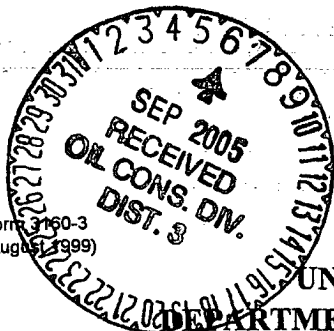


Form 3160-3
(August 1999)



UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
APPLICATION FOR PERMIT TO DRILL OR REENTER

2005 APR 25 PM 4 36

FORM APPROVED
OMB NO. 1004-0136
Expires: November 30, 2000

RECEIVED
070 FARMINGTON NM NMNM-100804

1a. TYPE OF WORK <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMNM-100804
b. TYPE OF WELL <input type="checkbox"/> OIL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE		6. If Indian, Allottee or Tribe Name
2. Name of Operator Coleman Oil & Gas, Inc.		7. If Unit or CA Agreement, Name and No.
3a. Address P.O. Drawer 3337, Farmington N.M. 87499		8. Lease Name and Well No. Juniper 7 #24
3b. Phone No. (include area code) (505) 327-0356		9. API Well No. 30-045-33047
4. Location of well (Report location clearly and in accordance with any State requirements.) At surface 1100' FSL, 1500' FWL Latitude 36° 19' 25", Longitude 107° 56' 23" At proposed prod. zone		10. Field and Pool, or Exploratory Basin Fruitland Coal
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* South East of Farmington New Mexico on County RD. 7515 approximately 40 miles.		11. Sec., T., R., M., or Blk. And Survey or Area N Section 7, T24N, R10W
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig unit line, if any) 1100'	16. No. of Acres in lease 310.62	17. Spacing Unit dedicated to this well 310.62 ACRES W/2
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. NA	19. Proposed Depth 1415'	20. BLM/ BIA Bond No. on file
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 6599'	22. Approximate date work will start* June-05	23. Estimated Duration 2 Weeks

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1 shall be attached to this form:

- | | |
|---|---|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by existing bond on file (see item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification. |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/ or plans as may be required by the authorized officer. |

25. Signature <i>Michael T. Hanson</i>	Name (Printed/ Typed) Michael T. Hanson	DATE 18-Apr-05
Title Operations Engineer		
Approved By (Signature) <i>Wayne Townsend</i>	Name (Printed/ Typed) Wayne Townsend	DATE 8/30/05
Title Acting AFM		
Office FFO		

Application approval 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.

Conditions of approval, if any, are attached.

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 to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*See Instructions On Reverse Side

NMOCD

16 1271.82' 1356.30' 2631.42'

LOT 1

2632.74'

LOT 2

LEASE NM-100804 7

LOT 3

2624.16'

LOT 4

1500'

1100'

1283.04' 1358.28' 2624.82'

2628.78'

2629.44'

17 OPERATOR CERTIFICATION

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

Michael T. Hanson
Signature
Michael T. Hanson
Printed Name
Engineer
Title
4/20/05
Date

