

EXHIBIT "B" - CASE NO. 11353, ORDER NO. R-10470-A

DISTRICT I

P.O. Box 1980, Hobbs, NM 88240

DISTRICT II

877 South First St., Artesia, NM 88210

DISTRICT III

1000 Pao Brazos Rd, Aztec, NM 87410

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

2040 S. Pacheco
Santa Fe, New Mexico 87505-6429Form C-107-A
New 3-12-96

APPROVAL PROCESS:

☒ Administrative ☐ Hearing

EXISTING WELLBORE

☒ YES ☐ NO

APPLICATION FOR DOWNHOLE COMMINGLING

Operator Caulkins Oil Company Address P.O. Box 340, Bloomfield, NM 87413

Well No. 136 Unit Ltr. - Sec - Twp - Rge A 10-26N-6W County Rio Arriba

Case Breech "A"

Spacing Unit Lease Types: (check 1 or more)

OGRID NO. 3824 Property Code 2455 API NO. 30-039-06629 Federal ☒ State ☐ (and/or) Fee ☐

The following facts are submitted in support of downhole commingling:	Upper Zone	Intermediate Zones	Lower Zone
1. Pool Name and Pool Code	South Blanco Tocito 06460		Basin Dakota 71599
2. Top and Bottom of Pay Section (Perforations)	6836' to 6847' 6865' to 6873'		7305' to 7532'
3. Type of production (Oil or Gas)	Oil		Gas
4. Method of Production (Flowing or Artificial Lift)	Flowing		Flowing
5. Bottomhole Pressure a. (Current) 11-18-97 Estimated Current 1548 b. (Original) Flowing Tubing 10 (GOR) Flowing Casing 80			a. 7-10-97 710 b. Tubing Pressure 6 mo. avg. 149
6. Oil Gravity (°API) or Gas BTU Content	Oil estimated - 48 Gas estimated - 1.240		Oil actual - 65 Gas actual - 1.221
7. Producing or Shut-in?	Shut-in		Shut-in
Production Marginal? (yes or no)	yes		yes
* If Shut-in, give date and oil/gas/water rates of last production Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data * If Producing, give date and oil/gas/water rates of recent test (within 60 days)	Date: GOR 11-3-97 Rates: Gas Oil 49 MCF/D 7 BBLs Date: Rates:	Date: Rates:	Date: June average Rates: Gas Oil 255 MCF/D 2 BBLs Date: Rates:
8. Fixed Percentage Allocation Formula - % for each zone	Oil: 77 % Gas: 16 %	Oil: % Gas: %	Oil: 23 % Gas: 84 %

9. If allocation formula is based upon something other than current or past production, or is based upon some other method, submit attachments with supporting data and/or explaining method and providing rate projections or other required data.

10. Are all working, overriding, and royalty interests identical in all commingled zones? ☒ Yes ☐ No
If not, have all working, overriding, and royalty interests been notified by certified mail? ☒ Yes ☐ No
Have all offset operators been given written notice of the proposed downhole commingling? ☒ Yes ☐ No

11. Will cross-flow occur? ☒ Yes ☐ No If yes, are fluids compatible, will the formations not be damaged, will any cross-flowed production be recovered, and will the allocation formula be reliable. ☒ Yes ☐ No (If No, attach explanation)

12. Are all produced fluids from all commingled zones compatible with each other? ☒ Yes ☐ No

13. Will the value of production be decreased by commingling? ☐ Yes ☒ No (If Yes, attach explanation)

14. If this well is on, or communitized with, state or federal lands, either the Commissioner of Public Lands or the United States Bureau of Land Management has been notified in writing of this application. ☒ Yes ☐ No

15. NMOCD Reference Cases for Rule 303(C) Exceptions: ORDER NO(S). PLC-105, DHC-878, DHC-659

16. ATTACHMENTS:

- * C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- * Production curve for each zone for at least one year. (If not available, attach explanation.)
- * For zones with no production history, estimated production rates and supporting data.
- * Data to support allocation method or formula.
- * Notification list of all offset operators.
- * Notification list of working, overriding, and royalty interests for uncommon interest cases.
- * Any additional statements, data, or documents required to support commingling.

