Ņ	hired 7/14/03 Super District I		New Mexico New Mexico Itural Resources Department IV	CO3/9627337 Form C-107A
	1625 N. French Drive, Hobbs, NM 88240 District III 1301 W. Grand Avenue, Artesia, NM 88210 District IIII 1000 Rio Brazos Road, Aztec, NM 87410 District IV		ntural Resources Department 1 V 2 rvation Division UL 1 4 200 uth St. Francis Dr. New Mexico 8740 CONSERVA	APPLICATION TYPE Single Well TIFSTablish Pre-Approved Pools
	District IV 1220 S. St. Francis Dr., Santa Fe, NM 87505	APPLICATION FOR DO	WNHOLE COMMINGLING	EXISTING WELLBORE
	Coleman Oil & Gas, Inc.	P.). Drawer 3337, Farmington, NM 87499	
	Operator Chipper	Ad #1 D, 26, T26	dress N, R12W	San Juan County, NM
	Lease	Well No. Unit Letter	-Section-Township-Range	County
	OGRID No. 004838 Property Code	e API No. <u>30-</u>	045-30297 Lease Type: X	FederalFee
	DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
	Pool Name	Basin Fruitland Coal		WAW Fruitland Sand PC
	Pool Code	71629		87190
	Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	1229 1241'		1249' – 1255'
	Method of Production (Flowing or Artificial Lift)	Pumping		Pumping
	Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)	NR		NR
	Oil Gravity or Gas BTU (Degree API or Gas BTU)	1004 (Est. from offset)		999
	Producing, Shut-In or New Zone	New Zone		Producing
	Last Production. (Note: For new zones with no production history,	Waiting on Completion Rig Estimate start completion 07/03 Date:	Date:	Date: October 2002
	applicant shall be required to attach production estimates and supporting data.)	Rates:	Rates:	Rates: 52.3 MCFD
	Fixed Allocation Percentage (Note: If allocation is based upon something other	Oil Gas	Oil Gas	Oil Gas
	than current or past production, supporting data or explanation will be required.)	% %	% %	% %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? If not, have all working, royalty and overriding royalty interest owners been notified by certified mail?	Yes Yes		No No
Are all produced fluids from all commingled zones compatible with each other?	Yes	X	No
Will commingling decrease the value of production? If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application?	Yes Yes		No <u>X</u>
NMOCD Reference Case No. applicable to this well:			

Attachments:

C-102 for each zone to be commingled showing its spacing unit and acreage dedication.

Production curve for each zone for at least one year. (If not available, attach explanation.)

For zones with no production history, estimated production rates and supporting data.

Data to support allocation method or formula.

Notification list of working, royalty and overriding royalty interests for uncommon interest cases.

Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

List of other orders approving downhole commingling within the proposed Pre-Approved Pools List of all operators within the proposed Pre-Approved Pools Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application. Bottomhole pressure data.

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

i nordely contary that the may		ie best of my knowled	ge and bener.
SIGNATURE //unfu	T. Jano TITLE	Engineer	DATE July 08, 2003
TYPE OR PRINT NAME	Michael T. Hanson	TELEPHON	E NO. (<u>505</u>) <u>327-0356</u>

E-MAIL ADDRESS cogmhanson@sprynet.com

Chipper #1 Downhole Commingling Allocation Formula

Coleman Oil & Gas drilled the Chipper #1 in March 2001. The well was completed in the WAW Fruitland Sand – Pictured Cliffs Pool in May 2001 and was first delivered into El Paso Field Services gathering system that same month. Production from the well stabilized at approximately 3204 MCF/month and is declining at approximately 56.7 percent/year. (See attached production graph.)

In July 2003, Coleman Oil & Gas is planning on setting a bride plug on top of the Pictured Cliffs zone and recompleting the well in the Basin Fruitland Coal pool.

The two zones are very close to each other (total of 8 feet separation) and the reservoir pressures are expected to be similar; therefore, cross flow will not be a factor. Both zones will produce water, but neither zone will produce any liquid hydrocarbons. Since neither zone is fluid sensitive, the fluids from the two zones should be compatible.

