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 SIMULTANEOUS DEDICATION, SAN JUAN COUNTY, NEW MEXICO.

CASE NO. 13894

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STATE OF NEW MEXICO)
) ss. COUNTY OF SANTA FE)
William F. Carr, attorney in fact and authorized representative of Coleman Oil & Gas, Inc.
the Applicant herein, states that notice of the above-referenced Application was mailed to the
addresses shown on Exhibit "A" attached hereto, and that true and correct copies of the notice lette
and proof of receipt are attached hereto.
William F. Carr
SUBSCRIBED AND SWORN to before me this day of May 2007 by William F
Carr.
Notary Public
My Commission Expires: Aug 24, 2009



William F. Carr wcarr@hollandhart.com

March 15, 2007

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

TO ALL AFFECTED INTEREST OWNERS

Re: Application of Coleman Oil & Gas, Inc. for simultaneous dedication, San Juan County, New Mexico.

Ladies and Gentlemen:

This letter is to advise you that Coleman Oil & Gas, Inc. has filed the enclosed application with the New Mexico Oil Conservation Division seeking an order authorizing the simultaneous dedication of a standard 320-acre spacing unit in the Basin-Fruitland Coal Gas Pool comprised of the W/2 of Section 18, Township 26 North, Range 11 West, NMPM, San Juan County, New Mexico to the following four existing coal gas wells:

- 1. Ricky Well No. 1 (API No. 30-045-25976) located 790 feet from the north line and 875 feet from the West line (Unit D);
- 2. Ricky Well No. 1R (API No. 30-045-31165) located 765 feet from the North line and 830 feet from the West line (Unit D);
- 3. Ricky Well No. 2 (API No. 30-045-25977) located 1850 feet from the South line and 790 feet from the West line (Unit L); and
- 4. Ricky Well No. 2R (API No. 30-045-31166) located 1845 feet from the South line and 745 feet from the West line (Unit L).

This application has been set for hearing before a Division Examiner at 8:15 AM on April 12, 2007. The hearing will be held in Porter Hall in the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. 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 four days in advance of a scheduled hearing. This statement must be filed at the Division's Santa Fe office at the above specified address and should 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.

Very truly yours,

William F. Carr Attorney for Coleman Oil & Gas, Inc.

Enclosures

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 SIMULTANEOUS DEDICATION, SAN JUAN COUNTY, NEW MEXICO.

CASE NO.

APPLICATION

COLEMAN OIL & GAS, INC. ("Coleman"), by its undersigned attorneys, Holland & Hart, LLP, seeks an order granting an exception to Rule 7(d)(1) of the Special Pool Rules and Regulations for the Basin-Fruitland Coal Gas Pool to authorize the simultaneous dedication of four existing coal gas wells in the W/2 of Section 18, Township 26 North, Range 11 West, NMPM, San Juan County, New Mexico. In support of its application, Coleman Oil & Gas, Inc. states:

- 1. Coleman is the operator of the W/2 of said Section 18, Township 26 North, Range 11 West, NMPM, on which are located the following Fruitland Coal Gas wells:
 - 1. Ricky Well No. 1 (API No. 30-045-25976) located 790 feet from the north line and 875 feet from the West line (Unit D);
 - 2. Ricky Well No. 1R (API No. 30-045-31165) located 765 feet from the North line and 830 feet from the West line (Unit D);
 - 3. Ricky Well No. 2 (API No. 30-045-25977) located 1850 feet from the South line and 790 feet from the West line (Unit L); and
 - 4. Ricky Well No. 2R (API No. 30-045-31166) located 1845 feet from the South line and 745 feet from the West line (Unit L).
- 2. On August 24, 2004, the Division entered Order No. R-12201 which granted Coleman's application for authorization to conduct a production test to determine the economic viability of simultaneously dedicating and producing these wells without completing and commingling the production from all stringers in individual wellbores on this standard 320-acre spacing unit in the Basin-Fruitland Coal Gas Pool. The test authorized by this order was extended for an additional year by Order No. R-12201-A.
- 3. The production data obtained from this test establishes that there is no communication between the four wells tested and that the wells can be effectively and efficiently produced without

completing and commingling the production from all stringers in individual wellbores in this portion of the Basin-Fruitland Coal Gas Pool.

- 4. In accordance with the Rules of the Division, notice of this application has been provided to the affected interest owners identified on Exhibit A to this application.
- 5. Approval of this application will be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, Coleman Oil & Gas, Inc. requests that this application be set for hearing on April 12, 2007, before a duly appointed Examiner of the Oil Conservation Division and that after notice and hearing as required by law, the Division enter its order granting this application.

