

CAMPBELL, CARR, BERGE  
& SHERIDAN, P.A.  
LAWYERS

MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE  
MARK F. SHERIDAN  
MICHAEL H. FELDEWERT  
TANYA M. TRUJILLO  
JACK M. CAMPBELL  
1916-1999

JEFFERSON PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
TELEPHONE: (505) 988-4421  
FACSIMILE: (505) 983-6043  
E-MAIL: law@westofpecos.com

August 15, 2000

**HAND-DELIVERED**

Lori Wrotenbery, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505

12485

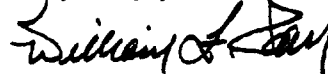
CLERK  
AUG 15 PM 2:05

***Re: Application of Coleman Oil & Gas, Inc. for approval of a Pilot Project, including an exception to Rules 4 and 7 of the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool, for the purposes of establishing a pilot program and to determine the commercial feasibility for Fruitland Coal Gas Wells in Township 24 North, Range 10 West, NMPM, San Juan County, New Mexico.***

Dear Ms. Wrotenbery:

Enclosed in triplicate is an Application of Coleman Oil & Gas, Inc. in the above-referenced case as well as a copy of a legal advertisement. Coleman Oil & Gas, Inc. respectfully requests that this matter be placed on the docket for the September 7, 2000 Examiner hearings.

Very truly yours,



William F. Carr

WFC/md

Enclosures

cc: Alan Emmendorfer  
Paul Thompson

**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 APPROVAL OF A  
PILOT PROJECT INCLUDING AN EXCEPTION  
TO RULES 4 AND 7 OF THE SPECIAL POOL RULES  
AND REGULATIONS FOR THE BASIN-  
FRUITLAND COAL GAS POOL FOR THE  
PURPOSES OF ESTABLISHING A PILOT  
PROGRAM TO DETERMINE THE 'COMMERCIAL  
FEASIBILITY FOR FRUITLAND COAL GAS  
WELLS IN TOWNSHIP 24 NORTH, RANGE 10  
WEST, SAN JUAN COUNTY, NEW MEXICO.**

OIL CONSERVATION DIV.  
09 AUG 15 PM 2:05

CASE NO. 12485

**APPLICATION**

COLEMAN OIL & GAS, INC. ("Coleman"), by its undersigned attorneys, Campbell, Carr, Berge & Sheridan, P. A., seeks approval of a pilot project, located in San Juan County, New Mexico, including an exception from Rules 4 and 7 of the Special Pool Rules and Regulations for the Basin-Fruitland Coal Gas Pool, to temporarily increase the well density from the current rules which provides for a maximum of one well per 320-acre spacing and proration unit to a maximum of two wells per 320-acre spacing and proration unit for wells dedicated to the Basin-Fruitland Coal Gas Pool within the project area. In support of its application, Coleman Oil & Gas, Inc. states:

1. Coleman is the operator of the following described lands which contains 1280 acres, more or less, located in San Juan County, New Mexico:

TOWNSHIP 24 NORTH, RANGE 10 WEST, NMPM

Section 9:	S/2
Section 16:	All
Section 17:	E/2

These lands are collectively referred to as the "Project Area".

2. On July 6, 1988, the Oil Conservation Division entered Order No. R-8768 which adopted Special Pool Rules and Regulations for the Basin-Fruitland Coal Gas Pool. These rules provide that each well "shall be located on a standard unit containing 320-acres, more or less, comprising any two contiguous quarter sections of a single governmental section" (Rule 4) and that the wells shall be located in the NE/4 or SW/4 of a single governmental section (Rule 7).

3. Based on its study of the geological and reservoir engineering data on the portion of the reservoir included in the above-described Project Area, Coleman has concluded that in order to determine if commercial rates of production are feasible and to increase the ultimate recovery of gas from this pool within the Project Area, there is a need to drill a 160-acre five spot pattern which will include two wells on one GPU which is in excess of what is currently permitted by Rules 4 and 7 of the Special Pool Rules for the Basin-Fruitland Coal Gas Pool. The wells will be produced until such time as commercial rates are established for the Project Area at which time one well in the W/2 of Section 16 will be shut in. Thereafter, only one well will be producing from this 320-acre spacing unit.

4. Accordingly, Coleman desires to initiate a pilot project for the drilling of additional Fruitland coal gas wells in the project area to validate its studies for the purpose of determining the commercial feasibility of the reservoir.

5. Affected interest owners have been contacted by Coleman and do not object to the proposed pilot project which temporarily increases the density of the Basin-Fruitland Coal Gas wells within the project area.

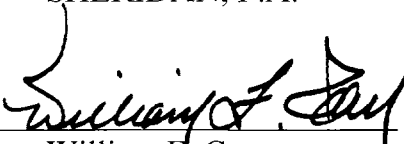
6. Approval of this application will not violate the correlative rights of any interest owner within the project area.

7. Approval of this application is 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 September 7, 2000 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,

CAMPBELL, CARR, BERGE &  
SHERIDAN, P.A.

By:   
William F. Carr

ATTORNEY FOR COLEMAN OIL &  
GAS, INC.

## PROPOSED LEGAL ADVERTISEMENT:

Case 1484.

Application of Coleman Oil & Gas, Inc. for approval of a Pilot Project, including an exception to Rules 4 and 7 of the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool, for the purposes of establishing a pilot program to determine the commercial feasibility for Fruitland Coal Gas wells in Township 24 South, Range 10 West, NMPM, San Juan County, New Mexico. Applicant seeks approval of a pilot project, including an exception from Rules 4 and 7 of the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool, and authorization to drill one additional well in the NW/4 of Section 16, Township 24 North, Range 10 West, NMPM, to temporarily increase the density from the maximum of one well per 320-acre per gas spacing and proration unit to a maximum of two wells per gas spacing and proration unit for wells dedicated to the Basin-Fruitland Coal Gas Pool to effect a 160-acre five spot well pattern to determine commercial feasibility for Fruitland Coal Gas within the Project Area which includes the following described lands:

### TOWNSHIP 24 NORTH, RANGE 10 WEST, NMPM

Section 9:	S/2
Section 16:	All
Section 17:	E/2

Said unit is located approximately 30 miles south of Bloomfield, New Mexico.