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

SIGNATURE Robert L. Vergara TITLE Superintendent DATE 12-9-97

TYPE OR PRINT NAME _____ TELEPHONE NO. (_____) _____

CAULKINS OIL COMPANY

P.O. BOX 340

BLOOMFIELD, NEW MEXICO 87413

December 5, 1997

State of New Mexico
Oil Conservation Division
ATTN: Mr. David Catanach
2040 S. Pacheco
Santa Fe, NM 87505

RECEIVED
DEC 11 1997

OIL CON. DIV.
DIST. 3

Re: Breech "A" 136 Commingling Approval

Dear Mr. Catanach:

Caulkins Oil Company (COC) requests administrative approval to commingle our Breech "A" 136 well located in Section 10-26N-6W, Unit M.

This well was originally single completed as a Basin Dakota well in December 1963.

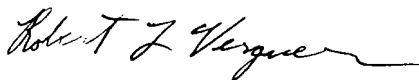
Approval to temporarily abandon Dakota zone and recomplete well in South Blanco Tocito zone was obtained June 13, 1997. The Tocito zone has been completed, but tests conducted on well indicate that it will be unable to produce marketable quantities of gas without some form of artificial lift. The gas - oil ratio test enclosed was for one hour. During the second hour of the test the well died to nothing. Commingling Dakota and Tocito zones in this wellbore will be the most economically feasible method to produce this well.

Please find the enclosed documents:

- A. Form C-107-A
- B. Form C-102 for each zone
- C. Gas - Oil Ratio Test
- D. Bottom hole pressure measurements for each zone
- E. Accumulative gas and oil volumes for Dakota, January thru June 1997 and recommended percentage splits for commingled well
- F. Copy of completion report
- G. Vicinity map
- H. Form C-104

If you have any questions or need more information, please contact Robert L. Verquer at (505) 632-1544.

Sincerely,



Robert L. Verquer,
Superintendent

cc: Bureau of Land Management

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-102
Revised October 18, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-039-06629		² Pool Code 06460		³ Pool Name South Blanco Tocito	
⁴ Property Code 2455		⁵ Property Name Breech "A"			⁶ Well Number 136
⁷ OGRID No. 3824		⁸ Operator Name Caulkins Oil Company			⁹ Elevation 6645

¹⁰ Surface Location

UL or lot no. M	Section 10	Township 26N	Range 6W	Lot Idn	Feet from the 890'	North/South line North	Feet from the 990'	East/West line East	County Rio Arriba
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¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
¹² Dedicated Acres 80	¹³ Joint or Infill	¹⁴ Consolidation Code		¹⁵ Order No.					

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16						¹⁷ OPERATOR CERTIFICATION	
						I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief	
						Signature <u>Robert L. Verquer</u> Printed Name Robert L. Verquer	
						Title Superintendent Date December 5, 1997	
						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	
						Date of Survey	
						Signature and Seal of Professional Surveyor:	
						Certificate Number	

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
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2040 South Pacheco
Santa Fe, NM 87505

Form C-102
Revised October 18, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-039-06629		² Pool Code 71599	³ Pool Name Basin Dakota
⁴ Property Code 2455	⁵ Property Name Breech "A"		⁶ Well Number 136
⁷ OGRID No. 3824	⁸ Operator Name Caulkins Oil Company		⁹ Elevation 6645

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	10	26N	6W		890'	North	990'	East	Rio Arriba

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres 320	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16					¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief Signature <u>Robert L. Verquer</u> Printed Name Robert L. Verquer Title Superintendent Date December 5, 1997
					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 Date of Survey Signature and Seal of Professional Surveyor: Certificate Number

OIL CONSERVATION DIVISION

2040 S. Pacheco
Santa Fe, New Mexico 87505

GAS - OIL RATIO TEST

This format is in lieu of State Oil Conservation Division form C-116.

Operator
Caulkins Oil Company
Address
P.O. Box 340, Bloomfield, New Mexico 87413

Pool
South Blanco Tocito
County
Rio Arriba

Type of Test - (X) Scheduled () Completion (X) Special ()

LOCATION

LEASE NAME	WELL NO.	U	S	T	R	DATE OF TEST	STATUS	CHOKE SIZE	TBG. PRESS.	DAILY ALLOW-ABLE	LENGTH OF TEST HOURS	WATER BBL'S.	GRAV. OIL	OIL BBL'S.	GAS MCF	GAS-OIL RATIO CU.FT/BBL
Breesh "A"	136	A	10	26-N	6-W	11/3/97	F	20/64	71		1	0	48	7	49	7,000
NMSF-079035-A																

PROD. DURING TEST

Instructions:

During gas-oil ratio test, each well shall be produced at a rate not exceeding the top unit allowable for the pool in which well is located by more than 25 percent. Operator is encouraged to take advantage of the 25 percent tolerance in order that well can be assigned increased allowables when authorized by the Division.