Due to the lack of production data from the Fruitland Coal, Coleman Oil & Gas proposes to allocate the production according to the following method.

Calculate Pictured Cliffs rate at any time from the following:

 $Q_{pc} = Q_{pci} * e^{(-Dt)}$ where t is time in months since the commingling began and Q_{pci} is 52 MCFD. The Pictured Cliffs decline (D) was calculated from the attached rate - time plot at 56.7 percent/year (0.0673/month).

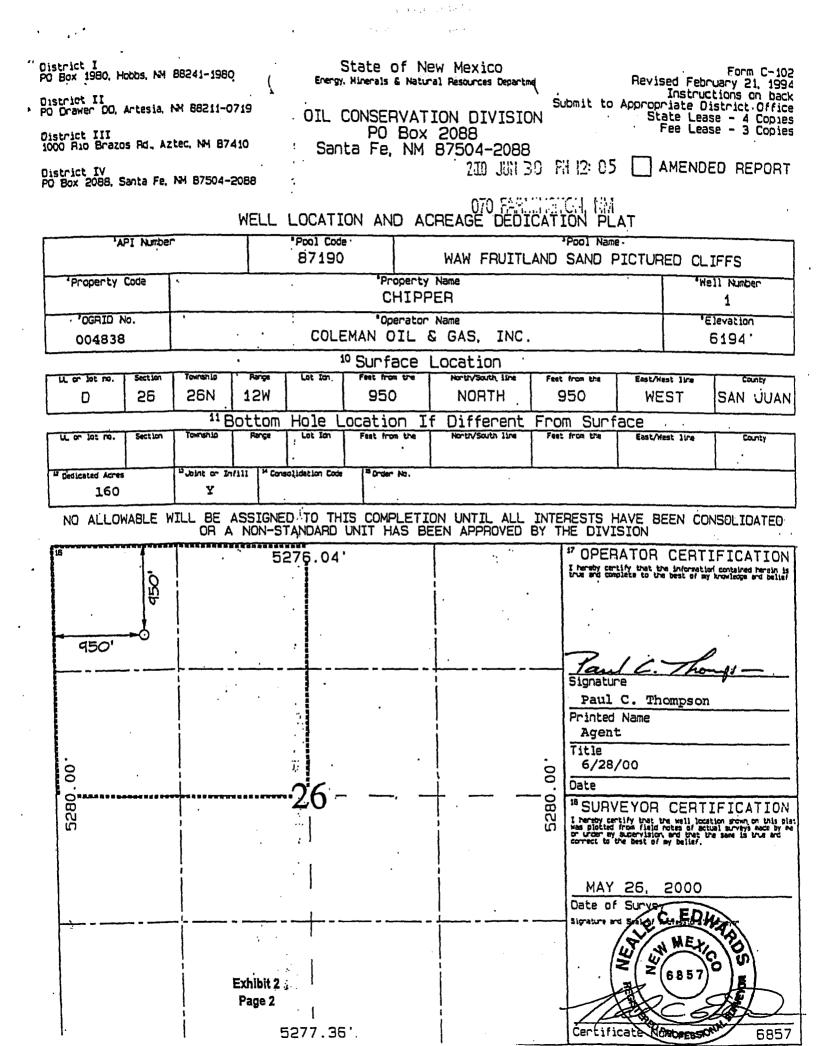
The Fruitland Coal production can be calculated from the actual measured production for any month minus Q_{pc} .

Coleman Oil & Gas is the only working interest owner in the Chipper #1. The working and net revenue interests are common in the two pools. The net revenue interests are Federal and Navajo Allotted. This well is on a Federal Lease with a communitization agreement with a Navajo Allotted Lease to the south, so the BLM has also been notified.

