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**NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT**OIL CONSERVATION DIVISION  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505  
(505) 827-7131

November 29, 1999

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DEC - 6 1999  
OIL CON. DIV.  
DME 3

Coleman Oil and Gas, Inc.  
c/o Walsh Engineering & Production Corporation  
7415 East Main  
Farmington, New Mexico 87402  
Attention: Paul C. Thompson

**AMENDED Administrative Order NSL-3738 (NSP)**

Dear Mr. Thompson:

Reference is made to the following: (i) your application dated November 1, 1999; and (ii) the records of the New Mexico Oil Conservation Division in Santa Fe ("Division") including the file on Division Administrative Order NSL-3738 (NSP): all concerning your request to amend Division Administrative Order NSL-3738 (NSP), dated November 22, 1996, which order both authorized and/or recognized Thompson Engineering and Production Corp.'s existing Federal "11" Well No. 3 (API No. 30-045-23291), located 1465 feet from the South line and 1184 feet from the East line (Lot 1/Unit I) of irregular Section 11, Township 28 North, Range 13 West, NMPM, San Juan County, New Mexico: (i) as an unorthodox coal gas well location within the Basin-Fruitland Coal (Gas) Pool; (ii) a non-standard 275.36-acre gas spacing and proration unit within the Basin-Fruitland Coal (Gas) Pool comprising all of irregular Section 11; (iii) as a standard gas well location within the West Kutz-Pictured Cliffs Pool; and (iv) a previously approved non-standard 137.78-acre gas spacing and proration unit within the West Kutz-Pictured Cliffs Pool comprising Lots 1 and 2 and the S/2 SE/4 (SE/4 equivalent) of Section 11 (see Division Administrative Order NWU 3-774).

It is our understanding that the Federal "11" Well No. 3 has been plugged and abandoned and Coleman Oil and Gas, Inc., as the current operator of these two units, has recently drilled the Federal "11" Well No. 3-R (API No. 30-045-29952), located 1425 feet from the South line and 1140 feet from the East line (Lot 1/Unit I) of irregular Section 11, as its replacement.

This application to amend the previous order has been duly filed under the provisions of the "Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool," as promulgated by Division Order No. R-8768, as amended, and the applicable provisions of Division Rule 104.

By the authority granted me under the provisions of Rules 6 and 8 of the special Fruitland coal gas pool rules and the applicable provisions of Division Rule 104, the provisions of Division Administrative Order NSL-3738 (NSP) shall be amended to reflect this well change and all provisions granted thereon shall be transferred to the newly drilled Federal "11" Well No. 3-R.

Sincerely,

Lori Wrotenbery  
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec  
U. S. Bureau of Land Management - Farmington  
File: NSL-3738 (NSP)

**NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT****OIL CONSERVATION DIVISION**  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505  
(505) 827-7131**ADMINISTRATIVE ORDER DHC-2524**

Coleman Oil & Gas Company  
C/O Walsh Engineering & Production Corp.  
7415 East Main  
Farmington, New Mexico 87402

Attention: Mr. Paul C. Thompson

*Federal "11" No. 3R  
API No. 30-045-29952  
Unit I, Section 11, Township 28 North, Range 13 West, NMPM,  
San Juan County, New Mexico.  
Basin-Fruitland Coal (Gas - 71629) and  
West Kutz-Pictured Cliffs (Gas - 79880) Pools*

Dear Mr. Thompson:

Reference is made to your recent application for an exception to Rule 303.A. of the Division Rules and Regulations to permit the above described well to commingle production from the subject pools in the wellbore.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of Rule 303.C., and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and any Division Order which authorized the dual completion and required separation of the zones is hereby placed in abeyance.

The maximum amount of gas which may be produced daily from the well shall be determined by Division Rules and Regulations or by the gas allowable for each respective prorated pool as printed in the Division's San Juan Basin Gas Proration Schedule.

Assignment of allowable to the well and allocation of production from the well shall be on the following basis:

Basin-Fruitland Coal Gas Pool	Oil-N/A	Gas-47%
West Kutz-Pictured Cliffs Gas Pool	Oil-N/A	Gas-53%

*Administrative Order DHC-2524  
Coleman Oil & Gas Company  
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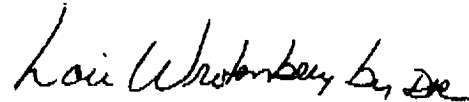
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REMARKS: The operator shall notify the Aztec District Office of the Division upon implementation of the commingling process.

Pursuant to Rule 303.H., the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.

Approved at Santa Fe, New Mexico on this 29th day of November, 1999.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION



LORI WROTENBERY  
Director

SEAL

LW/DRC

cc: Oil Conservation Division - Aztec  
Bureau of Land Management-Farmington