Respectfully submitted, HOLLAND & HART, LLP

William F Carr

ATTORNEYS FOR COLEMAN OIL & GAS, INC.

EXHIBIT A

APPLICATION OF COLEMAN OIL & GAS, INC. FOR SIMULTANEOUS DEDICATION, SAN JUAN COUNTY, NEW MEXICO.

Dugan Production Corp. P. O. Box 420 Farmington, NM 87499

Robert L. Bayless Prod. LLC P. O. Box 168 Farmington, NM 87499

Dominion OK TX Exploration & Prod., Inc. 14000 Quail Springs Parkway, #600 Oklahoma City, OK 73134

J & R Merrion Trust 610 Reilly Avenue Farmington, NM 87401

Pro NM Energy Inc. 460 St. Michaels Drive Santa Fe, NM 87505

Martin Proyect 124 E. Marcy Street Santa Fe, NM 87501

XTO Energy Inc. 810 Houston Street, #2000 Fort Worth, TX 76102-6298

Redwolf Production Company P. O. Box 1915 Farmington, NM 87499 Gregory Merrion Trust P. O. Box 840 Farmington, NM 87499-0840

ConocoPhillips Co. P. O. Box 7500 Bartlesville, OK 74005

Energen Resources Corp. 605 Richard Arrington Jr. Blvd Birmingham, AL 35203-2707

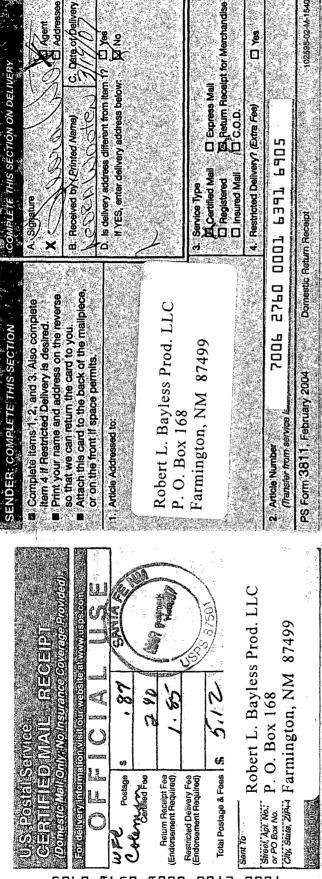
Merrion Oil & Gas Corp. 610 Reilly Avenue Farmington, NM 87401

