

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]**
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR

[D] Other: Specify _____

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply

- [A] Working, Royalty or Overriding Royalty Interest Owners
 [B] Offset Operators, Leaseholders or Surface Owner
 [C] Application is One Which Requires Published Legal Notice
 [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
 [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
 [F] Waivers are Attached

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] CERTIFICATION: I hereby certify that the information submitted with this application for administrative approval is **accurate and complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

_____ Print or Type Name	_____ Signature	_____ Title	_____ Date
_____ e-mail Address			

District I
1625 N. French Drive, Hobbs, NM 88240

District II
1301 W. Grand Avenue, Artesia, NM 88210

District III
1000 Rio Brazos Road, Aztec, NM 87410

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised May 15, 2000

RECEIVED

Oil Conservation Division

1220 South St. Francis Dr. SEP 13 2004
Santa Fe, New Mexico 87505

APPLICATION TYPE

Single Well

Establish Pre-Approved Pools

OIL CONSERVATION EXISTING WELLBORE

APPLICATION FOR DOWNHOLE COMMINGLING DIVISION

X Yes ___ No

Operator Caulkins Oil Company Address 1409 W. Aztec, Blvd., Suite B7, Aztec NM 87410

Lease BREECH "B" Well No. 305 Unit Letter-Section-Township-Range UNIT M - SEC. 14-26N-7W County Rio Arriba

OGRID No. 003824 Property Code 2456 API No. 30-039-27329 Lease Type: X Federal ___ State ___ Fee ___

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	<u>BLANCO Mesa Verde</u>		<u>Basin Dakota</u>
Pool Code	<u>72319</u>		<u>71599</u>
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	<u>4556' - 4691'</u>		<u>6663' - 6789'</u>
Method of Production (Flowing or Artificial Lift)	<u>Flowing</u>		<u>Flowing</u>
Bottomhole Pressure <small>(Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)</small>			
Oil Gravity or Gas BTU (Degree API or Gas BTU)			<u>1224 BTU</u>
Producing, Shut-In or New Zone	<u>New Zone</u>		<u>Producing</u>
Date and Oil/Gas/Water Rates of Last Production. <small>(Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)</small>	Date: <u>8-30-04</u> Rate: Gas <u>211</u> Oil <u>2.25</u> Water <u>1.5</u> MCF/D Bbl Bbl	Date: _____ Rate: Gas _____ Oil _____ Water _____ MCF/D Bbl Bbl	Date: <u>12 month average</u> Rate: Gas <u>313</u> Oil <u>2.21</u> Water <u>0.5</u> MCF/D Bbl Bbl
Fixed Allocation Percentage <small>(Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)</small>	Oil <u>50</u> % Gas <u>40</u> %		Oil <u>50</u> % Gas <u>60</u> %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes X No ___
 If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes ___ No ___

Are all produced fluids from all commingled zones compatible with each other? Yes X No ___

Will commingling decrease the value of production? Yes ___ No X

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

NMOCD Reference Case No. applicable to this well: DHC-659, R-5403, DHC-455, DHC-1027

- 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 working, royalty and overriding royalty interests for uncommon interest cases.
 - Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

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

SIGNATURE Robert L. Verquer TITLE Superintendent DATE August 31, 2004
 TYPE OR PRINT NAME Robert L. Verquer TELEPHONE NO. (505) 334-4323

EXHIBIT "H"

State of New Mexico

Form C-102

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

Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

1220 South St. Francis Drive

Santa Fe, NM 87504

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		² Pool Code 71599		³ Pool Name BASIN DAKOTA	
⁴ Property Code 2456		⁵ Property Name BREECH "B"			⁶ Well Number 305
⁷ OGRID No. 003824		⁸ Operator Name Caulkins Oil Company			⁹ Elevation 6140 GR

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	14	26N	6W		1072'	South	1157'	West	Rio Arriba

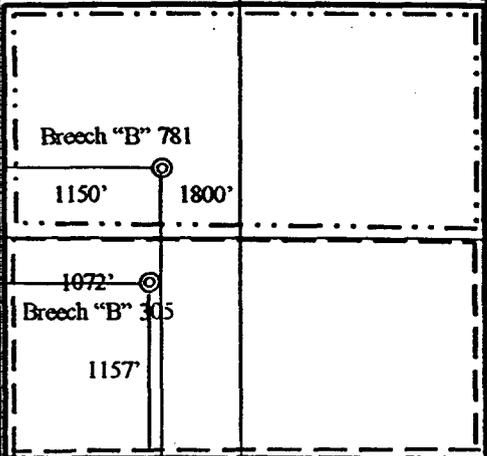
¹¹ Bottom Hole Location If Different From Surface