18 SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

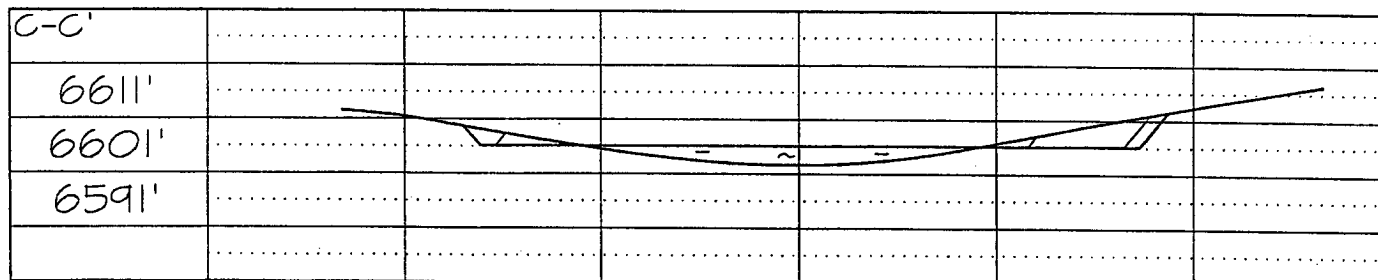
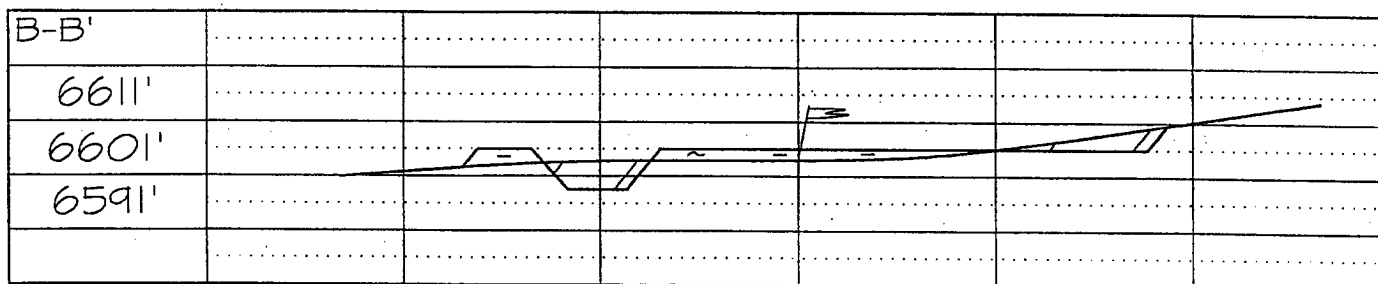
