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State of New Mexico

Commissioner of Public Lands

310 OLD SANTA FE TRAIL

P.O. BOX 1148

SANTA FE, NEW MEXICO 87504-1148

PATRICK H. LYONS
COMMISSIONER

COMMISSIONER'S OFFICE

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www.nmstatelands.org

June 13, 2007

Coleman Oil & Gas, Inc.
P. O. Drawer 3337
Farmington, NM 87499

Attention: Mr. Bryan Lewis

Re: Application for Surface Commingling
OCD Surface Commingling Orders CTB 528, CTB-556
Juniper Area Wells
Township 24 North, Ranges 10 and 11 West
San Juan County, New Mexico

Dear Mr. Lewis:

We are in receipt of your letter of May 9, 2007. Your letter requests our approval to commingle, measure and sell off-lease Basin-Fruitland Coal production, operate two Coleman gathering pipeline systems as one open system and to surface commingle the gas production from the Juniper area wells on a field wide basis through both the (CTB-556) CPD #2 and (CTB-528) CPD #1 delivery points.

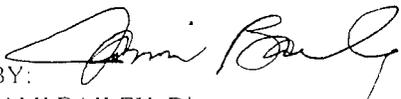
Since it appears that all the New Mexico Oil Conservation Division's rules and regulations have been complied with, and there will be no loss of revenue to the State of New Mexico as a result of your proposed operation, your request is hereby approved. Our approval is subject to like approval by the New Mexico Oil Conservation Division and the Bureau of Land Management.

Your \$30.00 dollar filing fee has been received.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

PATRICK H. LYONS
COMMISSIONER OF PUBLIC LANDS

BY: 

JAMI BAILEY, Director
Oil, Gas and Minerals Division

PL/JB/pm

pc: Reader File
OCD-Attention: David Catanach,
BLM-Farmington, Attn: Mr. Jim Lovato

-State Land Office Beneficiaries -

Carrie Tingley Hospital • Charitable Penal & Reform • Common Schools • Eastern NM University • Rio Grande Improvement • Miners' Hospital of NM • NM Boys School • NM Highlands University • NM Institute of Mining & Technology • New Mexico Military Institute • NM School for the Deaf • NM School for the Visually Handicapped • NM State Hospital • New Mexico State University • Northern NM Community College • Penitentiary of New Mexico • Public Buildings at Capital • State Park Commission • University of New Mexico • UNM Saline Lands • Water Reservoirs • Western New Mexico University