LIST OF OWNERS

	Chipper #1 WAW Fruitland Sand / PC NM NM 104610	Chipper #1 Basin Fruitland Coal NM NM 104610 NOG 9811-1309	Darcy Ann #1 WAW Fruitland Sand / PC NOG 9811-1309	Darcy Ann #1 Basin Fruitland Coal NM NM 104610 NOG 9811-1309
Royality Owners		t		
DOI - MMS	0.12500000	0.06250000	0.12500000	0.06250000
DOI - MMS for BIA	0.0000000	0.06250000	0.0000000	0.06250000
Working Interest Owners Coleman Oil & Gas, Inc. etal	0.87500000	0.87500000	0.87500000	0.87500000
Total Revenue Interests	1.00000000	1.0000000	1.00000000	1.00000000

District I 1625 N. French Dr., Hobbs District II 1301 W. Grand Avenue, Au District III 1000 Rio Brazos Rd., Azteo		State of New Mexico Energy, Minerals, & Natural Resources Department OIL CONSERVATION DIVISION 1220 South St. Francis Dr.						Form C-102 Revised August 15, 2000 Submit to Appropriate Distric Office State Lease - 4 Copies Fee Lease - 3 Copies		
District IV 1220 S. St. Francis Dr., Sa	nta Fe, NM 8750:	5		Santa	Fe,	NM 87505			AME	NDED REPORT
		ELL LO			ACR	REAGE DEDICA				
API Numt			Pool Co				Pool Na			
30-045-302 Property Code	297	. I	71629		perty	v Name	Basin Fruitla	and Coal		ll Number
Troperty code					Chip					#1
OGRID No.						r Name	·····		E	levation
4838						& Gas, Inc.				6194'
UL or Lot no. Section	Township	Range	Lot Idn	Surfa Feet from		ocation North/South line	Feet from the	North/S	outh line	County
UL or Lot no. Section D 26	26N	12W	LOUIUM	950	uic	North	950		est	San Juan
	2011		ttom Ho		n lf	Different From S			631	Gan Juan
UL or Lot no. Section	Township	Range	Lot Idn	Feet from	the	North/South line	Feet from the	North/S	outh line	County
		Canalida	tion Code	Order No.				L		
		Consonua	uon coue	Urger No.	<u>.</u>	·····				
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						APPROVED BY TH				
950' 950' 950' → ● Lease No. NMNM Chipper #1		527£ 2	6.04'				I hereby certify true and comple Signature Printed Name Title Date	that the info ete to the be Michael En July	ormation co. ist of my kno I T. Hans gineer 8, 2003	on
AF	rcy Ann #1 1 Number -045-29896]	7.36'				I hereby certify was plotted from	that the we m field note, pervision, a est of my be	ll location s s of actual s ind that the	ICATION hown on this plat surveys made by me same is true and