Gas volumes must be reported in MCF measured at a base of 15.025 psia and a temperature of 60 degrees Fahrenheit. Specific gravity base will be 0.60.

Report casing pressures in lieu of tubing for any well producing through casing.

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

Robert L. Verquer
Signature
Robert L. Verquer, Superintendent
Printed name and title
December 4, 1997
Date
(505) 632-1544
Telephone No.

Company: CAULKI OIL CO.
Well: BREECH A #136
Field: SOUTH BLANCO TOCITO
Engineer:
Gauge Type: AMERADA
Gauge Range: 0-3000
Gauge Depth: 6865 ft
Serial No.: 44537

County: RIO ARRIBA
State: NM
Date: 11/18/1997
Well Type:
Test Type: STATIC GRADIENT
Status: SHUT-IN
File Name: CAULKIN

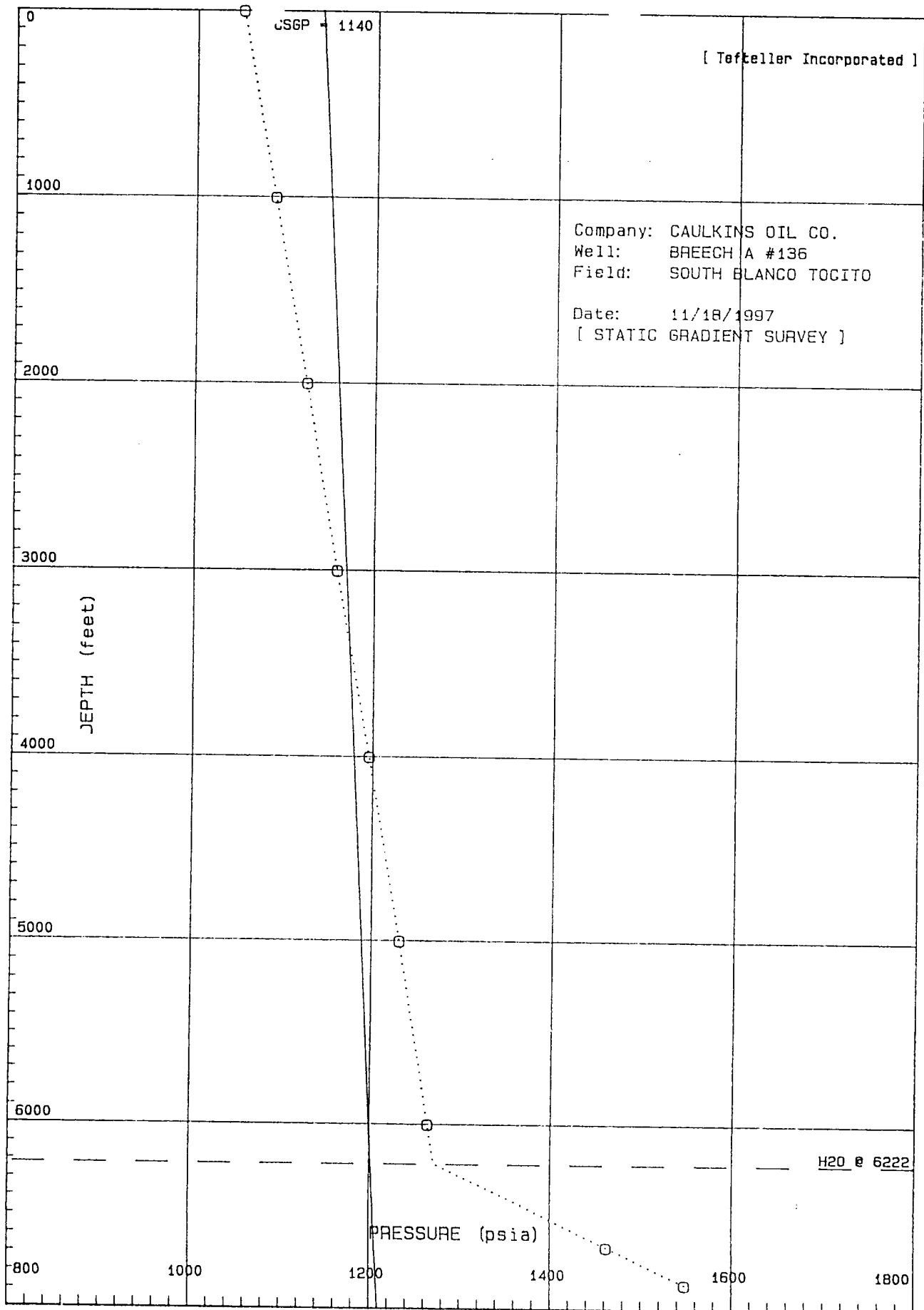
Tubing: 2 3/8" TO 6870
Tubing: TO
Casing: TO
Perfs.:
Shut-in Time 216 hrs

