



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-3334

Caulkins Oil Company
1409 E. Aztec Blvd
Suite B7
Aztec, NM 87410

Attention: Robert Verquer

*Breach "A" Well No 136-F
API No. 30-039-26621
Unit J, Section 10, Township 26 North, Range 6 West, NMPM,
Rio Arriba County, New Mexico
South Blanco-Tocito (Oil 06460), and
Basin-Dakota (Prorated Gas 71599) Pools*

Dear Mr. Verquer:

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. These percentages shall be amended only with permission of the Aztec District Office and copied in writing to the Division office in Santa Fe.

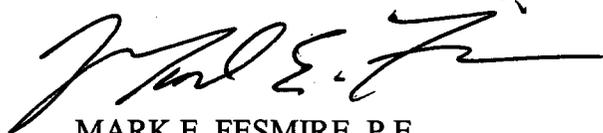
South Blanco-Tocito Oil Pool	Oil-90%	Gas-67%
Basin-Dakota Prorated Gas Pool	Oil-10%	Gas-33%

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Pursuant to Rule 303C(2), the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.

Approved at Santa Fe, New Mexico on this 24th day of August 2004.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



MARK E. FESMIRE, P.E.
Director

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