIL & GAS, INC., ("Coleman") through its undersigned attorneys, hereby makes application to the Oil Conservation Division for an order amending Administrative Order SWD-806-B to delete the provisions requiring Coleman to re-enter and re-plug the Monument Well No. 1 (API No. 30-045-21912) located 1650 feet from the North line and 990 feet from the East line of Section 17, and the Monument Well No. 2 (API No. 30-045- 21463) located 800 feet from the North and West lines of Section 16, both in Township 24 North, Range 10 West, NMPM, San Juan County, New Mexico ("the Monument Wells"), and support of its application states:

1. Coleman is the operator of the Juniper SWD Well No. 1 (API No. 30-045-29732) ("the Juniper Well") located 880 feet from the North line and 730 feet from the West line (Unit D) of Section 16, Township 24 North, Range 10 West, NMPM, San Juan County, New Mexico.

2. By Administrative Order SWD-806 dated July 20, 2001, the Oil Conservation Division authorized Coleman to complete the Juniper Well for the injection of produced water for disposal purposes into the Mesaverde formation from a depth of approximately 3,820 feet to 3,980 feet through 2 7/8 inch plastic-lined tubing set in a packer located at approximately 3,790 feet.

3. In May 2002, Coleman requested that the Division to, among other things, change the approved injection interval to 2,176 feet to 3,974 feet through 2 7/8 inch plastic-lined tubing set in a packer at approximately 2125 feet. The request was approved by Administrative Order SWD-806-A, dated May 20, 2002.

4. Pursuant to Administrative Order SWD-806-A, Coleman first perforated the Juniper well in the Point Lookout member of the Mesaverde formation from depths of 3,036 to 3,974 feet and hydraulically fractured in this interval.

5. The Juniper well was next perforated in the upper Menefee and Cliff House members of the Mesaverde formation from 2,176 to 2,758 feet and hydraulically fractured in these intervals.

6. By letter dated October 28, 2005, the Division advised Coleman that the Division had determined that the upper Mesaverde injection interval contains protectable water. The Division proposed to amend SWD-806-A to "limit the permitted injection interval to depths of 3,820 to 3,980 feet and to require remedial cementing operations on offsetting wells located within ½ mile or greater of this injection well in order to isolate the upper members of the Mesaverde formation from saltwater injection into the lower Mesaverde." This letter directed Coleman to either squeeze off the upper perforations and ensure the squeeze would hold up to a pressure test, or place a surface readout and downhole pressure sensor directly above the injection packer after placing the packer below the upper perforated interval.

7. By letter dated November 14, 2005, Coleman requested a meeting with the Division to explore alternatives to the proposed actions set out by the Divisions in its October 28, 2005 letter.

8. On December 15, 2005, during a meeting between Coleman and the Division, Coleman agreed that its injection permit SWD-806-A could be amended to exclude potential sources of drinking water within the Cliff House and the upper Menefee members of the Mesaverde from injection of produced water into the lower Menefee and Point Lookout intervals of the Mesaverde formation and to initiate a study to determine the area affected by injection through the Juniper Well..

9. By Administrative Order SWD-806-B, dated May 18, 2006, the Division determined that the interval from 2,170 to 2,758 feet may contain in-situ waters with characteristics determined to be protectable under the Oil Conservation Division Rules and the federal Safe Drinking Water Act and amended the injection permit to exclude this fractured interval from direct or indirect injection of oil field produced waters. The Division further required that the Monument Wells be re-entered and re-plugged "to place cement across all former and future intervals of injection within the Mesaverde and in the

Juniper Well No. 1 and to cover and isolate with cement any potential fresh water intervals.” The Division directed that this work must be commenced prior to January 1, 2007 or the permit to inject into the Juniper Well will expire.

10. Coleman began evaluating options for the Juniper Well on December 1, 2005 to comply with the Division’s October 28, 2005 letter and Division Order SWD-806-B. In addition to design work on the Juniper Well, Coleman had an “Area of Influence Report” prepared on the Juniper well by an outside consulting firm. This study shows that the radius of injected water ranges from 193 feet to 244 feet and that the area of injected water ranged from 2.7 acres to 4.3 acres.

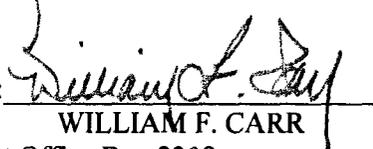
11. Based on the work it has done on the Juniper well and the data it has obtained on the area of influence from injection in the Juniper well, Coleman seeks an order eliminating the requirement that it re-enter and re-plug the Monument Wells.

12. Notice of this application has been provided to the State Land Office as the oil and gas lessee under the Juniper spacing unit and, since the surface is federal land, to the Bureau of Land Management. Coleman is the only leasehold operator within ½ mile of the Juniper well.