Oil Level
H2O Level 6222 ft

Shut-in BHP 1548 @ 6865 ft Shut-in BHT 0 F @ 0 ft
Shut-in WHP 1051 Shut-in WHT 0 F
Casing CSGP 1140

[Tefteller Incorporated]

#	MD	TVD	PRESSURE	PSI/ft
1	0	0	1051.00	
2	1000	1000	1088.00	0.037
3	2000	2000	1124.00	0.036
4	3000	3000	1159.00	0.035
5	4000	4000	1196.00	0.037
6	5000	5000	1231.00	0.035
7	6000	6000	1264.00	0.033
8	6665	6665	1462.00	0.298
9	6865	6865	1548.00	0.430



TEFTELLER INC

Pressure Gradient Report

COMP : CAULKINS OIL CO WELL : BREECH A # 136 T : 0.0
 FIELD : RES : Basin Dakota DATUM : 7497.0
 DATE : 07/10/1997 STATUS : S.I. HRS : 168.0
 TBG : 2-3/8 DPTH : END : 7517 PKR : S N :
 CSG : DPTH : PERFS : GRAD : 0.435000 T D :

Depth (ft)	Pressure (psig)	Delta P (psi)	Gradient (psi/ft)
0	489.0		
1000	523.0	34.0	0.0340
2000	516.0	-7.0	-.0070
3097	531.0	15.0	0.0137
4097	543.0	12.0	0.0120
5097	555.0	12.0	0.0120
6097	567.0	12.0	0.0120
7097	579.0	12.0	0.0120
7297	623.0	44.0	0.2200
7497	710.0	87.0	0.4350
7497	710.0	0.0	

REMARKS : CASING PRESSURE 490
 TOP OF WATER @ 7199

TUBING PRESSURE 490

0

CAULKINS OIL CO
BRECH A # 136
07/10/1997

GRADIENT

TESTER INC.