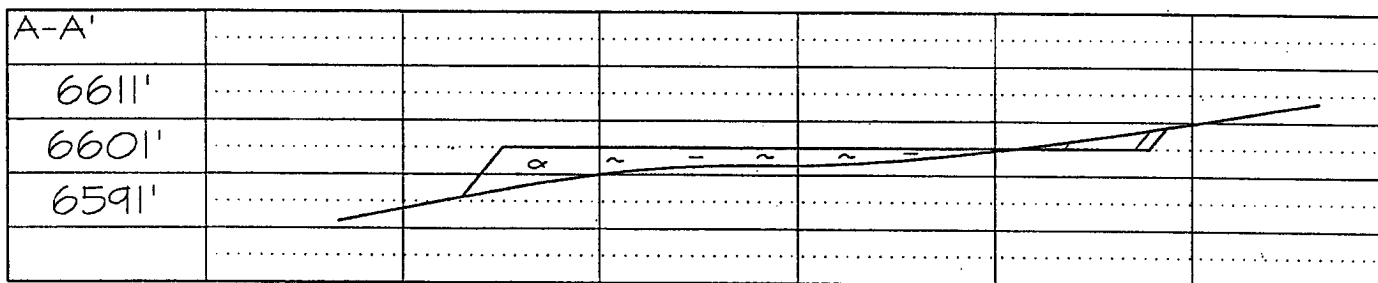
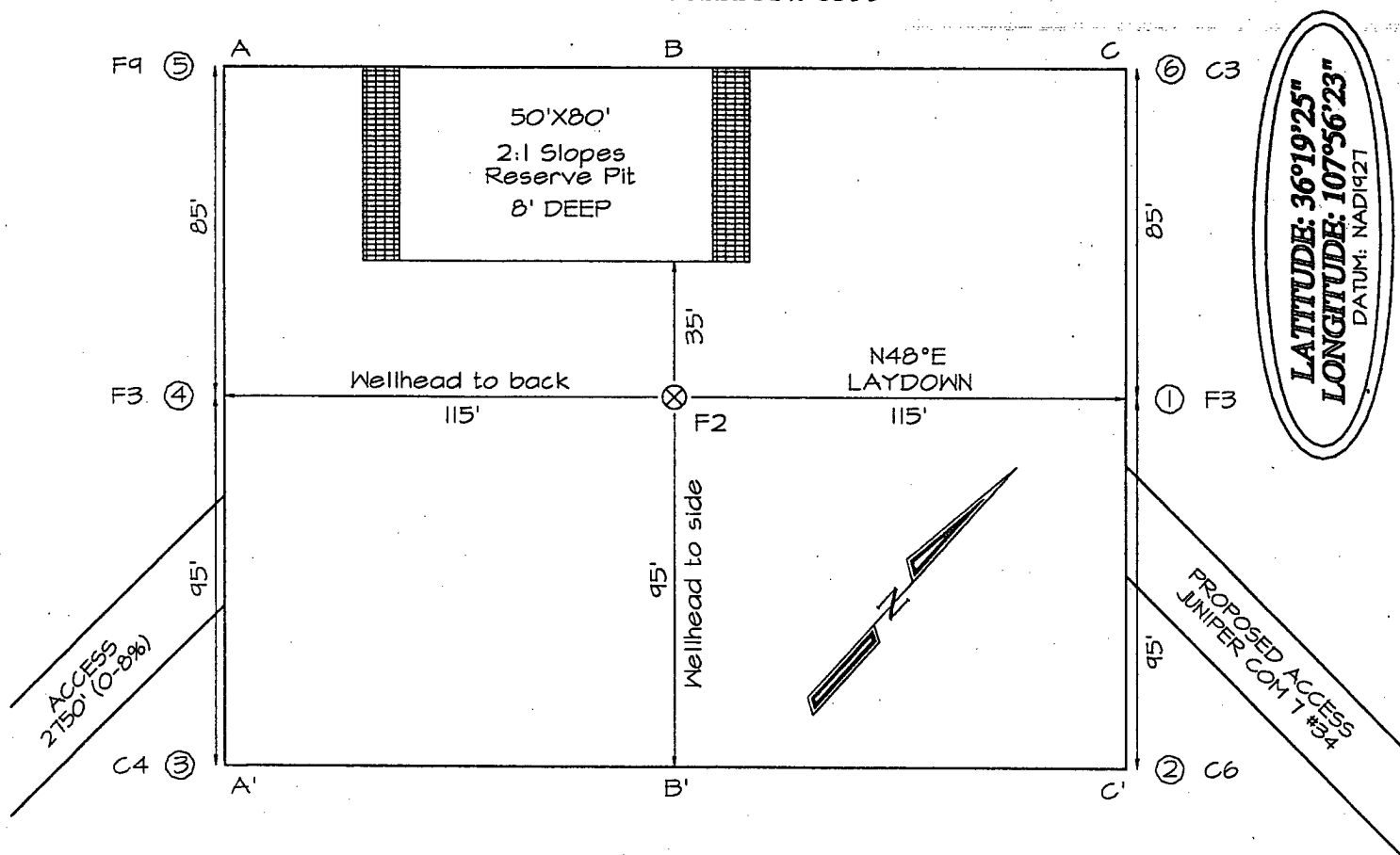
Survey Date: FEBRUARY 4, 2004

