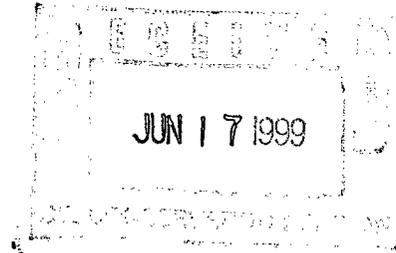


NSL 7/7/99



COLEMAN OIL & GAS, INC.



June 15, 1999

Mr. Michael E. Stogner  
New Mexico Oil Conservation Division  
2040 S. Pacheco St.  
Santa Fe, New Mexico 87501

**Re: Application of Coleman Oil & Gas Corporation  
Non-Standard Location  
Eagles Com #1  
Basin Fruitland Coal Pool  
SE/4 Section 14, T26N-R12W  
San Juan County, New Mexico**

Dear Mr. Stogner:

Coleman Oil & Gas Corporation (Coleman) requests administrative approval for a non-standard location for the subject well. Coleman has permitted to drill the Eagles Com #1 in the SE/4 of Section 14, T26N-R13W. The well will be completed in the Basin Fruitland Coal on a E/2 320 acre spacing unit (see Exhibit #1). Although the well is at standard offsets from the spacing unit boundary, it is off-pattern because of its location in the southeast quarter versus the northeast quarter of the section.

Coleman is proposing to drill this well on the southern portion of the spacing unit to utilize an old well pad and existing surface casing. The well is proposed at the location of the P&A'ed Navajo "B" #1. This well was drilled by Skelly Oil and subsequently plugged on 4-17-68. During the plugging operations the 5 1/2" production casing was pulled

and a 20 sack cement plug was placed from 2764'-2864' and a 10 sack cement plug was set at the top of 376' of 10 3/4" surface casing (Exhibit #2). Drilling plans call for the re-entry of the surface casing and cleaning out and running new 4 1/2" production casing to 1550' and cementing to the surface.

In addition to utilizing the existing surface casing at the proposed location, this off pattern location provides for more orderly development of the reservoir in the immediate area. Exhibit #3 shows the relationship of the proposed location with the existing Fruitland Coal wells and proposed Fruitland Coal wells in the offsetting areas. Two off pattern wells, one operated by Coleman and one by Dugan Production Company already exists in adjacent proration units.

Exhibit #4 is a list of the operators who received certified copies of this application.

Please notify me at (505) 327-1376 if additional information is needed.

Sincerely,

A handwritten signature in black ink, appearing to read "G. Chris Coleman". The signature is stylized and cursive.

G. Chris Coleman  
Vice-President

EXHIBIT #1

District I  
PO Box 1900, Hobbs, NM 88241-1900  
District II  
PO Drawer DD, Artesia, NM 88211-0719  
District III  
1000 Rio Brazos Rd., Aztec, NM 87410  
District IV  
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico  
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
PO Box 2088  
Santa Fe, NM 87504-2088

Form C-102  
Revised February 10, 1994  
Instructions on back  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code 71629		3 Pool Name BASIN FRUITLAND COAL	
4 Property Code		5 Property Name EAGLES COM			6 Well Number 1
7 OGRID No. 004838		8 Operator Name COLEMAN OIL & GAS			9 Elevation 6159'

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
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11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
I	14	26N	12W		1650'	SOUTH	1180'	EAST	SAN JUAN

12 Dedication Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.
320'	Y	C	

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16			<p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p> <p>Signature Paul C. Thompson</p> <p>Printed Name Agent</p> <p>Title May 25, 1999</p> <p>Date</p>
	<p>18 SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p> <p>Original on File</p> <p>Certificate Number</p>		

Exhibit #2

Skelly Oil Company  
Navajo "B" #1  
1650' FSL & 1180' FEL  
Section 14, T26N-R12W  
San Juan Co., New Mexico