Carol Proyect 124 E. Marcy Street Santa Fe, NM 87501

SG Interests I, Ltd. 909 Fannin, #2600 Houston, TX 77010 Attn: Robbie Guinn

Thomas H. Yates, Jr. 10500 N Highway 281 #100 San Antonio, TX 78216

ConocoPhillips Company P. O. Box 2197, WL3 4066 Houston, TX 77252-2197



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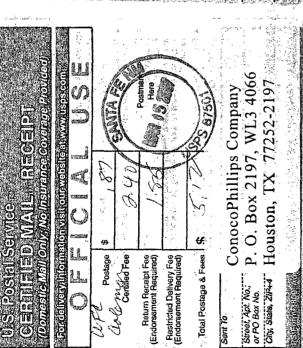
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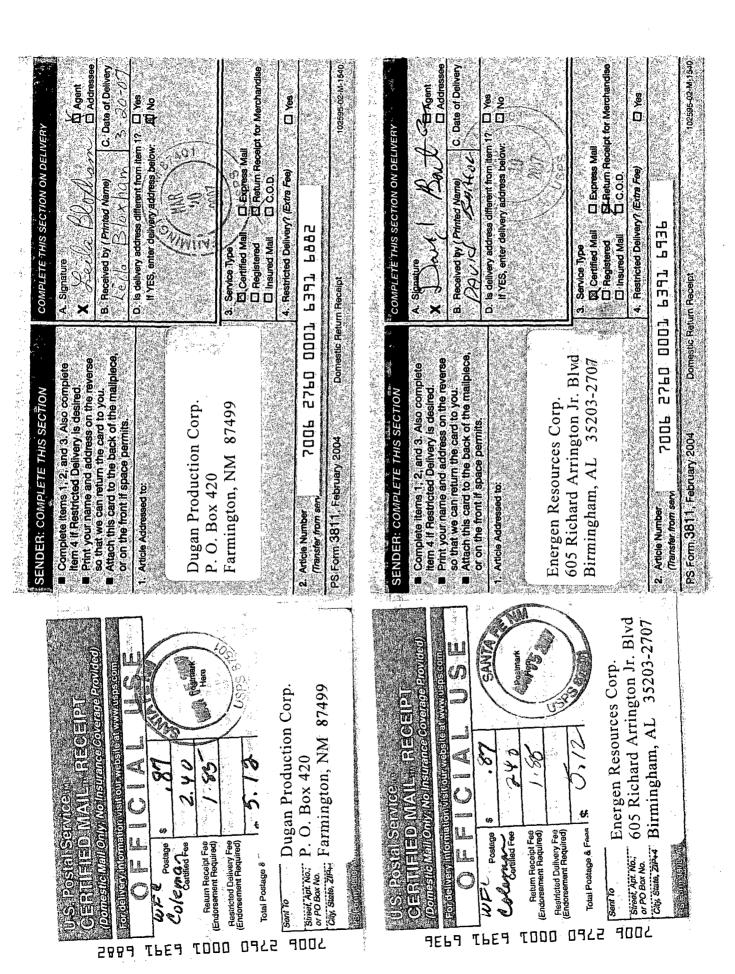
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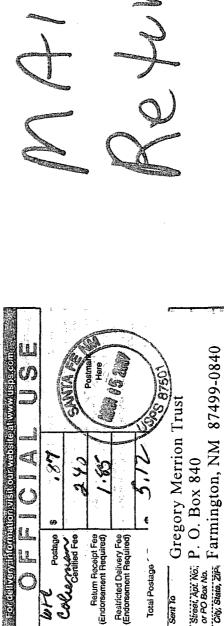
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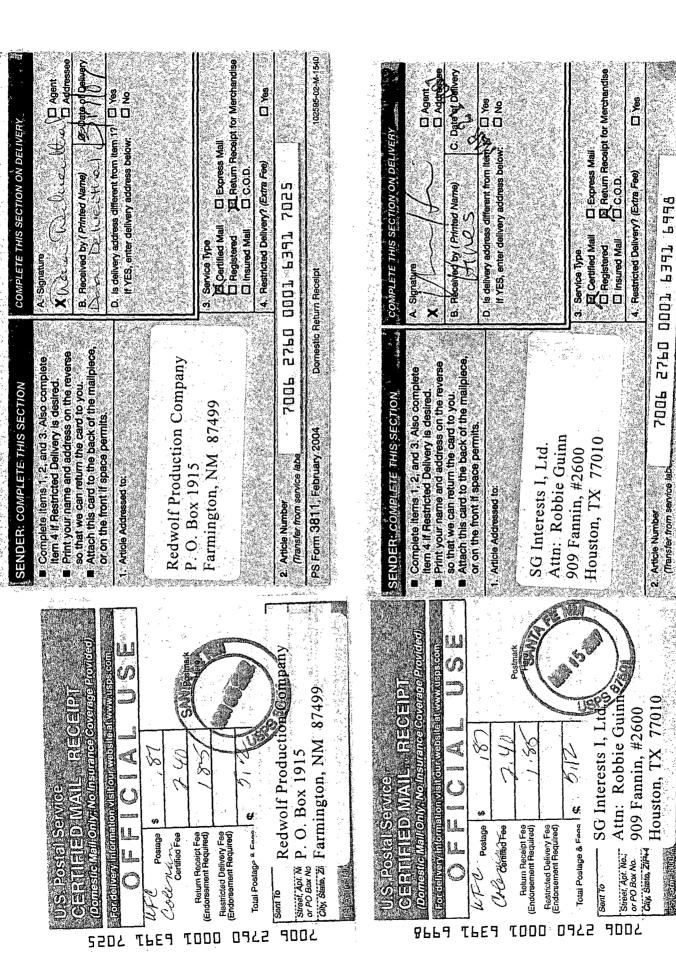
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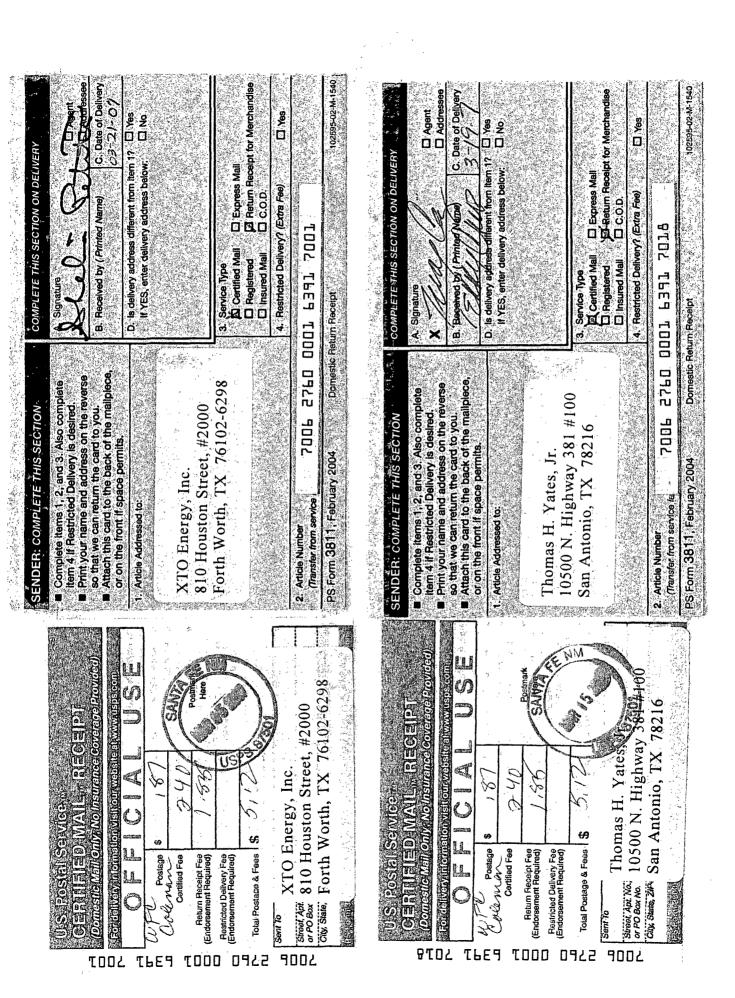
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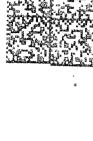


