

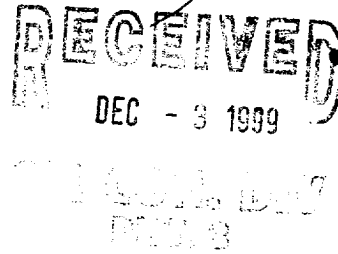


**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

November 29, 1999

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, -28N-13W 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 Wrotenberg
Director

LW/MES/kv

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