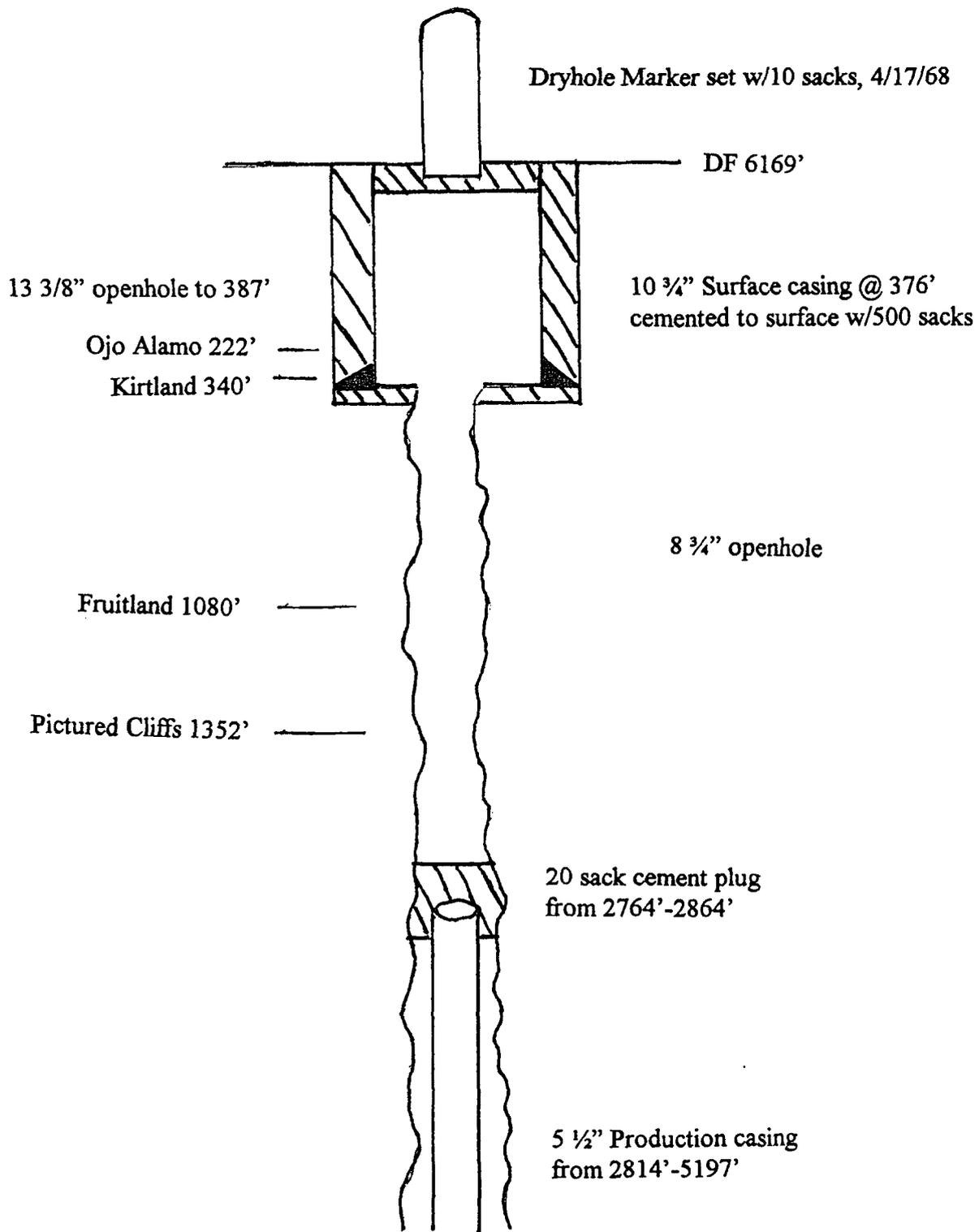
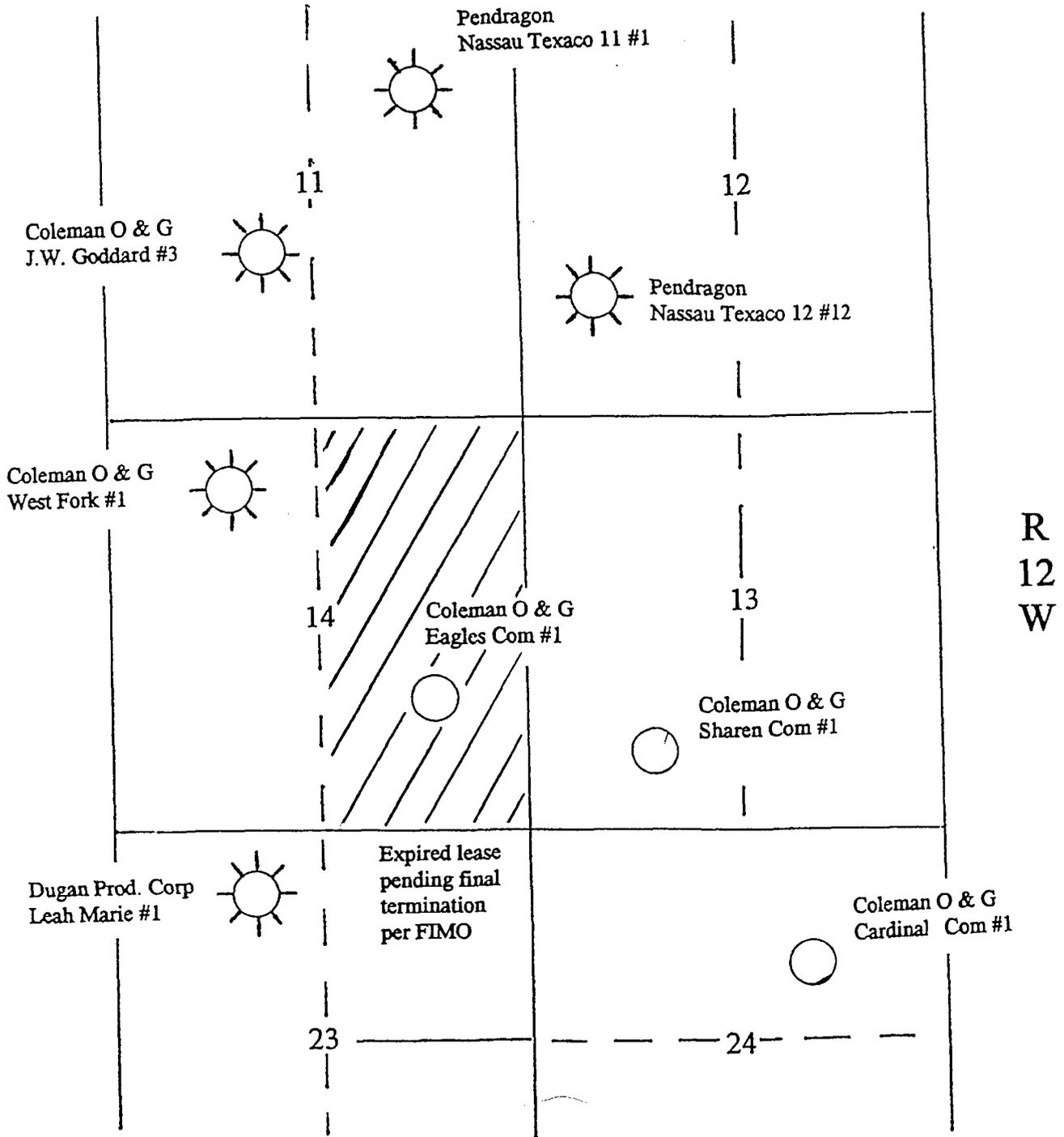


Exhibit #3

T26N



**Exhibit #4**

**Offset Operator Notification  
Eagles Com #1  
Non-Standard Location**

**To: Offset Operators**

**If you have any questions, please call Chris Coleman at 327-0356. If you have any objections to this application, please notify the NMOCD in writing within 20 days of receipt of this application.**

**Mr. John Alexander  
Dugan Production Corp.  
P.O. Box 420  
Farmington, NM 87499**