



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

May 24, 2005

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

Attention: Mr. Bryan Lewis

Re: Surface Commingling Application
Juniper Lease
San Juan County, New Mexico

Dear Mr. Lewis:

I have conducted a preliminary review of your application dated May 17, 2005 to surface commingle Basin-Fruitland Coal Gas Pool production from five wells on your Juniper Lease in San Juan County, New Mexico. Please be advised that your application is deficient in the following areas:

- 1) this type of application needs to be accompanied by Division Form C-107-B (copy enclosed);
- 2) a copy of the surface commingling application is required to be furnished to all owners of interest in the production to be commingled; and
- 3) an detailed explanation or formula for allocating production to each of the subject wells using allocation meter and sales meter volume data.

Please submit the requested information. At that time, I will continue to process the application.

Sincerely,

David Catanach
Engineer



COLEMAN OIL & GAS, INC.

2005 JUN 3 PM 12 09

Bryan Lewis
e-mail: cogblewis@yahoo.com

Wednesday, May 25, 2005

Mr. Mark Fesmire
New Mexico Oil Conservation Division
1220 South St Francis Drive
Santa Fe, NM 87505

Mr. Jim Lovato
Bureau Of Land Management
1235 La Plata Highway, Suite A
Farmington, NM 87401

RE: Application for Surface Commingling

Dear Messrs. Fesmire and Lovato:

This letter is further to Coleman's Application for Surface Commingling letter dated May 17, 2005 regarding approval to surface commingle the gas production from the wells listed below:

TOWNSHIP 24 NORTH, RANGE 10 WEST, NMPM

Juniper Com 4 #12	Section 04	SWNW
Juniper Com 5 #14	Section 05	SWSW
Juniper Com 5 #32	Section 05	SWNE
Juniper Com 6 #14	Section 06	SWSW
Juniper Com 6 #41	Section 06	NENE

Basin Fruitland Coal
San Juan County, New Mexico

1. Item (E)(3) from Form C-107-B – API Numbers:

TOWNSHIP 24 NORTH, RANGE 10 WEST, NMPM

Juniper Com 4 #12	30 045 32548
Juniper Com 5 #14	30 045 31659
Juniper Com 5 #32	30 045 31658
Juniper Com 6 #14	30 045 31826
Juniper Com 6 #41	30 045 31914

Application for Surface Commingling

Wednesday, May 25, 2005

Page 2

2. **Item 1) from David Catanach (with NMOCD) letter dated 05/24/05:** Division Form C-107-B is attached.
3. **Item 2) from David Catanach (with NMOCD) letter dated 05/24/05:** Photocopies of the certified return requested mailing to all revenue owners in the affected lands is attached.
4. **Item 3) from David Catanach (with NMOCD) letter dated 05/24/05:** Detailed explanation or formula for allocating production to each of the subject wells using allocation meter and sales meter volume data.

***Allocation Formula.** All wells have an allocation meter on location. The production assigned to each well will be the integrated volume from the CPD meter less the sum of the other allocation meters plus lease use gas. As an example, the CPD meter indicates total production of 3,325 MCF. Other well 1 allocation meter indicates 400 MCF production. Other well 2 allocation meter indicates 350 MCF production. Other well 3 allocation meter indicates 1,200 MCF production. Other well 4 allocation meter indicates 275 MCF production. The sum of these other well allocation meters is 2,225 MCF. CPD meter of 3,325 MCF less the sum of other allocation meters of 2,225 MCF plus lease use gas of 2 MCF is 1,102 MCF, the calculated production of the well in question. When the sum of the allocation meters doesn't equal the CPD meter, the gas production from each well will be calculated according to the volume its allocation meter indicates was produced divided by the sum of all of the allocation meters (percent) multiplied by the CPD meter indicated production plus lease use gas. As an example, the CPD meter indicates an integrated volume of 40,000 MCF gas was produced but the sum of the allocation meters indicate that 39,000 MCF was produced. The allocation meter of the well in question indicates 10,000 MCF of production divided by the sum of the allocation meters (39,000 MCF) equals 25.64% multiplied by the CPD meter volume of 40,000 MCF equals 10,256 MCF plus lease use gas of 60 MCF totals 10,316 MCF, the calculated production of the well in question. To the extent that the wells covered by this Application for Surface Commingling are drilled on or communitized with Navajo Allotted Leases, Applicant will allocate the gas production and sales according to the Guidelines for Surface Commingling and / or Off-lease Sales, Storage, Usage and Measurement for Navajo Allotted Leases. Royalties will be paid on the volumes according to applicable MMS guidelines.*

The original Application letter dated May 17, 2005 is hereby amended to incorporate these changes.