Signature and Seal of Professional Surveyor

JASON C. EDWARDS
15269
REGISTERED PROFESSIONAL SURVEYOR
NEW MEXICO

JASON C. EDWARDS
Certificate Number 15269

COLEMAN OIL & GAS, INC. JUNIPER 7 #24
1100' FSL & 1500' FWL, SECTION 7, T24N, R10W
NMPM, SAN JUAN COUNTY, NEW MEXICO
GROUND ELEVATION: 6599'



Note: Contractor should call One-Call for location of any marked or unmarked buried pipelines or cables on well pad and/or access road at least two (2) working days prior to construction

Monday, April 18, 2005

OPERATIONS PLAN

Well Name: Juniper 7 #24
Location: 1100' FSL, 1500' FWL Section 7, T-24-N, R-10-W, NMPM
San Juan County, NM
Formation: Basin Fruitland Coal
Elevation: 6599' GL

Formation:	Top	Bottom	Contents
Nacimiento	Surface	410'	aquifer
Ojo Alamo	410'	495'	aquifer
Kirtland	495'	925'	
Fruitland	925'	1215'	gas
Pictured Cliffs	1215'	1415'	gas
Total Depth	1415'		

Drilling Contractor: Availability

Mud Program:

Interval	Type	Weight	Vis.	Fluid Loss
0' - 120'	Spud	8.4 - 9.0	40 - 50	no control
120' - 1415'	Non-dispersed	8.4 - 9.0	30 - 60	6cc or less

Logging Program: Porosity Log - Triple Litho Density W/ GR and CAL.
Induction Log - Array Induction W/ GR and SP

Coring Program: None

Casing Program:

Hole Size	Depth Interval	Csg. Size	Wt.	Grade
12 1/4"	0' - 120'	8 5/8"	24#	J-55 or K-55
7 7/8"	120' - 1415'	5 1/2"	15.5#	J-55 or K-55

Tubing Program:

0' - 1235'	2 7/8"	6.50#	J-55
------------	--------	-------	------

Float Equipment:

8 5/8" surface casing - saw tooth guide shoe. One Centralizer.