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 160	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				<p>¹⁷ OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</i></p> <p><i>Robert L. Verquer</i></p> <p>Signature</p> <p>Printed Name Robert L. Verquer</p> <p>Title Superintendent</p> <p>Date January 7, 2002</p>
				<p>¹⁸ SURVEYOR CERTIFICATION</p> <p><i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.</i></p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p> <p>Certificate Number</p>



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PO Box 1980, Hobbs, NM 88241-1980

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AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code 72319		³ Pool Name MESA VERDE	
⁴ Property Code 2456		⁵ Property Name BREECH "B"			⁶ Well Number 305
⁷ OGRID No. 003824		⁸ Operator Name Caulkins Oil Company			⁹ Elevation 6140 GR

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	14	26N	6W		1072'	South	1157'	West	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

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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

<p>¹⁶</p> <p>RECEIVED</p> <p>2004 JUN -3 AM 11:48</p> <p>070 Farmington, NM</p>				<p>¹⁷ OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and</p> <p><i>Robert L. Verquer</i></p> <p>Signature</p> <p>Printed Name Robert L. Verquer</p> <p>Title Superintendent</p> <p>Date June 2, 2004</p>
	<p>Breech "B" 781</p> <p>1150' 1800'</p> <p>1072'</p> <p>Breech "B" 305</p> <p>1157'</p>			<p>¹⁸ SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by my supervision, and that the same is true and correct to the best of my knowledge and belief.</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p> <p>Certificate Number</p>

**LAST 12-MONTHS PRODUCTION
FOR
BREECH B 305**

DAKOTA

MONTH	GAS	OIL	WATER	DAYS	GAS DPA	OIL DPA
08/03	6,827	0	0	21	325	0.000
09/03	7,690	131	20	27	285	4.852
10/03	9,590	136	20	31	309	4.387
11/03	9,885	86	13	30	330	2.867
12/03	10,217	100	15	31	330	3.226
01/04	10,198	66	10	31	329	2.129
02/04	9,242	54	8	29	319	1.862
03/04	9,856	63	9	31	318	2.032
04/04	9,368	43	6	30	312	1.433
05/04	9,315	51	8	30	311	1.700
06/04	9,265	35	5	30	309	1.167
07/04	8,746	28	4	31	282	0.903
	110,199	793	118		313	2.213

**UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT**

SUNDRY NOTICES AND REPORTS ON WELLS

(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)

5. Lease
NMNM-03381

6. If Indian, Allottee or Tribe Name

7. Unit Agreement Name

1. Oil Well Gas Well Other
GAS WELL

2. Name of Operator:
Caulkins Oil Company

3. Address of Operator: **(505) 334-4323**
1409 W. Aztec Blvd. Ste B7, Aztec, NM 87410

4. Location of Well (Footage, Sec., Twp., Rge.)
1072' F/S 1157' F/W SEC. 14-26N-7W

8. Well Name and No.
BREECH "B" 305

9. API Well No.
30-039-27329-00C1

10. Field and Pool, Exploratory Area
BASIN DAKOTA, MESA VERDE

11. Country or Parish, State
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
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment
<input checked="" type="checkbox"/> Subsequent Report	<input checked="" type="checkbox"/> Recompletion
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> Altering Casing
	<input type="checkbox"/> Other _____
	<input type="checkbox"/> Change of Plans
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Conversion to Injection
	<input type="checkbox"/> Dispose Water

17. Describe Proposed or Completed Operations:

8-20-04 Move to location.
Rig up.
T. O. H. laying down 211 joints 2 3/8" tubing.
Install frac valve.

8-23-04 Rigged down and moved.
Rigged up Bluejet.
Run cast iron bridge plug to 4800'.
Perforated Mesa Verde zone with 4 shots per foot.
4691' - 4686', 24 shots
4631' - 4627', 16 shots
4584' - 4580', 16 shots
4579' - 4565', 56 shots
4560' - 4556', 16 shots

(continued on page 2)

NOTE: The format is issued in lieu of U.S. BLM Form 3160-5

18. I HEREBY CERTIFY THE FOREGOING IS TRUE AND CORRECT

SIGNED: Robert L. Verquer TITLE: Superintendent DATE: September 3, 2004
ROBERT L. VERQUER