Application for Surface Commingling

Wednesday, May 25, 2005

Page 3

Hopefully now Mr. Catanach will now be able to proceed with Coleman's Surface Commingling Application.

Sincerely,

COLEMAN OIL & GAS, INC.



Bryan Lewis
Landman

cc: *Mr. Frank Chavez, Supervisor District 3
New Mexico Oil Conservation Division
1000 Rio Brazos Road
Aztec, NM 87410*

*Attachments: Division Form C107B
Certified Return Receipt Requested mailing material*

District I
1625 N. French Drive, Hobbs, NM 88240
District II
1301 W. Grand Ave, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St Francis Dr, Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107-B
Revised June 10, 2003

OIL CONSERVATION DIVISION
1220 S. St Francis Drive
Santa Fe, New Mexico 87505

Submit the original application to the Santa Fe office with one copy to the appropriate District Office.

APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

OPERATOR NAME: COLEMAN OIL & GAS, INC.
OPERATOR ADDRESS: PO DRAWER 3337, FARMINGTON, NM 87499-3337

APPLICATION TYPE:
 Pool Commingling Lease Commingling Pool and Lease Commingling Off-Lease Storage and Measurement (Only if not Surface Commingled)

LEASE TYPE: Fee State Federal Navajo Allotted Navajo Tribal

Is this an Amendment to existing Order? Yes No If "Yes", please include the appropriate Order No. _____
Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling
 Yes No State Land Office no - because it doesn't involve State minerals.

(A) POOL COMMINGLING
Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production		Calculated Value of Commingled Production	Volumes

- (2) Are any wells producing at top allowables? Yes No
(3) Have all interest owners been notified by certified mail of the proposed commingling? Yes No.
(4) Measurement type: Metering Other (Specify)
(5) Will commingling decrease the value of production? Yes No If "yes", describe why commingling should be approved

(B) LEASE COMMINGLING
Please attach sheets with the following information

- (1) Pool Name and Code. BASIN FRUITLAND COAL - 71629
(2) Is all production from same source of supply? Yes No
(3) Have all interest owners been notified by certified mail of the proposed commingling? Yes No
(4) Measurement type: Metering Other (Specify)

(C) POOL and LEASE COMMINGLING
Please attach sheets with the following information

- (1) Complete Sections A and E.

(D) OFF-LEASE STORAGE and MEASUREMENT
Please attach sheets with the following information

- (1) Is all production from same source of supply? Yes No
(2) Include proof of notice to all interest owners.

(E) ADDITIONAL INFORMATION (for all application types)
Please attach sheets with the following information

- (1) A schematic diagram of facility, including legal location. SUBMITTED WITH LETTER DATED 05/17/05
(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved. LETTER 05/17/05
(3) Lease Names, Lease and Well Numbers, and API Numbers. SEE ATTACHED FOR API NUMBERS - REMAINDER ON LETTER 05/17/05.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE: *Bryan Lewis* TITLE: LANDMAN DATE: 05/25/05
TYPE OR PRINT NAME BRYAN LEWIS TELEPHONE NO.: 5053270356
E-MAIL ADDRESS: coglewis@yahoo.com



COLEMAN OIL & GAS, INC.

Bryan Lewis
e-mail: cogblewis@yahoo.com

CERTIFIED RETURN RECEIPT REQUESTED
7003 3110 0005 8977 4388

Wednesday, May 25, 2005

Merrion Oil & Gas
610 Reilly Avenue
Farmington, NM 87401

RE: Surface Commingling Application

Please be advised that Coleman Oil & Gas, Inc. has filed an Application for Surface Commingling for the following wells in which you apparently own a revenue interest. A copy of the Application and related material is enclosed for your reference.

TOWNSHIP 24 NORTH, RANGE 10 WEST, NMPM

Juniper Com 4 #12	Section 04	SWNW
Juniper Com 5 #14	Section 05	SWSW
Juniper Com 5 #32	Section 05	SWNE
Juniper Com 6 #14	Section 06	SWSW
Juniper Com 6 #41	Section 06	NENE

San Juan County, New Mexico

Sincerely,

Bryan Lewis
Landman

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Total Postage & Fees	\$

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Sent To Merrion Oil & Gas
 Street, Apt. No. or PO Box 610 Reilly Ave
 City, State, ZIP+4 Farmington NM 87401

PS Form 3800, June 2002 See Reverse for Instructions

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:
Merrion Oil & Gas Inc
610 Reilly Avenue
Farmington NM 87401

COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent
 Addressee
X

B. Received by (Printed Name) C. Date of Delivery

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

2. 7003 3110 0005 8977 4388



COLEMAN OIL & GAS, INC.