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				OIL	OIL CONSERVATION DIVISION Submit to Appropriate District Office PO Box 2088 Fee Lease - 3 Copies						
istrict III 000 Rio Brai	zos Rd_ A	ztec. NM 87	410	• Sar	nta Fe,	NM (37504- <u>2</u> 088	3			.use s ro
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			WELL	LOCAT	ION AND		REAGE DEDI	TRATION			
- 30-045	API NUMO	r		Pool Coo	e et			12001 I	lame		
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	and the second second second		<u>`</u>				GAS, INC.	·			6231'
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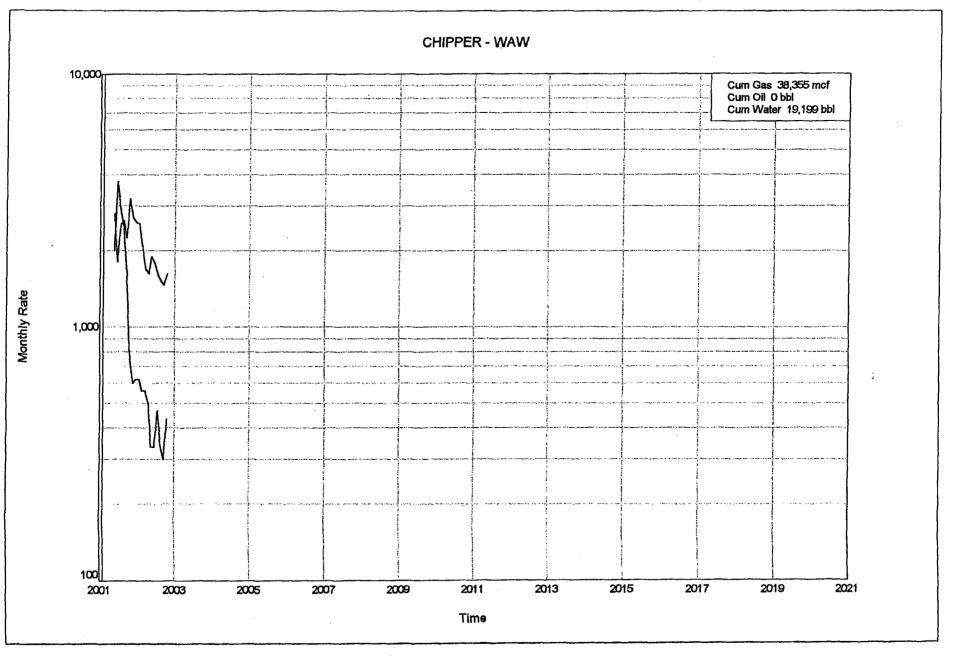
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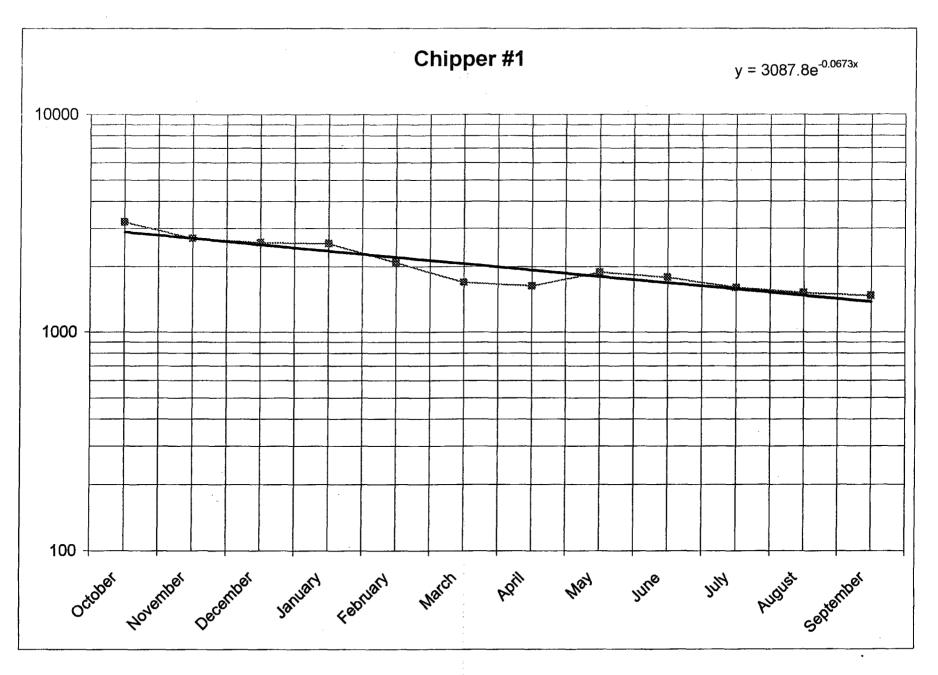
Rate/Time Graph