APPROVED BY: _____ TITLE: _____ DATE: _____
CONDITIONS OF APPROVAL, IF ANY

Caulkins Oil Company
BLM Sundry Notice
Breech "B" 305
September 3, 2004
Page 2

- 8-25-04 Rigged up BJ Services.
Frac'd Mesa Verde zone with 105,420# sand and 7,165 m/scf N₂ foam.
Shut well in overnight.
- 8-26-04 1310# shut-in pressure
Nipped up 1/2" choke.
Flowing back.
- 8-27-04 Nipped up BOP
T. I. H. with 2 3/8" tubing.
Tagged sand at 4600'.
Cleaned out to 4800' with air package.
Unloaded well through tubing.
Flowing to clean up and test.
- 8-30-04 Shut-in pressures: Tubing 785#, Casing 1040#
Tested Mesa Verde for 3 hours through 3/4" choke.
Tubing 61#, Casing 139#, calculated flow 1,058 MCF/D.
T. I. H. with tubing.
Tagged sand 80' above cast iron bridge plug at 4800'.
Cleaned out sand with air package.
Milled out cast iron bridge plug.
Continued in hole with tubing.
Cleaned out to 6827' with air package.
T. O. H. with tubing and mill.
- 8-31-04 T. I. H. with 2 3/8" production tubing.
Landed on doughnut at 6772'
Released rig.
Well will be turned on to sales line upon receiving downhole commingle order from NMOCD.

District I
1625 N. French Drive, Hobbs, NM 88240

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District IV
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State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised May 15, 2000

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

APPLICATION TYPE
 Single Well
 Establish Pre-Approved Pools
EXISTING WELLBORE
 X Yes No

APPLICATION FOR DOWNHOLE COMMINGLING

Operator Caulkins Oil Company Address 1409 W. Aztec, Blvd., Suite B7, Aztec NM 87410

Lease BREECH "B" Well No. 305 Unit Letter-Section-Township-Range UNIT M - SEC. 14-26N-7W County Rio Arriba

OGRID No. 003824 Property Code 2456 API No. 30-039-27329 Lease Type: X Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Mesa Verde		Basin Dakota
Pool Code	72319		71599
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	4556' - 4691'		6663' - 6789'
Method of Production (Flowing or Artificial Lift)	Flowing		Flowing
Bottomhole Pressure <small>(Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)</small>			
Oil Gravity or Gas BTU (Degree API or Gas BTU)			1224 BTU
Producing, Shut-In or New Zone	New Zone		Producing
Date and Oil/Gas/Water Rates of Last Production. <small>(Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)</small>	Date: 8-30-04 Rate: Gas 211 MCF/D, Oil 2.25 Bbl, Water 1.5 Bbl	Date: Rate: Gas MCF/D, Oil Bbl, Water Bbl	Date: 12 month average Rate: Gas 313 MCF/D, Oil 2.21 Bbl, Water 0.5 Bbl
Fixed Allocation Percentage <small>(Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)</small>	Oil 50 % Gas 40 %		Oil 50 % Gas 60 %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes X No
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes No

Are all produced fluids from all commingled zones compatible with each other? Yes X No

Will commingling decrease the value of production? Yes No X

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

NMOCD Reference Case No. applicable to this well: DHC-659, R-5403, DHC-455, DHC-1027

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.
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- Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

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

SIGNATURE Robert L. Verquer TITLE Superintendent DATE August 31, 2004
TYPE OR PRINT NAME Robert L. Verquer TELEPHONE NO. (505) 334-4323

EXHIBIT "H"

State of New Mexico

Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

1220 South St. Francis Drive
Santa Fe, NM 87504

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

District I

PO Box 1980, Hobbs, NM 88241-1980

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811 South First, Artesia, NM 88210

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WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code 71599		³ Pool Name BASIN DAKOTA	
⁴ Property Code 2456		⁵ Property Name BREECH "B"			⁶ Well Number 305
⁷ OGRID No. 003824		⁸ Operator Name Caulkins Oil Company			⁹ Elevation 6140 GR

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
M	14	26N	6W		1072'	South	1157'	West	Rio Arriba

¹¹ Bottom Hole Location If Different From Surface

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16				¹⁷ OPERATOR CERTIFICATION	
				<p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</i></p> <p align="right"><i>Robert L Verquer</i></p> <p>Signature</p> <p>Printed Name Robert L. Verquer</p> <p>Title Superintendent</p> <p>Date January 7, 2002</p>	
				¹⁸ SURVEYOR CERTIFICATION	
				<p><i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.</i></p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p> <p align="right">Certificate Number</p>	

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¹⁶ 	¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and Signature Printed Name Robert L. Verquer Title Superintendent Date June 2, 2004		
	¹⁸ SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by my supervision, and that the same is true and correct to the best of my knowledge and belief. Date of Survey Signature and Seal of Professional Surveyor: Certificate Number		