Bryan Lewis
e-mail: cogblewis@yahoo.com

CERTIFIED RETURN RECEIPT REQUESTED
7003 3110 0005 8977 4395

Wednesday, May 25, 2005

Minerals Management Service
Post Office Box 5640
Denver, CO 80217

RE: Surface Commingling Application

Please be advised that Coleman Oil & Gas, Inc. has filed an Application for Surface Commingling for the following wells in which you apparently own a revenue interest. A copy of the Application and related material is enclosed for your reference.

TOWNSHIP 24 NORTH, RANGE 10 WEST, NMPM

Juniper Com 4 #12	Section 04	SWNW
Juniper Com 5 #14	Section 05	SWSW
Juniper Com 5 #32	Section 05	SWNE
Juniper Com 6 #14	Section 06	SWSW
Juniper Com 6 #41	Section 06	NENE

San Juan County, New Mexico

Sincerely,

Bryan Lewis
Landman

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Total Postage & Fees	\$

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Sent To MMS
 Street, Apt. No. or PO Box PO Box 5640
 City, State, ZIP+4 Denver CO 80217
 PS Form 3800, June 2002 See Reverse for Instructions

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:
Minerals Management Service
PO Box 5640
Denver CO 80217

COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent
 Addressee

B. Received by (Printed Name) C. Date of Delivery

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

2. 7003 3110 0005 8977 4395



COLEMAN OIL & GAS, INC.

Bryan Lewis
e-mail: cogblewis@yahoo.com

CERTIFIED RETURN RECEIPT REQUESTED
7003 3110 0005 8977 4401

Wednesday, May 25, 2005

Mr. James R. Stockbridge
Bureau Of Indian Affairs DOI
1235 La Plata Highway, Suite B
Farmington, NM 87401-1805

RE: Surface Commingling Application

Dear Mr. Stockbridge:

Please be advised that Coleman Oil & Gas, Inc. has filed an Application for Surface Commingling for the following wells in which you apparently own a revenue interest. A copy of the Application and related material is enclosed for your reference.

TOWNSHIP 24 NORTH, RANGE 10 WEST, NMPM

Juniper Com 4 #12	Section 04	SWNW
Juniper Com 5 #14	Section 05	SWSW
Juniper Com 5 #32	Section 05	SWNE
Juniper Com 6 #14	Section 06	SWSW
Juniper Com 6 #41	Section 06	NENE

San Juan County, New Mexico

Sincerely,

Bryan Lewis
Landman

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Total Postage & Fees	\$	

Sent to: BIA
 Street, Apt. No. or PO Box: 1735 LA PLATA HWY, STE B
 City, State, ZIP: FARMINGTON NM 87401

PS Form 3800, June 2002 See Reverse for Instructions

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> 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. 	<p>A. Signature <input checked="" type="checkbox"/> Agent X <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) C. Date of Delivery</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p>
<p>1. Article Addressed to: BUREAU OF INDIAN AFFAIRS 1735 LA PLATA HWY, STE B FARMINGTON NM 87401</p>	<p>3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p>
<p>2. <u>7003 3110 0005 8977 4401</u></p>	<p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>



COLEMAN OIL & GAS, INC.

Bryan Lewis
e-mail: cogblewis@yahoo.com

CERTIFIED RETURN RECEIPT REQUESTED
7003 3110 0005 8977 4418

Wednesday, May 25, 2005

Mr. Ty Stillman
EOG Resources, Inc.
600 17th Street, Suite 1100 N
Denver, CO 80202

RE: Surface Commingling Application

Dear Mr. Stillman:

Please be advised that Coleman Oil & Gas, Inc. has filed an Application for Surface Commingling for the following wells in which you apparently own a revenue interest. A copy of the Application and related material is enclosed for your reference.

TOWNSHIP 24 NORTH, RANGE 10 WEST, NMPM

Juniper Com 4 #12	Section 04	SWNW
Juniper Com 5 #14	Section 05	SWSW
Juniper Com 5 #32	Section 05	SWNE
Juniper Com 6 #14	Section 06	SWSW
Juniper Com 6 #41	Section 06	NENE

San Juan County, New Mexico

Sincerely,

Bryan Lewis
Landman

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Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$

Postmark
Here

Sent To **BOG RESOURCES INC.**
 Street, Apt. No. or PO Box **600 17TH STREET STE 1100N**
 City, State, ZIP+4 **DENVER CO 80202**
 PS Form 3800, June 2002 See Reverse for Instructions

SENDER: COMPLETE THIS SECTION

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- 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:
MR TY STILLMAN
BOG RESOURCES INC
600 17TH ST., STE 1100N
DENVER CO 80202

COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent
 Addressee

B. Received by (Printed Name) C. Date of Delivery

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

2. 7003 3110 0005 8977 4418