

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0135
Expires: November 30, 2000

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE- Other Instructions on the reverse side

1. Type of Well

☐

Oil Well

☒

Gas Well

☐

Other

2. Name of Operator

Coleman Oil & Gas, Inc.

3a. Address

P.O. Drawer 3337, Farmington, NM 87499

3b. Phone No. (include area code)

505-327-0356

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

790' FNL and 875' FWL SEC 18, T26N, R11W, NMPM

5. Lease Serial No.

NOO-C-14-20-5390

6. If Indian, Allottee, or Tribe Name

Navajo Allotted

7. If Unit or CA. Agreement Designation

8. Well Name and No.

Ricky #1

9. API Well No.

30-045-25976

10. Field and Pool, or Exploratory Area

Basin Fruitland Coal

11. County or Parish, State

San Juan

NM

12. CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

TYPE OF ACTION

☒ Notice of Intent

☐ Acidize

☐ Deepen

☐ Production (Start/ Resume)

☐ Water Shut-off

☐ Subsequent Report

☐ Altering Casing

☐ Fracture Treat

☐ Reclamation

☐ Well Integrity

☐ Final Abandonment Notice

☐ Casing Repair

☐ New Construction

☐ Recomplete

☐ Other

☐ Change Plans

☐ Plug and abandon

☐ Temporarily Abandon

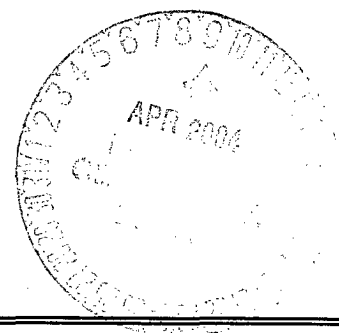
☐ Convert to Injection

☐ Plug back

☐ Water Disposal

13. Describe Proposed or Completed Operation (clearly state all pertinent details including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleate horizontally, give subsurface locations and measured and true vertical depths or pertinent markers and sands. Attach the Bond under which the work will performed or provide the Bond No. on file with the BLM/ BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleation in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notice shall be filed only after all requirements, including reclamantion, have been completed, and the operator has determined that the site is ready for final inspection.)

Coleman Oil & Gas, Inc would like to request a six month extension to sundry sent in February of 2003 for Plugging and Abandoning both the Ricky #1 and Ricky #2. We have applied to the New Mexico OCD to produce these two wells at the same time as replacement wells. See attached letters of correspondences.



14. I hereby certify that the foregoing is true and correct.

Name (Printed/ Typed)

MICHAEL T. HANSON

Title

ENGINEER

Signature

Date

March 31, 2004

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Date

Conditions of approval, if any are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

Title 18 U.S.C. Section 1001 AND Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on reverse)

NMOC

APR 6 2004

BLM FIELD OFFICE



COLEMAN OIL & GAS, INC.

Tuesday, March 30, 2004

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Attn: Mike Stogner

Dear Mr. Stogner:

Coleman Oil & Gas, Inc. has received a letter from the Bureau of Land Management Farmington office requesting information on the status of the Ricky #1 and Ricky #2 plug and abandonment's. See attached letter. I have met with Steve Mason with Bureau of Land Management Farmington office and informed them of our plans to request approval from the Oil Conservation Division of the State of New Mexico. We have reviewed the two sundries to Plug and Abandon several times and would like to request an extension for plugging these wells and at the same time request approval for a twelve month production test. A production test would consist of producing original as well as replacement wells. This should give us ample time to produce all four wells.

With the test we would be able to determine the amount of gas that could be produced from the two upper stringers of coal simultaneously with lower interval without going to the expense of completing and commingling with the lower interval. Both of the original wells were completed in the upper stringers and were producing 60-80 Mcf / day dry gas prior to being shut in out of slim hole well bores. Replacement wells are completed in the lower interval and producing between 200 -300 Mcf / day with 2 3/8" tubing, 4 1/2" casing with artificial lift. There is a twenty to thirty foot shale barrier between the upper and lower most intervals of the Basin Fruitland Coal in this area. (See attached photo copies of logs).