13. Approval of this application is in the best interest of conservation, will prevent waste, protect correlative rights and will not pose a threat to fresh water or to human health of the environment.

WHEREFORE, Coleman Oil & Gas, Inc. requests that this application be set for hearing before an examiner of the Oil Conservation Division on November 9, 2006, and after notice and hearing as required by law, the Division enter its order granting this application.

Respectfully submitted,
HOLLAND & HART LLP

By: 
WILLIAM F. CARR

Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR COLEMAN OIL & GAS,
INC.

CASE _____: Application of Coleman Oil & Gas, Inc. for amendment of administrative Order SWD-806-B, San Juan County, New Mexico. Applicant in the above-styled cause seeks an order amending the provisions of Administrative Order SWD-806-B which authorized the completion of the Juniper SWD Well No. 1 (**API No. 30-045-29732**) located 880 feet from the North line and 730 feet from the West line (Unit D) of Section 16, Township 24 North, Range 10 West, NMPM, San Juan County, New Mexico for the injection of produced water for disposal purposes into the Mesaverde formation to eliminate the requirement for the re-entering and re-plugging the Monument Well No. 1 (**API No. 30-045-21912**) located 1650 feet from the North line and 990 feet from the East line of Section 17, , and the Monument Well No. 2 (**API No. 30-045- 21463**) located 800 feet from the North and West lines of Section 16, both in Township 24 North, Range 10 West, NMPM, San Juan County, New Mexico. These wells are located approximately 23 miles southeast of Bloomfield, New Mexico.

AFFIDAVIT OF PUBLICATION

Ad No. 54146

STATE OF NEW MEXICO
County of San Juan:

ROBIN ALLISON, being duly sworn says:
That she is the CLASSIFIED MANAGER of
THE DAILY TIMES, a daily newspaper of
general circulation published in English at
Farmington, said county and state, and that
the hereto attached Legal Notice was
published in a regular and entire issue of the
said DAILY TIMES, a daily newspaper duly
qualified for the purpose within the meaning of
Chapter 167 of the 1937 Session Laws of the
State of New Mexico for publication and
appeared in the Internet at The Daily Times
web site on the following day(s):

Tuesdays, October 17, 24, 2006

And the cost of the publication is \$194.74

Robin Allison

ON Nov. 01, 2006 ROBIN ALLISON
appeared before me, whom I know personally
to be the person who signed the above
document.

Yvette R. Bieganski
My Commission Expires August 30, 2010

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Legal Notices 152 Legal Notices 152 Legal Notices 152

NOTICE OF PUBLICATION

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION
SANTA FE, NEW MEXICO**

The State of New Mexico through its Oil Conservation Division hereby gives notice pursuant to law and the Rules and Regulations of the Division of the following public hearing to be held at 8:15 A.M. on November 9, 2006, in the Oil Conservation Division Hearing Room at 1220 South St. Francis, Santa Fe, New Mexico before an examiner duly appointed for the hearing. If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing, please contact Florene Davidson at 505-476-3458 or through the New Mexico Relay Network, 1-800-559-1779 by October 30, 2006. Public documents including the agenda and minutes can be provided in various accessible forms. Please contact Florene Davidson if a summary or other type of accessible form is needed.

STATE OF NEW MEXICO TO:
All named parties and persons
having any right, title, interest
or claim in the following cases
and notice to the public.

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

CASE 13812:

Application of Coleman Oil & Gas, Inc. for amendment of administrative Order SWD-806-B, San Juan County, New Mexico. Applicant in the above-styled cause seeks an order amending the provisions of Administrative Order SWD-806-B which authorized the completion of the Juniper SWD Well No. 1 (API No. 30-045-29732) located 880 feet from the North line and 730 feet from the West line (Unit D) of Section 16, Township 24 North, Range 10 West, NMPM, San Juan County, New Mexico for the injection of produced water for disposal purposes into the Mesaverde formation to eliminate the requirement for the re-entering and re-plugging the Monument Well No. 1 (API No. 30-045-21912) located 1650 feet from the North line and 990 feet from the East line of Section 17, and the Monument Well No. 2 (API No. 30-045-21463) located 800 feet from the North and West lines of Section 16, both in Township 24 North, Range 10 West, NMPM, San Juan County, New Mexico. These wells are located approximately 23 miles southeast of Bloomfield, New Mexico.

Given under the Seal of the State of New Mexico Oil Conservation Commission at Santa Fe, New Mexico on this 12th day of October 2006.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION
Mark E. Fesmire, P.E., Director

Legal No. 54146 published in The Daily Times, Farmington, New Mexico on October 17, 24, 2006.