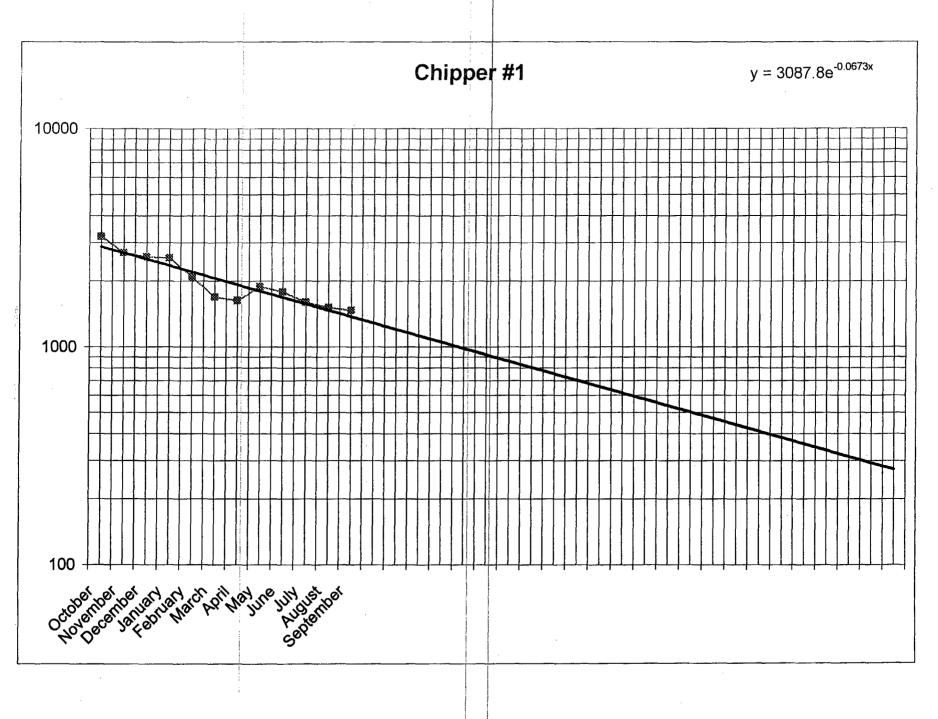
Date: 2/14/2003 Time: 4:29 PM

Lease Name: CHIPPER (1) County, ST: SAN JUAN, NM Location: 26 26N 12W SE NW NW

Operator: COLEMAN OIL & GAS INCORPORATED Field Name: WAW







.

Well: Operator:		N OIL & GAS			No. API		ו 3E+09		
Township:			Range:	12W		•	32103		
Section:	20.011	3	Unit:	D					
Land Type		County:	San Juan						
Total Acre		-	oun ouun						
Number of									
Accumulat	ted:								
	Oil:	0	(BBLS)		Gas	S:	53706	(MCF)	
	Water:	27106	(BBLS)		Day	/s Prodi	632	(Days)	
Year:	200	1		and the second second second second second second second second second second second second second second second					
Pool Name	e WAW FR	UITLAND S.	AND PC (G	ias)					
Month	Oil(BBLS)) Gas(MCF)	Water(BB	L Days Pr	odi Acc	um. OilA	ccum. Ga	as(MCF)	
January	· (0 0			0	0	0		
February	(D 0			0	0	0		
March	(D 0	C)	0	0	. 0		
April		0 0	-		0	0	0		
May	(0 2795	1998	3	12	0	2795		
June	(0 1813	3750		18	0	4608		
July	(0 2549	2900		25	0	7157		
August	1	0 2623	2460)	26	0	9780		
Septembe		0 2242	1650)	24	0	12022		
October		0 3204			31	0	15226		
Novembe		0 2701			30	0	<u>17927</u>		
December		0 2582			31	0	20509		
Total		0 20509	14753	3 1	97				
Year:	200								
		RUITLAND							
Month	•) Gas(MCF)						as(MCF)	
January		0 2552			31	0	23061		
February		0 2088			28	0	25149		
March		0 1694			31	0	26843		
April		0 1628			25	0	28471		
May		0 1888			28	0	30359		
June		0 1786			28	0	32145		
July		0 1604			29	0	33749		
August		0 1518			28	0	35267		
Septembe		0 1467			25	0	36734		
October		0 1621			31	0	38355		
Novembe		0 1722			30	0	40077		
Decembe	r	0 3211	1976	<u>3</u>	31	0	43288	i de la constante de	
Total		0 22779	8567		345				



