



March 7, 2007

HAND-DELIVERED

Mark E. Fesmire, P.E.
Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Case 13894

2007 MAR 7 PM 2 36

Re: Application of Coleman Oil & Gas, Inc. for simultaneous dedication, San Juan County, New Mexico.

Dear Mr. Fesmire:

Enclosed in triplicate is the application of Coleman Oil & Gas, Inc. in the above-referenced case as well as a copy of a legal advertisement. Coleman Oil & Gas, Inc. requests that this matter be placed on the docket for the April 17, 2007 Examiner hearings.

Very truly yours,

William F. Carr

Enclosures

cc: Oil Conservation Division District III
1000 Rio Brazos Road
Aztec, New Mexico 87410

Mr. Alan Emmendorfer
Coleman Oil & Gas, Inc.

**STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE APPLICATION OF COLEMAN OIL & GAS, INC. FOR
SIMULTANEOUS DEDICATION, SAN JUAN COUNTY, NEW MEXICO.**

CASE NO. 13894

APPLICATION

COLEMAN OIL & GAS, INC. ("Coleman"), by its undersigned attorneys, Holland & Hart, LLP, seeks an order granting an exception to Rule 7(d)(1) of the Special Pool Rules and Regulations for the Basin-Fruitland Coal Gas Pool to authorize the simultaneous dedication of four existing coal gas wells in the W/2 of Section 18, Township 26 North, Range 11 West, NMPM, San Juan County, New Mexico. In support of its application, Coleman Oil & Gas, Inc. states:

1. Coleman is the operator of the W/2 of said Section 18, Township 26 North, Range 11 West, NMPM, on which are located the following Fruitland Coal Gas wells:

1. **Ricky Well No. 1** (API No. 30-045-25976) located 790 feet from the north line and 875 feet from the West line (Unit D);
2. **Ricky Well No. 1R** (API No. 30-045-31165) located 765 feet from the North line and 830 feet from the West line (Unit D);
3. **Ricky Well No. 2** (API No. 30-045-25977) located 1850 feet from the South line and 790 feet from the West line (Unit L);
and
4. **Ricky Well No. 2R** (API No. 30-045-31166) located 1845 feet from the South line and 745 feet from the West line (Unit L).

2. On August 24, 2004, the Division entered Order No. R-12201 which granted Coleman's application for authorization to conduct a production test to determine the economic viability of simultaneously dedicating and producing these wells without completing and commingling the production from all stringers in individual wellbores on this standard 320-acre spacing unit in the Basin-Fruitland Coal Gas Pool. The test authorized by this order was extended for an additional year by Order No. R-12201-A.

3. The production data obtained from this test establishes that there is no communication between the four wells tested and that the wells can be effectively and efficiently produced without

2007 MAR 7 2 36

completing and commingling the production from all stringers in individual wellbores in this portion of the Basin-Fruitland Coal Gas Pool.

4. In accordance with the Rules of the Division, notice of this application has been provided to the affected interest owners identified on Exhibit A to this application.

5. Approval of this application will be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, Coleman Oil & Gas, Inc. requests that this application be set for hearing on April 12, 2007, before a duly appointed Examiner of the Oil Conservation Division and that after notice and hearing as required by law, the Division enter its order granting this application.

Respectfully submitted,
HOLLAND & HART, LLP

By: 
William F. Carr

ATTORNEYS FOR COLEMAN OIL & GAS,
INC.

EXHIBIT A

APPLICATION OF COLEMAN OIL & GAS, INC. FOR SIMULTANEOUS DEDICATION, SAN JUAN COUNTY, NEW MEXICO.

Dugan Production Corp.
P. O. Box 420
Farmington, NM 87499

Gregory Merrion Trust
P. O. Box 840
Farmington, NM 87499-0840

Robert L. Bayless Prod. LLC
P. O. Box 168
Farmington, NM 87499

Burlington Resources Oil & Gas Co. LP
P. O. Box 51810
Midland, TX 79710-1810

ConocoPhillips Co.
P. O. Box 7500
Bartlesville, OK 74005

Dominion OK TX Exploration & Production,
Inc.
14000 Quail Springs Parkway, #600
Oklahoma City, OK 73134

Energen Resources Corp.
605 Richard Arrington Jr. Blvd
Birmingham, AL 35203-2707

EPNG Co. Land Department
P. O. Box 1087
Colorado Springs, CO 80944

J & R Merrion Trust
610 Reilly Avenue
Farmington, NM 87401

Merrion Oil & Gas Corp.
610 Reilly Avenue
Farmington, NM 87401

Prime Energy Corp.
P. O. Box 160206
San Antonio, TX 78280-2406

Pro NM Energy Inc.
460 St. Michaels Drive
Santa Fe, NM 87505

Carol Proyect
124 E. Marcy Street
Santa Fe, NM 87501

Martin Proyect
124 E. Marcy Street
Santa Fe, NM 87501

XTO Energy Inc.
810 Houston Street, #2000
Fort Worth, TX 76102-6298

Thomas H. Yates, Jr.
10500 N Highway 281 #100
San Antonio, TX 78216

Redwolf Production Company
P. O. Box 1915
Farmington, NM 87499

ConocoPhillips Company
P. O. Box 2197, WL3 4066
Houston, TX 77252-2197

PROPOSED LEGAL ADVERTISEMENT:

Case 13894 **Application of Coleman Oil & Gas, Inc. for simultaneous dedication, San Juan County, New Mexico.** Applicant seeks an order granting an exception to Rule 7(d)(1) of the Special Pool Rules and Regulations for the Basin-Fruitland Coal Gas Pool to authorize the simultaneous dedication of the S/2 of Section 18, Township 26 North, Range 11 West, NMPM, San Juan County, New Mexico to the following four existing coal gas wells:

1. **Ricky Well No. 1** (API No. 30-045-25976) located 790 feet from the north line and 875 feet from the West line (Unit D);
2. **Ricky Well No. 1R** (API No. 30-045-31165) located 765 feet from the North line and 830 feet from the West line (Unit D);
3. **Ricky Well No. 2** (API No. 30-045-25977) located 1850 feet from the South line and 790 feet from the West line (Unit L); and
4. **Ricky Well No. 2R** (API No. 30-045-31166) located 1845 feet from the South line and 745 feet from the West line (Unit L).

Said spacing unit is located approximately 30 miles southeast of Farmington, New Mexico.