5 1/2" production casing - Cement guide shoe and self fill insert float collar. Place float one joint above shoe. Five centralizers spaced every other joint above shoe and five centralizers every other joint from top of well, straddling Ojo Alamo.

Wellhead Equipment: 8 5/8" x 5 1/2" Braiden Head and 5 1/2" x 2 7/8" Tubing Head.
Independent Well Head assembly with a minimum rated working pressure of 1000 psig.

Cementing:**8 5/8" Surface Casing -**

Cement with 92 sacks Class "B" cement with 1/4# celloflake/sx and 2% calcium chloride (108.56 cu. ft. of slurry, 100% excess to circulate to surface). WOC 12 hrs. Test casing to 750 psi/30 minutes.

5 1/2" Production Casing -

Before cementing circulate hole with at least 1 1/2 hole volumes of mud. Precede cement with 20 bbls of fresh water. Lead with 140 sacks (365.40 cu. ft) of Class "G" with 3% D79 and 1/4# Per sack D29. (Yield = 2.61 cu. ft. /sack; slurry weight = 11.7 PPG). Tail with 90 sacks (113.4 cu. ft.) of Class "G" 50/50 POZ with 2% GEL D-20, 5# Per sack Gilsonite, .1% D46, 1% S-1 and 1/4# Per sack D29. (Yield = 1.26 cu. ft./sack; slurry weight = 13.5 PPG). Total cement volume is 478.80 cu. ft. (100% excess on open hole, calculated on cement volumes).

BOP and Tests:

Surface to Surface Total Depth – None

Surface TD to Total Depth – Annular or Double Ram Type 2000 psi (minimum) double gate BOP stack (Reference Figure #1, #2, #3). Prior to drilling out surface casing, test blind rams and casing to 750 psig for 30 minutes; all pipe rams and choke assembly to 750 psig for 15³⁰ minutes each.

From Surface TD to Total Depth - choke manifold (Reference Figure #3).

Pipe rams will be actuated at least once each day and blind rams actuated once each trip to test proper functioning. An upper kelly cock valve with handle and drill string safety valves to fit each drill string will be maintained and available on the rig floor.

Additional information:

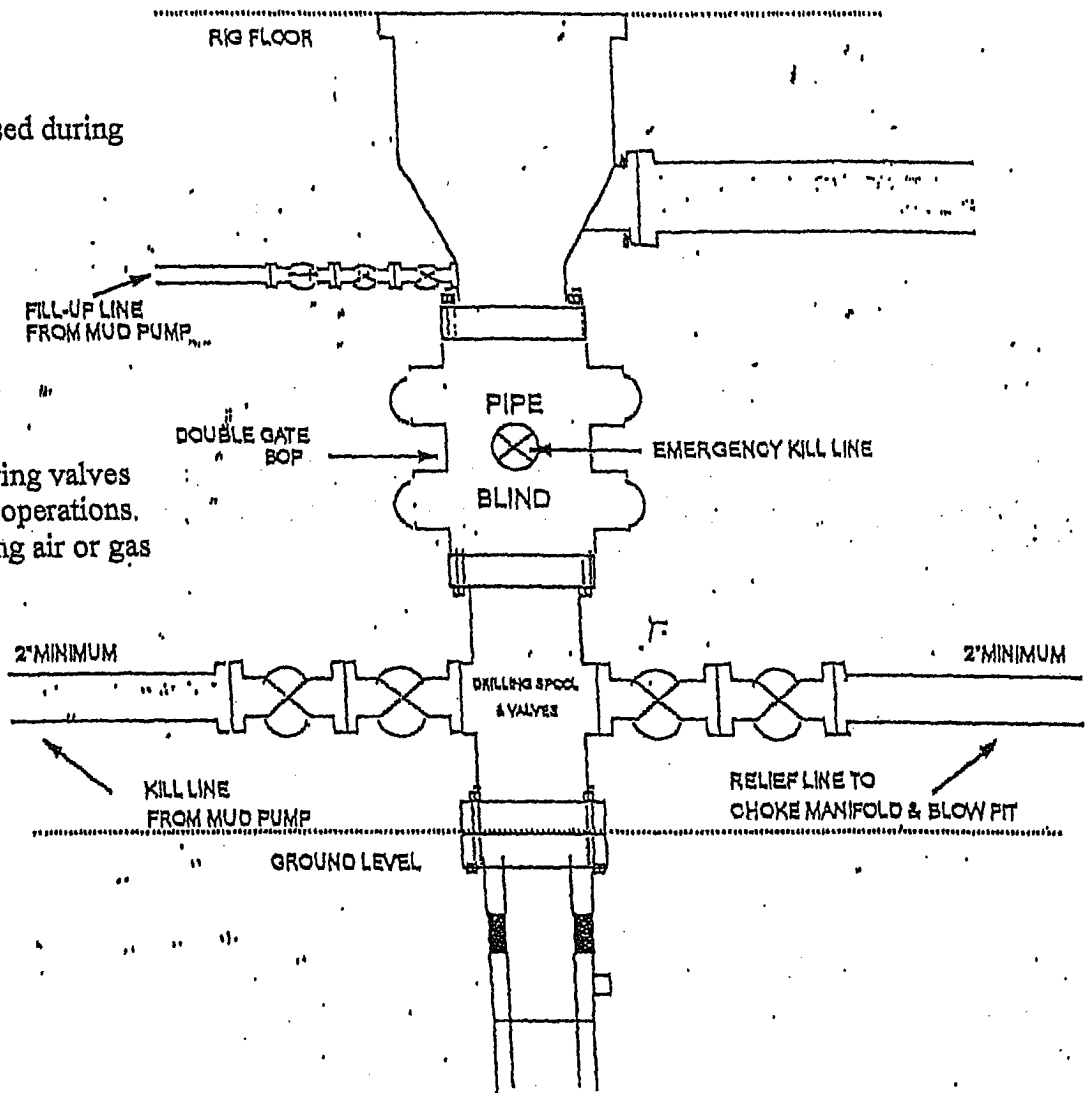
- The Fruitland Coal formation will be completed.
- Anticipated pore pressure for the Fruitland is 250 psi.
- New casing will be utilized.
- Pipe movement (either rotation or reciprocation) will be done if hole conditions permit.