∠J30 AFTON PLACE FARMINGTON, N.M. 87401 (505) 325-6622

ANALYSIS NO. CM220034 CUST. NO. 18200 - 10050

WELL/LEASE INFORMATION

CUSTOMER NAME	COLEMAN OIL AND	GAS INC.	SOURCE	N/A
WELL NAME	CHIPPER #1		PRESSURE	36 PSIG
COUNTY/ STATE	SAN JUAN	NM	SAMPLE TEMP	N/A DEG.F
LOCATION			WELL FLOWING	Y
FIELD			DATE SAMPLED	9/29/02
FORMATION	PICTURED CLIFFS		SAMPLED BY	SUSAN SULLIVAN
CUST.STN.NO.	8327		FOREMAN/ENGR.	
•••••		The second second second second second second second second second second second second second second second s		

REMARKS

		ARALISIS		
COMPONENT	MOLE %	GPM**	B.T.U.*	SP.GR *
NITROGEN	0.102	0.0000	0.00	0.0010
CO2	2.658	0.0000	0.00	0.0404
METHANE	95.335	0.0000		0.5281
ETHANE	1.899	0.5080	33.68	0.0197
PROPANE	0.005	0.0014	0.13	0.0001
I-BUTANE	0.000	0.0000	0.00	0.0000
N-BUTANE	0.000	0.0000	0.00	0.0000
I-PENTANE	0.001	0.0004	0.04	0.0000
N-PENTANE	0.000	0.0000	0.00	0.0000
HEXANE PLUS	0.000	0.0000	0.00	0.0000
TOTAL	100.000	0.5097	998.93	0.5893

* @ 14.730 PSIA DRY & UNCORRECTED FOR COMPRESSIBILITY

** @ 14.730 PSIA & 60 DEG. F	•	
COMPRESSIBLITY FACTOR	(1/Z)	1.0021
BTU/CU.FT (DRY) CORRECTED	^r OR (1/Z)	1,001.0
BTU/CU.FT (WET) CORRECTED	FOR (1/Z)	983.6
REAL SPECIFIC GRAVITY		0.5905

ANALYSIS RUN AT 14.730 PSIA & 60 DEGREES F

DRY BTU @ 14.696 998.7 CN DRY BTU @ 14.730 1,001.0 DA	ATE RUN	206 32 PSIG 10/3/02 JANICE BROWN
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ANALYSIS



2030 AFTON PLACE FARMINGTON, N.M. 87401 (505) 325-6622

ANALYSIS NO. CUST. NO.

•

CM220045 18200 - 10060

WELL/LEASE INFORMATION

CUSTOMER NAME WELL NAME	COLEMAN OIL AND GA	AS INC.	Source Pressure	N/A 38 PSIG
COUNTY/ STATE	SAN JUAN	NM	SAMPLE TEMP	DEG.F
LOCATION			WELL FLOWING	Y
FIELD			DATE SAMPLED	9/29/02
FORMATION	BASIN FRUITLAND CO	DAL	SAMPLED BY	SUSAN SULLIVAN
CUST.STN.NO.	595	· · · · · · · · · · · · · · · · · · ·	FOREMAN/ENGR.	· · · · · · · · · · · · · · · · · · ·

REMARKS

		ANALYSIS		
COMPONENT	MOLE %	GPM**	B.T.U.*	SP.GR*
NITROGEN	0.130	0.0000	0.00	0.0013
02	2.161	0.0000	0.00	0.0328
METHANE	95.779	0.0000	969.57	0.5305
ETHANE	1.920	0.5136	34.06	0.0199
PROPANE	0.004	0.0011	0.10	0.0001
LBUTANE	0.000	0.0000	0.00	0.0000
N-BUTANE	0.000	0.0000	0.00	0.0000
PENTANE	0.006	0.0022	0.24	0.0001
N-PENTANE	0.000	0.0000	0.00	0.0000
HEXANE PLUS	0.000	0.0000	0.00	0.0000
TOTAL	100.000	0.5169	1,003.97	0.5848