1600

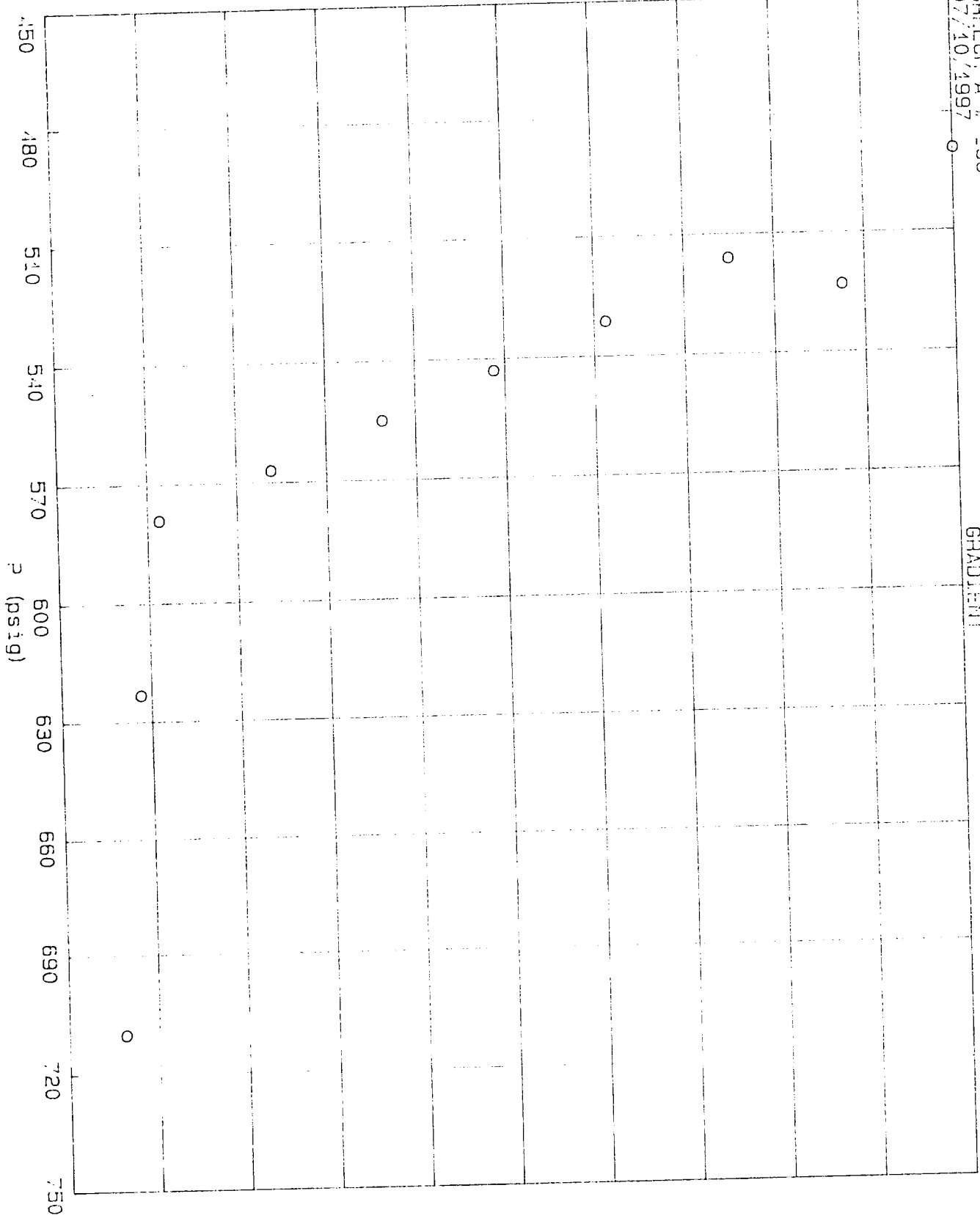
3200

4800

6400

8000

DEPTH (ft)



Caulkins Oil Company
Gas and Oil Volumes
1-97 thru 6-97
Breech "A" 136 Dakota

Month	Days On	Gas Volume	Oil Production
January	28	8,259	57.98
February	28	7,184	65.98
March	31	7,958	68.13
April	7	1,876	16.29
May	31	7,583	51.83
June	23	5,867	48.69
Total	148	38,727	308.90
Average Daily Volume		262	2.09

Based on the average daily volumes shown above for Dakota and Gas - Oil Ratio test of 49 MCF/D gas and 7 bbls/D oil for Tocito we recommend the following percentage split for commingled production.

	Gas Percentage	Oil Percentage
Dakota	84%	23%
Tocito	16%	77%

BLOOMFIELD, NEW MEXICO 87413

136 Identified by circle
Dedicated acreage East half of Northeast Quarter

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN DUPLICATE*

(See other instructions on reverse side)

Form approved.
Budget Bureau No. 1004-0137
Expires August 31, 1985

WELL COMPLETION OR RECOMPLETION REPORT AND LOG *

1a. TYPE OF WELL: OIL WELL ☒ GAS WELL ☐ DRY ☐ Other _____

b. TYPE OF COMPLETION: NEW WELL ☐ WORK OVER ☐ DEEP-EN ☐ PLUG BACK ☐ DIFF. CENVR. ☐ Other _____

2. NAME OF OPERATOR
Caulkins Oil Company

3. ADDRESS OF OPERATOR
P.O. Box 340, Bloomfield, NM 87413 Ph. (505) 632-1544

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)*

At surface 890' F/N 990' F/E

At top prod. interval reported below same

At total depth same

14. PERMIT NO. 30-039-06629 DATE ISSUED 11-26-63

15. DATE SPUDDED 11-27-63 16. DATE T.D. REACHED 12-19-63 17. DATE COMPL. (Ready to prod.) 12-63 18. ELEVATIONS (OF RKB, RT, GR, ETC.)* 6645 KB 19. ELEV. CASINGHEAD 6645

20. TOTAL DEPTH, MD & TVD 7605' 21. PLUG, BACK T.D., MD & TVD 6921' 22. IF MULTIPLE COMPL., HOW MANY* 23. INTERVALS DRILLED BY 24. PRODUCING INTERVAL(S), OF THIS COMPLETION—TOP, BOTTOM, NAME (MD AND TVD)* 6836' to 6847' South Blanco Tocito 6865' to 6873' South Blanco Tocito 25. WAS DIRECTIONAL SURVEY MADE no

