

BEFORE THE OIL & GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

IN THE MATTER OF THE APPLICATION OF)
COLEMAN OIL & GAS, INC. FOR AN ORDER)
ALLOWING UP TO FOUR OPTIONAL INFILL)
WELLS IN ESTABLISHED 320-ACRE)
DRILLING AND SPACING UNITS COVERING)
THE FRUITLAND COAL SEAM FORMATION,)
IGNACIO-BLANCO FIELD, LA PLATA)
COUNTY, COLORADO)

Cause No. _____

Docket No. _____

APPLICATION

Coleman Oil & Gas, Inc. ("Applicant"), by and through its undersigned attorneys, makes application to the Oil and Gas Conservation Commission of the State of Colorado, for an order to permit up to four (4) optional infill wells in an established 320-acre drilling and spacing unit for the Fruitland Coal Seam formation on the following described lands:

Township 33 North, Range 7 West, N.M.P.M.
Section 16: N½

La Plata County, Colorado ("Application Lands").

In support thereof, the Applicants state and allege as follows:

1. That the Applicants are the owners of a leasehold interest in the Application Lands.

2. That the Applicants are requesting that up to four (4) optional infill wells be permitted in the Application Lands for the Fruitland Coal Seam formation.

3. On June 15, 1988, the Commission issued Order No. 112-60 which established 320-acre drilling and spacing units for production of gas from the Fruitland Coal Seam Formations with 990' setback to the outer boundary of each unit and a 130' setback to the interior quarter section line. The Application Lands are subject to Order No. 112-60.

4. On December 17, 1990, the Commission issued Order No. 112-85 which amended Order No. 112-61 (which originally amended Order No. 112-60) for other reasons and confirmed the established 320-acre drilling and spacing units for production of gas from the Fruitland Coal Seam formations. The units consisted of the N½ and S½ or the E½ and W½ of a full section with the one (1) permitted well located, when north of the north line of Township 32 North, in the NW¼ and SE¼ of the section, and when south of the north line of Township 32 North, in the NE¼ and SW¼ of the

section, and no closer than 990 feet to any outer boundary of the unit, nor closer than 130 feet to any interior quarter section line. The Application Lands are subject to Order No. 112-85.

5. On July 11, 2000, the Commission issued Order No. 112-157 which amended Order Nos. 112-60, 112-61, and 112-85 to allow an optional additional well to be drilled for production of gas from the Fruitland Coal Seams for certain of the 320-acre drilling and spacing units subject to this Application, with the permitted well to be located in any undrilled quarter section no closer than 990 feet from the boundaries of the quarter section, nor closer than 130 feet to any interior quarter section line. The Application Lands are subject to Order No. 112-157

6. In support of the requested order, Applicants assert that the wells previously authorized will not efficiently and economically drain each of the 320-acre drilling and spacing unit comprising the Application Lands, and that additional wells are necessary to prevent waste, protect correlative rights and to recover gas and associated hydrocarbons from the Fruitland coal formation all in accordance with the Colorado statutes, the rules and regulations of this Commission and, with respect to Tribal lands, applicable rules and regulations of the BLM.

7. Applicants propose that up to four (4) optional infill wells (or two additional wells) in the 320-acre unit be drilled, completed or recompleted in the operator's discretion with the treated interval of the wellbore no closer than 660 feet to any outer boundary of the unit and that any interior quarter section setback be eliminated.

8. Exhibit A attached hereto and made part hereof is the list of the names of "Owners" required to be notified in accord with Commission Rule 508(a), including within the areas covered by this Application and adjacent sections. To the best of Applicants' knowledge and belief, Exhibit A contains the names of all such Owners.

WHEREFORE, Applicants respectfully request that this matter be set for hearing, that notice thereof be given as required by law and that upon such hearing this Commission enter its order:

A. Establishing that a total of up to four (4) optional infill Fruitland Coal wells may be drilled and completed in the 320-acre drilling and spacing unit comprising the Application Lands, with the treated interval of the wellbore being no closer than 660 feet to any outer boundary of the unit and the elimination of any interior quarter section setback, for gas and associated hydrocarbons from the Fruitland Coal Seam formation.

B. For such other findings and orders as the Commission may deem proper or advisable in the premises.

DATED this 18th day of July, 2013.

Respectfully submitted,

COLEMAN OIL & GAS, INC.

By: _____

Jamie L. Jost
Elizabeth Y. Gallaway
BEATTY & WOZNIAK, P.C.
Attorneys for Applicant
216 16th Street, Suite 1100
Denver, Colorado 80202
(303) 407-4499

Applicants' Addresses:

Michael Palmer
Coleman Oil & Gas, Inc.
PO Drawer 3337
Farmington, MN 87499

STATE OF NEW MEXICO)
) ss.
COUNTY OF SAN JUAN)

my knowledge, information and belief.

Solar

My commission expires: 11-28-2015

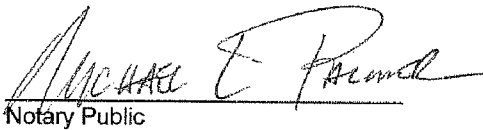


Exhibit A
Interested Parties

John Waconda, Superintendent
BIA- Southern Ute Agency
PO Box 315
Ignacio, CO 81137

BP America Production Company
Attn: Emily G. Beard, Rm. 4.417A
501 WestLake Park Blvd.
Houston, TX 77079

BP America Production Company
PO Box 3092
Houston, TX 77253-3092

Maralex Resources, Inc.
Attn: A.M. O'Hare
P.O. Box 338
Ignacio, CO 81137

Samson Resources
Attn: Lainie Poindexter
370 17th Street, #3000
Denver, CO 80202

Red Willow Production Company
Attn: Dennis Lopez
P.O. Box 369
Ignacio, CO 81137

So. Ute Indian Tribe
Dept. of Energy
Attn: Ed Trahan
P.O. Box 1500
Ignacio, CO 81137

T.H. McElvain Oil & Gas Limited Partnership
1050 17th Street, Suite 1800
Denver, CO 80265-1801

Elm Ridge Exploration Company
4925 Greenville Ave, Suite 1305
Dallas, TX 75206

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AFFIDAVIT OF MAILING

STATE OF COLORADO)
)ss.
CITY AND COUNTY OF DENVER)

Elizabeth Y. Gallaway, of lawful age, and being first duly sworn upon her oath, states and declares:

That she is the attorney for COLEMAN OIL & GAS, INC and that on or before July 25, 2013, she caused a copy of the attached Application to be deposited in the United States Mail, postage prepaid, addressed to the parties listed on Exhibit A to the Application.



Elizabeth Y. Gallaway

Subscribed and sworn to before me July 18, 2013.

Witness my hand and official seal.

My commission expires: April 16, 2016.



Notary Public