During the stimulation of both replacement wells by hydraulic fracturing, the surface pressure was monitored throughout the treatment period with surface gauges on the original wells. There was no indication of communication between the well bores, therefore, it is believed that these intervals were not connected through artificial stimulation. It has been proven that in order to economically produce the coal from this area, intervals require hydraulic fracture stimulation to increase conductivity for commercial wells. All four wells have been hydraulically stimulated. The production test will have allocation meters on all four wells so that gas produced from all well bores can be monitored. Production data can be matched with original decline curves to determine if there is communication. Information can then be used to determine if it would be economically viable to complete other wells in this area in the upper intervals.

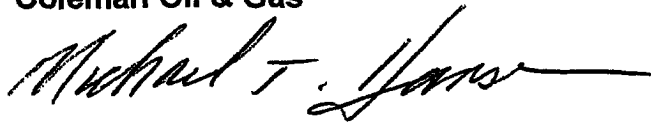
If determined to be economical, this would result in increased revenue for royalty and revenue interest owners as well as government entities.

Let me know as soon as possible if there is a possibility of a twelve month production test on these wells so that I am able to notify the BLM of our intentions.

If you need any additional information or if you would like to discuss this request please give me a call at the office or email me.

Sincerely,

Coleman Oil & Gas

A handwritten signature in black ink, appearing to read "Michael T. Hanson", with a long horizontal flourish extending to the right.

Michael T. Hanson
cogmhanson@sprynet.com
(505)-327-0356

cc: Bureau of Land Management / Farmington
Chris Coleman
Well files



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

March 9, 2004

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

Attn: Michael Hanson

Re: Ricky #1, API# 30-045-25976
Ricky #1R, API# 30-045-31165
Ricky #2, API# 30-045-25977
Ricky #2R, API# 30-045-31166

Dear Mr. Hanson:

In the matter of your request to simultaneously produce the original and replacement wells, Order R-8768-F only allows for 2 wells per 320 acre proration unit, no more than one of which may be in either quarter section. This is not a matter that can be approved at the district level. You will have to apply for an exception to R-8768-F to the Engineering Bureau at NM OCD Santa Fe.

Prior to obtaining an exception, only one well per quarter section may be produced. C-104s may be approved for the Ricky #1R and #2R only if the Ricky #1 and #2 are shut in or abandoned.

Thank you.

Sincerely,

Steven N. Hayden
Geologist, District III
shayden@state.nm.us

SNH/mk

CC: Jim Lovato, BLM Farmington
Well files



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington Field Office
1235 La Plata Highway, Suite A
Farmington, New Mexico 87401

IN REPLY REFER TO:

NOO-C-14-20-5390 et al. (WC)
3162.3-4 (7100)

February 24, 2004

Mr. Michael T. Hanson
Coleman Oil & Gas, Inc.
PO Drawer 3337
Farmington, NM 87499-3337

Dear Mr. Hanson:

Reference is made to the following wells located in sec. 18, T. 26 N., R. 11 W., San Juan County, New Mexico:

- 1) No. 1 Ricky, 790' FNL & 875' FWL, Lease NOO-C-14-20-5390.
- 2) No. 2 Ricky, 1850' FSL & 790' FWL, Lease NOO-C-14-20-5389.

Also referenced are your Sundry Notices approved on February 21, 2003. These wells have been approved for plugging for over a year. If the wells have been plugged, you are required to submit a subsequent report of abandonment. If the wells have not been plugged, you are required to inform this office when the work is scheduled to be performed.

You have 30 days to comply with this order. The 30 days commences upon receipt of this letter or seven days from the date it is mailed, whichever is less. Failure to comply within the 30 days may result in an assessment in accordance with 43 CFR 3163.1.

Under provisions of 43 CFR 3165.3, you may request an Administrative Review of the orders described above. Such request, including all supporting documents, must be filed in writing within 20 business days of receipt of this notice and must be filed with the State Director, Bureau of Land Management (NM-93000), P. O. Box 27115, Santa Fe, New Mexico 87502-0115. Such requests shall not result in a suspension of the order(s) unless the reviewing official so determines. Procedures governing appeals from instructions, orders or decisions are contained in 43 CFR 3165.4 and 43 CFR 4.400 et seq.

If you have any questions please contact Stephen Mason with this office at (505) 599-6364.

Sincerely,

Stephen Mason
Petroleum Engineer; Petroleum Management Team

cc:
FIMO