26. TYPE ELECTRIC AND OTHER LOGS RUN Cement Bond Log 27. WAS WELL CORED no

28. CASING RECORD (Report all strings set in well)

CASING SIZE	WEIGHT, LB./FT.	DEPTH SET (MD)	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
9 5/8"	32.3#	264'	13 1/4"	200 sacks	
4 1/2"	10.5# & 11.6#	7604'	6 3/4"	650 sacks	

29. LINER RECORD					30. TUBING RECORD		
SIZE	TOP (MD)	BOTTOM (MD)	SACKS CEMENT*	SCREEN (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)
					2 3/8"	6870'	

31. PERFORATION RECORD (Interval, size and number)		32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.	
Two .32 dia. holes per foot from 6836' to 6847'		DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED
Two .32 dia. holes per foot from 6865' to 6873'		6836' to 6847'	nitrogen foam frac'd with
		& 6865' to 6873'	28,820# 20/40 sand

33.* PRODUCTION

DATE FIRST PRODUCTION		PRODUCTION METHOD (Flowing, gas lift, pumping—size and type of pump)				WELL STATUS (Producing or shut-in)	
11-3-97		Flowing				Shut-in	
DATE OF TEST	HOURS TESTED	CHOKE SIZE	PROD'N. FOR TEST PERIOD	OIL—BBL.	GAS—MCF.	WATER—BBL.	GAS-OIL RATIO
11-3-97	1 hour			7	49	0	7,000
FLOW. TUBING PRESS.	CASING PRESSURE	CALCULATED 24-HOUR RATE	OIL—BBL.	GAS—MCF.	WATER—BBL.	OIL GRAVITY-API (CORR.)	
71#	182#		168	1,176	0	48	

34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.) Vented TEST WITNESSED BY

35. LIST OF ATTACHMENTS

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records
SIGNED Robert J. Vergara TITLE Superintendent DATE 12-5-97

*(See Instructions and Spaces for Additional Data on Reverse Side)

7. SUMMARY OF POROUS ZONES: (Show all important zones of porosity and contents thereof; cored intervals; and all drill-stem, tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures, and recoveries):

38. GEOLOGIC MARKERS

FORMATION	TOP	BOTTOM	DESCRIPTION, CONTENTS, ETC.	NAME	TOP	
					MEAS. DEPTH	TRUE VERT. DEPTH
Alamo	2513'	2602'	Water Sands	Alamo	2513'	
Fruitland	2895'	3110'	Coal	Fruitland	2895'	
Pictured Cliffs	3125'	3157'	Gas Sand	Pictured Cliffs	3125'	
Mesa Verde	4790'	5502'	Gas Sand	Mesa Verde	4790'	
Tocito	6832'	6874'	Oil Sand	Tocito	6832'	
Dakota	7302'	7602'	Gas Sand	Dakota	7302'	

CAULKINS OIL COMPANY

P.O. BOX 340
BLOOMFIELD, NEW MEXICO 87413

December 5, 1997

Aztec Copy

State of New Mexico
Oil Conservation Division
2040 S. Pacheco
Santa Fe, NM 87505

RECEIVED
DEC 11 1997

OIL CON. DIV.
DIST. 3

Re: NSL Breech "A" 136
890' F/N and 990' F/E
Sec. 10-26N-6W
Rio Arriba County, New Mexico

Gentlemen:

We are requesting administrative approval for a non-standard location.

Original approval to drill and complete a Dakota well was received on November 26, 1963.

Well was spudded on November 27, 1963.

TD of 7605' was reached on December 19, 1963.

Permission was received to temporarily plug the Dakota zone and test the Tocito zone on June 13, 1997.

Perforating and treating has been completed. Commercial oil production from the Tocito zone has been developed.

A standard location for South Blanco Tocito well, Order No. R-326 requires that a Tocito well be drilled in the center of Northwest Quarter of Quarter Section.

Tocito zone dedicated acreage 80 acres.

All off-set acreage is operated by Caulkins Oil Company.

Sincerely,

Robert L. Verquer

Robert L. Verquer
Superintendent

enc: BLM sundry notice dated December 3, 1997
State form C-102
Location map showing off-set wells