



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Administrative Order DHC-3977

Application Reference Number: pKVR0734156380

CAULKINS OIL CO
1409 W AZTEC BLVD, SUITE B7
AZTEC, NM 87410

Attention: ROBERT L. VERQUER

BREECH Well No. 228
API No: 30-039-21533
Unit A, Section 18, Township 26 North, Range 6 West, NMPM
Rio Arriba County, New Mexico

| | | |
|--------|-----------------------------------|-----------|
| Pool: | BASIN DAKOTA (PRORATED GAS) | Gas 71599 |
| Names: | BLANCO P. C. SOUTH (PRORATED GAS) | Gas 72439 |
| | BLANCO-MESAVERDE (PRORATED GAS) | Gas 72319 |
| | OTERO-CHACRA (GAS) | Gas 82329 |

Reference is made to your recent application for an exception to Rule 303.A. of the Division Rules and Regulations to permit the above-described well to commingle production from the subject pools in the wellbore.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of Rule 303.C., and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and any Division Order which authorized the dual completion or otherwise required separation of the zones is hereby placed in abeyance.

In accordance with Division 303C.(1)(f), the production attributed to any commingled pool within the well shall not exceed the allowable applicable to that pool.

Assignment of allowable to the well and allocation of production from the well shall be as follows.

| | | |
|--|-------------|-------------|
| BASIN DAKOTA (PRORATED GAS) Pool | Pct Gas: 59 | Pct Oil: 26 |
| BLANCO P. C. SOUTH (PRORATED GAS) Pool | Pct Gas: 24 | Pct Oil: 0 |
| OTERO CHACRA GAS Pool | Pct Gas: 10 | Pct Oil: 0 |

| | | |
|--------------------------------------|------------|-------------|
| BLANCO-MESAVERDE (PRORATED GAS) Pool | Pct Gas: 7 | Pct Oil: 74 |
|--------------------------------------|------------|-------------|

These percentages shall be amended only with written permission of the Division.

REMARKS: The operator shall notify the Aztec District Office of the Division upon implementation of commingling operations.

Pursuant to Rule 303C(2), the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.

Order approved at Santa Fe, New Mexico on 12/11/2007.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



MARK E. FESMIRE, P.E.
Director

cc: Oil Conservation Division – Aztec
Bureau of Land Management - Farmington