

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

IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION COMMISSION FOR
THE PURPOSE OF CONSIDERING:

APPLICATION OF COLEMAN OIL & GAS,
INC. FOR AMENDMENT OF DIVISION
ADMINISTRATIVE ORDER SWD-806-B,
SAN JUAN COUNTY, NEW MEXICO.

CASE NO. 13812 (De Novo)
RE-OPENED
Order No. R-12820-C

ORDER OF THE COMMISSION

THIS MATTER, having come before the New Mexico Oil Conservation Commission (Commission) on June 17, 2010 at Santa Fe, New Mexico, on the motion of Coleman Oil & Gas, Inc. to re-open the case to either rescind Order No. R-12820-A or to no longer require Coleman Oil & Gas to re-enter and re-complete the Monument Well No. 1 and the Commission having carefully considered the materials the parties submitted, now on this 15th day of July 2010, finds and orders as follows:

1. Order No. R-12820-A provided that Coleman Oil & Gas shall complete re-entry and deepening of Monument Well No. 1 within two years from the date of Order No. R-12820-A, which was April 16, 2008.
2. On October 31, 2009, Coleman Oil & Gas sought an extension for deepening and re-entry of the Monument Well No. 1. Coleman Oil & Gas incorrectly submitted the request to the Oil Conservation Division Engineering Bureau Chief and referenced Division Order No. SWD-1137 rather than submitting the request to the Commission and referencing Commission Order No. R-12820-A.
3. The request was eventually routed to Commission Chairman, Mark Fesmire, who granted the request and extended the deadline to November 3, 2010.
4. On February 24, 2010, Coleman Oil & Gas filed a notice of intent form 3160-5 with the United States Department of the Interior, Bureau of Land Management incorrectly stating that Coleman Oil & Gas was required by Commission Order No. R-12820-A to re-enter and plug the Monument Well No. 1. Commission Order No. R-12820-A actually required Coleman Oil & Gas to re-enter and deepen the Monument Well No. 1.
5. On March 3, 2010, Coleman Oil & Gas asked the Commission to rescind Order No. R-12820-A or no longer require Coleman Oil & Gas to re-enter and re-complete the Monument Well No. 1 for disposal.

6. In March 2010, without first obtaining an order from the Commission allowing it to re-enter and plug the Monument Well No. 1, instead of re-entering and deepening the well as ordered by the Commission in Order No. R-12820-A, Coleman Oil & Gas re-entered and plugged the Monument Well No. 1.

7. Coleman Oil & Gas filed a federal sundry on April 7, 2010 confirming that it had completed plugging of the Monument Well No. 1.

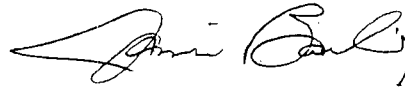
8. The Oil Conservation Division does not object to the plugging of the well, but has requested that Coleman Oil & Gas amend its February 24, 2010 filing with the United States Department of the Interior, Bureau of Land Management to reflect that Commission Order No. R-12820-A did not require it to re-enter and plug the Monument Well No. 1.

9. As Coleman Oil & Gas has already plugged the Monument Well No. 1, the Commission grants Coleman Oil & Gas' request that it no longer be required to re-enter and plug the Monument Well No. 1. In the future, however, if Coleman Oil & Gas requests an amendment of a Commission order, or plans to proceed with an activity that is contrary to a Commission order, it shall first obtain an order from the Commission amending the prior Commission order.

10. Coleman Oil & Gas is directed to correct its February 24, 2010 filing with the United States Department of the Interior, Bureau of Land Management to reflect that Commission Order No. R-12820-A did not require it to re-enter and plug the Monument Well No. 1. Coleman Oil & Gas shall correct this filing and provide a copy of the corrected filing to the Oil Conservation Division and its counsel by August 15, 2010.

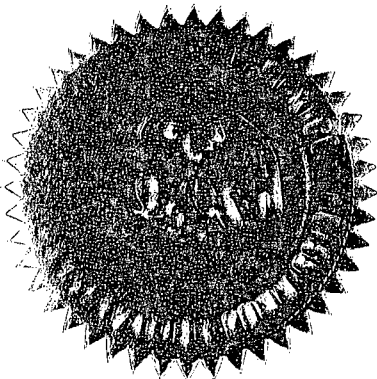
DONE at Santa Fe, New Mexico on the 15th of July 2010.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



JAMI BAILEY, CPG, Member

WILLIAM OLSON, Member


MARK E. FESMIRE, P.E., Chair

SEAL