

Submit 3 Copies To Appropriate District Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
Revised June 10, 2003

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

WELL API NO.
30-045-30525
5. Indicate Type of Lease
STATE ☐ FEE ☐
6. State Oil & Gas Lease No.
LG-3735

7. Lease Name or Unit Agreement Name
State

8. Well Number
#1R

9. OGRID Number
004838

10. Pool name or Wildcat
Basin Frt. Coal & WAW FT. Sand - PC

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well:
Oil Well ☐ Gas Well ☐ Other

2. Name of Operator
Coleman Oil and Gas, Inc.

3. Address of Operator
c/o Walsh Engineering, 7415 E. Main St., Farmington, NM 87402

4. Well Location

Unit Letter A : 790' feet from the North line and 12840' feet from the East line

Section 2 Township 26N Range 13W NMPM San Juan County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
6004' GR

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐

TEMPORARILY ABANDON ☐ CHANGE PLANS ☐

PULL OR ALTER CASING ☐ MULTIPLE COMPLETION ☐

OTHER: Down Hole Commingle ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☒

COMMENCE DRILLING OPNS. ☐ PLUG AND ABANDONMENT ☐

CASING TEST AND CEMENT JOB ☐

OTHER: ☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Coleman Oil and Gas, Inc., seeks administrative approval to down hole commingle the gas production from the WAW Fruitland Sand - Pictured Cliffs (87190) pool with the Basin Fruitland Coal (71629) pool in the subject well. Both pools are on the list of pre-approved pools in NMOC Rule 11363.

All interests in both pools are common. Neither formation will produce any liquid hydrocarbons. The produced fluids from the commingled zones are compatible and commingling will not reduce the value of the production.

The State #1R is a replacement well for the State #1 which was plugged and abandoned due to a mechanical problem. The WAW Ft. Sand - PC zone was produced in the State #1 for two years prior to the Fruitland Coal being completed and down hole commingled. Based on the ultimate gross reserves that would have been produced from the State #1, 81% of the total gas production is attributable to the WAW Ft. Sand - PC and 19% to the Basin Fruitland Coal. See attached production curves and cash flow forecasts. Coleman proposes to use this fixed allocation for the State #1R.

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

SIGNATURE Paul C. Thompson TITLE Agent DATE 10/12/06

Type or print name Paul C. Thompson, P.E. E-mail address: paul@walsheng.net Telephone No. (505) 327-4892

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APPROVED BY [Signature] TITLE DEPUTY OIL & GAS INSPECTOR, DIST. DATE OCT 12 2006

Conditions of approval, if any: Notify State Land Office Prior to commingling.