**LAST 12-MONTHS PRODUCTION
FOR
BREECH B 305**

DAKOTA

MONTH	GAS	OIL	WATER	DAYS	GAS DPA	OIL DPA
08/03	6,827	0	0	21	325	0.000
09/03	7,690	131	20	27	285	4.852
10/03	9,590	136	20	31	309	4.387
11/03	9,885	86	13	30	330	2.867
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01/04	10,198	66	10	31	329	2.129
02/04	9,242	54	8	29	319	1.862
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04/04	9,368	43	6	30	312	1.433
05/04	9,315	51	8	30	311	1.700
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DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT**

SUNDRY NOTICES AND REPORTS ON WELLS

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5. Lease

NMNM-03381

6. If Indian, Allottee or Tribe Name

7. Unit Agreement Name

8. Well Name and No.

BREECH "B" 305

9. API Well No.

30-039-27329-00C1

10. Field and Pool, Exploratory Area

BASIN DAKOTA, MESA VERDE

11. Country or Parish, State

Rio Arriba Co., New Mexico

1. Oil Well Gas Well Other
GAS WELL

2. Name of Operator:

Caulkins Oil Company

3. Address of Operator:

(505) 334-4323

1409 W. Aztec Blvd. Ste B7, Aztec, NM 87410

4. Location of Well (Footage, Sec., Twp., Rge.)

1072' F/S 1157' F/W

SEC. 14-26N-7W

12. CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION	
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment	<input type="checkbox"/> Change of Plans
<input checked="" type="checkbox"/> Subsequent Report	<input checked="" type="checkbox"/> Recompletion	<input type="checkbox"/> New Construction
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Altering Casing	<input type="checkbox"/> Conversion to Injection
	<input type="checkbox"/> Other _____	<input type="checkbox"/> Dispose Water

17. Describe Proposed or Completed Operations:

8-20-04 Move to location.

Rig up.

T. O. H. laying down 211 joints 2 3/8" tubing.

Install frac valve.

8-23-04 Rigged down and moved.

Rigged up Bluejet.

Run cast iron bridge plug to 4800'.

Perforated Mesa Verde zone with 4 shots per foot.

4691' - 4686', 24 shots

4631' - 4627', 16 shots

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4579' - 4565', 56 shots

4560' - 4556', 16 shots

(continued on page 2)

NOTE: The format is issued in lieu of U.S. BLM Form 3160-5

18. I HEREBY CERTIFY THE FOREGOING IS TRUE AND CORRECT

SIGNED: Robert L. Verquer
ROBERT L. VERQUER

TITLE: Superintendent DATE: September 3, 2004

APPROVED BY: _____ TITLE: _____ DATE: _____
CONDITIONS OF APPROVAL, IF ANY

Caulkins Oil Company
BLM Sundry Notice
Breach "B" 305
September 3, 2004
Page 2

- 8-25-04 Rigged up BJ Services.
Frac'd Mesa Verde zone with 105,420# sand and 7,165 m/scf N₂ foam.
Shut well in overnight.
- 8-26-04 1310# shut-in pressure
Nipped up 1/2" choke.
Flowing back.
- 8-27-04 Nipped up BOP
T. I. H. with 2 3/8" tubing.
Tagged sand at 4600'.
Cleaned out to 4800' with air package.
Unloaded well through tubing.
Flowing to clean up and test.
- 8-30-04 Shut-in pressures: Tubing 785#, Casing 1040#
Tested Mesa Verde for 3 hours through 3/4" choke.
Tubing 61#, Casing 139#, calculated flow 1,058 MCF/D.
T. I. H. with tubing.
Tagged sand 80' above cast iron bridge plug at 4800'.
Cleaned out sand with air package.
Milled out cast iron bridge plug.
Continued in hole with tubing.
Cleaned out to 6827' with air package.
T. O. H. with tubing and mill.
- 8-31-04 T. I. H. with 2 3/8" production tubing.
Landed on doughnut at 6772'
Released rig.
Well will be turned on to sales line upon receiving downhole commingle order from NMOCD.