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Farmington, NM 87499-0840 Gregory Merrion Trust P. O. Box 840



AFFIDAVIT OF PUBLICATION

Ad No. 54841

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):

Thursday, March 22, 2007

And the cost of the publication is \$141.78

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

Commission Expires November 17

COPY OF PUBLICATION

NOTICE OF PUBLICATION?

STATE OF NEW MEXICO ENERGY, MINERALS AND NATURAL RE SOURCES 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 April 26, 2007, in the Oil Conservation Division Hearing Room at 1220 South 5t Francis, Santa Fe, New Mexico before an examiner duly appoint for the hearing. If you are an individual with a disability who is in need of a reader, amplifier; quiffied sign language interpreter, or, any other form sign language interpreter, or, any other form of auxiliary and or service to attend or participate in the hearing please contact. Florene Davidson at 505:476-3458 or through the New Mexico Relay Network 1-800-659-1779 by April 16, 2007. 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. 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 13894 (Amended):

Application of Coleman Oil & Gas, Inc. for si multaneous dedication, San Juan County, New Mexico. Applicant seeks an order granting an exception, to Rule 7(d)(1) of the Special Pool Rules and Regulations for the Basin-Fruitland Coal Gas Pool to authorize the simultaneous dedication of the W/2 of Section 18 Township 26 North Range 11 West, NMPM San Juan Courty, New Mexico to the following four existing coal asswells: existing coal gas wells:

I Ricky Well No. 1 (API No. 30-045-25976) located,>790 € feet from the north line and 875 feet from the West line (Unit D),

- 875 feet from the West line (Unit D);
 2 Ricky, Well No. 1R (API No. 30-045-31165)
 located 765 feet from the North line and 830 feet from the West line (Unit D);
 3 Ricky Well No. 2 (API No. 30-045-25977)
 located 1850 feet from the South line and 790 feet from the West line (Unit L); and 4 Ricky Well No. 2R (API No. 30-045-31166)
 located 1845 feet from the South line and 745 feet from the West line (Unit L).
- 745 feet from the West line (Unit L).

Said spacing unit is located approximately 30 miles southeast of Farmington, New Mexico.

Given under the Seal of the State of New Mexico Oli Conservation Commission at Santa Fe. New Mexico on this 20th day of March 2007.

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

Legal No. 54841 published in The Daily Times, Farmington, New Mexico on Thursday, March 22, 2007