Date: 4/20/05 Drilling Engineer: Michael S. Janor

BOP Configuration 2M psi System

Rotating head will be used during
air or gas drilling only.

Drilling spool single wing valves
during normal drilling operations.
Dual wing valves during air or gas
drilling.



13 5/8" and 11" Bore, 2000psi minimum working pressure double gate BOP to be equipped with blind and pipe rams; A Schaffer Type 50 or equivalent rotating head to be installed on the top of the BOP. All equipment is 2000psi working pressure/ or greater.

FIGURE #1

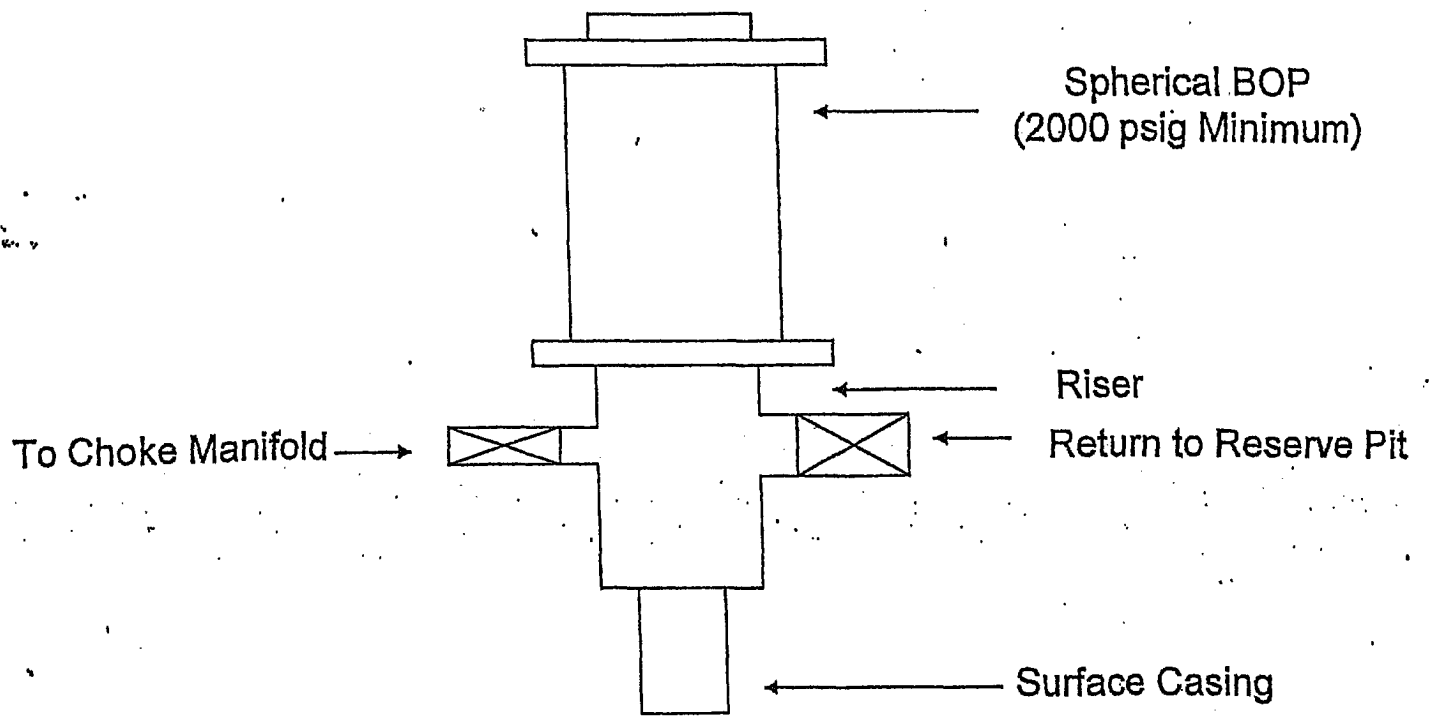
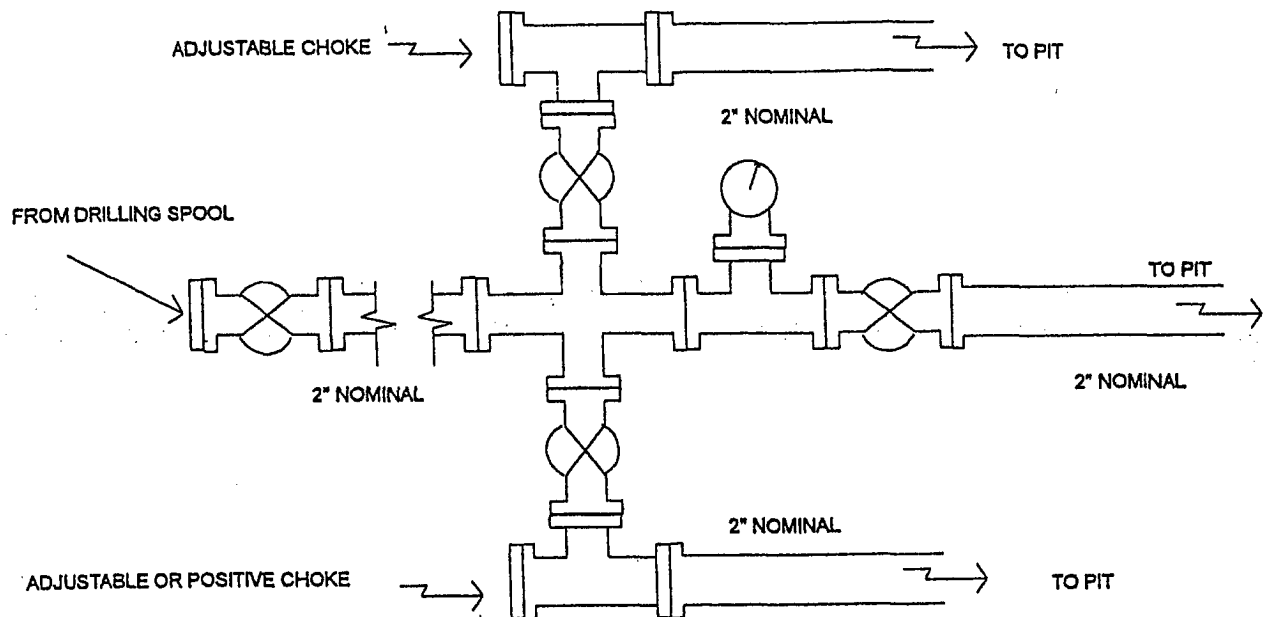


FIGURE #2

Choke Manifold Configuration 2M System



Minimum choke manifold installation from surface to Total Depth.
2" minimum, 2000psi working pressure equipment with two chokes.

Figure #3