District I
1625 N. French Drive, Hobbs, NM 88240

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised May 15, 2000

District II
1301 W. Grand Avenue, Artesia, NM 88210

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

APPLICATION TYPE
Single Well
Establish Pre-Approved Pools
EXISTING WELLBORE
 Yes No

District III
1000 Rio Brazos Road, Aztec, NM 87410

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

APPLICATION FOR DOWNHOLE COMMINGLING

Operator Caulkins Oil Company Address 1409 W. Aztec, Blvd., Suite B7, Aztec NM 87410

Lease BREECH "B" Well No. 305 Unit Letter-Section-Township-Range UNIT M - SEC. 14-26N-7W County Rio Arriba

OGRID No. 003824 Property Code 2456 API No. 30-039-27329 Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Mesa Verde		Basin Dakota
Pool Code	72319		71599
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	4556' - 4691'		6663' - 6789'
Method of Production (Flowing or Artificial Lift)	Flowing		Flowing
Bottomhole Pressure <small>(Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)</small>			
Oil Gravity or Gas BTU (Degree API or Gas BTU)			1224 BTU
Producing, Shut-In or New Zone	New Zone		Producing
Date and Oil/Gas/Water Rates of Last Production. <small>(Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)</small>	Date: 8-30-04 Rate: Gas 211 MCF/D, Oil 2.25 Bbl, Water 1.5 Bbl	Date: Rate: Gas, Oil, Water MCF/D, Bbl, Bbl	Date: 12 month average Rate: Gas 313 MCF/D, Oil 2.21 Bbl, Water 0.5 Bbl
Fixed Allocation Percentage <small>(Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)</small>	Oil 50 % Gas 40 %		Oil 50 % Gas 60 %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones?
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes No

Are all produced fluids from all commingled zones compatible with each other? Yes No

Will commingling decrease the value of production? Yes No

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

NMOCD Reference Case No. applicable to this well: DHC-659, R-5403, DHC-455, DHC-1027

- 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 working, royalty and overriding royalty interests for uncommon interest cases.
 - Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

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

SIGNATURE Robert L. Verquer TITLE Superintendent DATE August 31, 2004
TYPE OR PRINT NAME Robert L. Verquer TELEPHONE NO. (505) 334-4323

EXHIBIT "H"

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

1220 South St. Francis Drive

Santa Fe, NM 87504

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		² Pool Code 71599		³ Pool Name BASIN DAKOTA	
⁴ Property Code 2456	⁵ Property Name BREECH "B"			⁶ Well Number 305	
⁷ OGRID No. 003824	⁸ Operator Name Caulkins Oil Company			⁹ Elevation 6140 GR	

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	14	26N	6W		1072'	South	1157'	West	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 160	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

<p>¹⁶</p>	<p>¹⁷ OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</i></p> <p align="right"><i>Robert L Verquer</i></p> <p>Signature</p> <p>Printed Name Robert L. Verquer</p> <p>Title Superintendent</p> <p>Date January 7, 2002</p>		
	<p>¹⁸ SURVEYOR CERTIFICATION</p> <p><i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.</i></p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p>		
	<p align="right">Certificate Number</p>		

District I

PO Box 1980, Hobbs, NM 88241-1980

District II

811 South First, Artesia, NM 88210

District III

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¹⁶ 	¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and Signature Printed Name Robert L. Verquer Title Superintendent Date June 2, 2004		
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**LAST 12-MONTHS PRODUCTION
FOR
BREECH B 305**

DAKOTA

MONTH	GAS	OIL	WATER	DAYS	GAS DPA	OIL DPA
08/03	6,827	0	0	21	325	0.000
09/03	7,690	131	20	27	285	4.852
10/03	9,590	136	20	31	309	4.387
11/03	9,885	86	13	30	330	2.867
12/03	10,217	100	15	31	330	3.226
01/04	10,198	66	10	31	329	2.129
02/04	9,242	54	8	29	319	1.862
03/04	9,856	63	9	31	318	2.032
04/04	9,368	43	6	30	312	1.433
05/04	9,315	51	8	30	311	1.700
06/04	9,265	35	5	30	309	1.167
07/04	8,746	28	4	31	282	0.903
	110,199	793	118		313	2.213

**UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT**

SUNDRY NOTICES AND REPORTS ON WELLS

(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)

5. Lease

NMNM-03381

6. If Indian, Allottee or Tribe Name

7. Unit Agreement Name

8. Well Name and No.

BREECH "B" 305

9. API Well No.

30-039-27329-00C1

10. Field and Pool, Exploratory Area

BASIN DAKOTA, MESA VERDE

11. Country or Parish, State

Rio Arriba Co., New Mexico

1. Oil Well Gas Well Other
GAS WELL

2. Name of Operator:

Caulkins Oil Company

3. Address of Operator:

(505) 334-4323

1409 W. Aztec Blvd. Ste B7, Aztec, NM 87410

4. Location of Well (Footage, Sec., Twp., Rge.)

1072' F/S 1157' F/W

SEC. 14-26N-7W

12. CHECK APPROPRIATE BOX(es) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment
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