5. Lease **UNITED STATES** NMSF-079304 DEPARTMENT OF THE INTERIOR **BUREAU OF LAND MANAGEMENT** 6. If Indian, Allottee or Tribe Name SUNDRY NOTICES AND REPORTS ON WELLS 7. Unit Agreement Name (Do not use this form for proposals to drill or to deepen or plug back to a different reservoir. Use "APPLICATION FOR PERMIT--" for such proposals) 8. Well Name and No. 1. Oil Well [] Gas Well [] Other [] **GAS WELL** SANCHEZ 1 2. Name of Operator: 9. API Well No. Caulkins Oil Company 30-039-06434-00D1 3. Address of Operator: 10. Field and Pool, Exploratory Area (505) 632-1544 P.O. Box 340, Bloomfield, NM 87413 DAKOTA, PICTURED CLIFFS 4. Location of Well (Footage, Sec., Twp., Rge.) 11. Country or Parish, State 560' F/N 660' F/W SEC. 24-26N-6W. Rio Arriba Co., New Mexico 12. CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA TYPE OF SUBMISSION TYPE OF ACTION [X] Notice of Intent [] Abandonment [] Change of Plans []Recompletion New Construction [] Subsequent Report Plugging Back Non-Routine Fracturing [] Casing Repair [] Water Shut-Off [] Final Abandonment Notice [] Altering Casing [] Conversion to Injection [X] Other Commingle Well Dispose Water 17. Describe Proposed or Completed Operations: 7/8/02 We request approval to downhole commingle this well by the following procedure: T. O. H. laying down 1 1/4" Pictured Cliffs tubing from 2963'. T. O. H. laying down 2 3/8" Dakota tubing from 7240' with seal assembly. T. I. H. with new 2 3/8" tubing and mill to drill out model "D" packer set at 7240'. Clean out to PBTD, 7650', with air foam unit. T. O. H. with mill. T. I. H. with 2 3/8" production tubing. Land tubing on doughnut at approximately 7400'. Rig down. Oil Conservation Division Order #11363. Basin Dakota (71599) and South Blanco Pictured Cliffs (72439). Perforations: Dakota (7268' - 7450'), Pictured Cliffs (3065' - 3110') **Allocations** Dakota Pictured Cliffs Oil 100% 0% Gas 70% 30% Please see attached 12 month production history. Commingling will not reduce the production value of this well. No new surface will be disturbed, location area will be cleaned up following operations. Estimated starting date, August 15, 2002 NOTE: The format is issued in lieu of U.S. BLM Form 3160-5 18. I HEREBY CERTIFY THE FOREGOING IS TRUE AND CORRECT ROBERT L. VERQUER TITLE: Superintendent DATE: July 8, 2002 SIGNED: APPROVED BY: TITLE: CONDITIONS OF APPROVAL, IF ANY

LAST 12-MONTHS PRODUCTION FOR SANCHEZ 1

DAKOTA

MONTH	GAS	OIL	WATER	DAYS	GAS DPA	OIL DPA
05/01	2,573	3	0	31	83	0.097
06/01	2,914	15	2	27	108	0.556
07/01	2,616	14	2	31	84	0.452
08/01	2,529	16	2	31	82	0.516
09/01	2,467	15	2	30	82	0.500
10/01	1,739	15	2	20	87	0.750
11/01	2,807	24	4	28	100	0.857
12/01	2,454	9	1	29	85	0.310
01/02	2,450	33	5	31	79	1.065
02/02	2,021	11	2	26	78	0.423
04/02	2,043	9	1	30	68	0.300
05/02	2,100	17	3	31	68	0.548
	28,713	181	26		84	0.531

* PICTURED CLIFF

MONTH	GAS	OIL	WATER	DAYS	GAS DPA	OIL DPA
05/00	881	0	0	28	31	0.000
07/00_	1,007	0	0	29	35	0.000
08/00	1,197	0	0	31	39	0.000
09/00	1,229	0	0	30	41	0.000
10/00	1,206	0	0	30	40	0.000
11/00	1,218	0	0	29	42	0.000
12/00	1,233	0	0	31	40	0.000
01/01	1,207	0	0	31	39	0.000
02/01	1,112	0	0	28	40	0.000
03/01	1,236	0	0	31	40	0.000
04/01	1,179	0	0	30	39	0.000
05/01	726	0	0	31	23	0.000
	13,431	0	0		37	0.000

^{*} PRODUCTION PRIOR TO COMPRESSOR

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