COMPRESSIBLITY FACTOR	(1/Z)	1.0021
BTU/CU.FT (DRY) CORRECTED F	FOR (1/Z)	1,006.1
BTU/CU.FT (WET) CORRECTED I	FOR (1/Z)	988.6
REAL SPECIFIC GRAVITY		0.5859

ANALYSIS RUN AT 14.730 PSIA & 60 DEGREES F

DRY BTU @ 14.650	4.696 1,003.8 CYLINDER #	207	PSIG	
DRY BTU @ 14.696	CYLINDER PRESSURE	33		
DRY BTU @ 14.730	1,006.1	DATE RUN	10/3/0	2
DRY BTU @ 15.025	1,026.2	ANALYSIS RUN BY	JANIC	DE BROWN

Form 3160-5 (November 1994) UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT SUNDRY NOTICES AND REPORTS ON WELLS Do not use this form for proposals to drill or reenter an abandoned well. Use Form 3160-3 (APD) for such proposals.					FORM APPROVED OMB No. 1004-0135 Expires July 31, 1996 5. Lease Serial No. NMNM 104610 6. If Indian, Allottee or Tribe Name		
	T IN TRIPLIC	CATE – Other instru	ctions on revers	e side	7. If Unit or CA N/A	Agreement, Name and/or No.	
1. Oil Well 2. Name of Operator COLEMAN OIL &	X Gas Well [GAS, INC.	Other			 Well Name a Chipper API Well No 	#1	
3a. Address P O Drawer 3337 4. Location of Well (P		NM 87499-3337 M., or Survey Description)	3b. Phone No. (include) (505) 327-0356	area code)		30297 ol, or Exploratory Area ruitland Sand- PC	
950' FNL and 950' FWL, Section 26, T26N, R12W				11. County or Pa			
12. CHECK APPRO	PRIATE BOX(ES	S) TO INDICATE NATURE	OF NOTICE, REPORT	, OR OTHER DA	TA		
TYPE OF SUBM	ISSION	TYPE OF ACTION					
X Notice of Intent Subsequent Repor		 Acidize Alter Casing Casing Repair Change Plans Convert to Injection 	Deepen Fracture Treat New Construction Plug and Abandon Plug Back	Production (S Reclamation Recomplete Temporarily Water Dispos	Abandon	Water Shut-Off Well Integrity Other SEE BELOW	
If the proposal is to Attach the Bond und Following completion	deepen directionally ar which the work w of the involved oper apleted. Final Abar	as (clearly state all pertinent deta or recomplete horizontally, give rill be performed or provide the ations. If the operation results in donment Notices shall be filed ion.)	subsurface locations and mea Bond No. on file with BLM a multiple completion or n	sured and true vertice I/BIA. Required sub- scompletion in a new	al depths of all pe sequent reports shal interval a Form	rtinent markers and zones. 1 be filed within 30 days 3160-4 shall be filed once	

Coleman Oil & Gas, Inc. has applied to the NMOCD for approval to downhole commingle the production from the WAW Fruitland Sand/Pictured Cliffs pool with the Basin Fruitland Coal pool. Attached is a copy of this application. The working interests are common between the two pools. The net revenue interests are Federal and Navajo Allotted. This well is on a Federal Lease with a communitization agreement with a Navajo Allotted Lease to the South, so the BLM has also been notified.

14. I hereby certify that the foregoing is true and correct			
Name (Printed/Typed)	Title		
(MICHAEL T. HANSON)		ENGINEER	
Signature unal T. Manor	Date	July 11, 2003	
THIS SPACE FO	R FEDERAL OR ST	TATE USE	
Approved by	Title	Date	
Conditions of approval, if any, are attached. Approval of this notice does not warr certify that the applicant holds legal or equitable title to those nights in the subject which would entitle the applicant to conduct operations thereon.	rant or Office t lease	·	
Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willf traudulent statements or representations as to any matter within its jurisdiction.	fully to make to any de	epartment or agency of the United States any false, fictitious or	

(Instructions on reverse)