

**DISTRICT I**

P.O. Box 1980, Hobbs, NM 88240

**DISTRICT II**

811 South First St., Artesia, NM 88210

**DISTRICT III**

1000 Rio Brazos Rd., Aztec, NM 87410

State of New Mexico

Energy, Minerals and Natural Resources Department

**OIL CONSERVATION DIVISION**

2040 South Pacheco  
Santa Fe, New Mexico 87505-6429

Form C-107-A

New 3-12-96

APPROVAL PROCESS:

Administrative  Hearing

EXISTING WELLBORE

YES  NO

**APPLICATION FOR DOWNHOLE COMMINGLING**

**CAULKINS OIL COMPANY**

**P.O. BOX 340, BLOOMFIELD, NM 87413**

OPERATOR

ADDRESS

**BREECH**

**377**

**M - SEC. 23-26N-7W**

**RIO ARRIBA**

LEASE

WELL NO.

UNIT LTR. - SEC. - TWP. - RGE.

COUNTY

Spacing Unit Lease types: (check 1 or more)

OGRID NO. 003824 Property Code 2454 API NO. 30-039-25690 Federal  , State  , (and/or) Fee

The following facts are submitted in support of downhole commingling:	Upper Zone	Intermediate Zone	Lower Zone
1. Pool Name and Pool Code	Pictured Cliffs Commingled Order R-5648	Mesa Verde } Gallup } Commingled Order DHC-2031	Dakota Commingled Order DHC-2031
2. Top and Bottom of Pay Section (Perforations)	2986' to 3060'	MV 4654' to 5372' Gallup 6455' to 6892'	7328' to 7499'
3. Type of production (Oil or Gas)	Gas	Gas and Condensate	Gas and Condensate
4. Method of Production (Flowing or Artificial Lift)	Flowing	Flowing	Flowing
5. Bottomhole Pressure Zones - Artificial Lift: Estimated Current Gas & Oil - Flowing: Measured Current All Gas Zones: Estimated or Measured Original	a. (Current) 530#	a. Commingled _____	a. 884#
	b. (Original) 864 Estimated	b. MV 1210 Estimated Gallup 1466 Measured	b. 2452 Measured
Oil Gravity (° API) or Gas BTU Content	1168 BTU	1187 BTU	1187 BTU
7. Producing or Shut-In	Shut-in	Shut-in	Shut-in
Production Marginal? (yes or no)	Yes	Yes	Yes
* If Shut-In, give 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: Nov 98 - April 99 Avg Rates: Oil 0 Gas 59 Water 1.5	Date: Nov 98 - April 99 Avg Rates: MV .21 Oil .45 Gas .6 Gall .42 Oil .60 Gas .8	Date: Nov 98 - April 99 Avg Rates: Oil 2.07 Gas 144 Water .2
* If Producing, give date and oil/gas/water rates of recent test (within 60 days)	Date: Rates:	Date: Rates:	Date: Rates:
8. Fixed Percentage Allocation Formula - % for each zone	Oil 0 % Gas 19 %	MV Oil 7 % Gas 14 % Gall Oil 16 % Gas 20 %	Oil 77 % Gas 47 %

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 or Public Lands or the United States Bureau of Land Management has been notified in writing of this application.  Yes  No

15. NMOCD Reference Cases of Rule 303(c) Exceptions: ORDER NO(S). DHC-1920, R-10963, R-10239

**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. Verquer TITLE SUPERINTENDENT DATE June 28, 1999  
TYPE OR PRINT NAME ROBERT L. VERQUER TELEPHONE NO. (505) 632-1544

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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

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AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30-039-25690		<sup>2</sup> Pool Code 72439		<sup>3</sup> Pool Name SOUTH BLANCO PICTURED CLIFFS	
<sup>4</sup> Property Code 2454		<sup>5</sup> Property Name BREECH			<sup>6</sup> Well Number 377
<sup>7</sup> OGRID No. 003824		<sup>8</sup> Operator Name Caulkins Oil Company			<sup>9</sup> Elevation 6917 GR

<sup>10</sup> 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	23	26N	7W		1165'	South	1025'	West	Rio Arriba

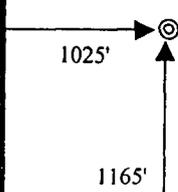
<sup>11</sup> Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<sup>12</sup> Dedicated Acres 160		<sup>13</sup> Joint or Infill		<sup>14</sup> Consolidation Code		<sup>15</sup> 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	<sup>17</sup> OPERATOR CERTIFICATION			
	<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>          Signature</p> <p>Printed Name <b>Robert L. Verquer</b></p> <p>Title <b>Superintendent</b></p> <p>Date <b>8-21-98</b></p>			
1025'	<sup>18</sup> SURVEYOR CERTIFICATION			
	<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>			
1165'	Certificate Number			

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 98 SEP -8 PM 1:11  
 D70 FARMINGTON, NM



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AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

<sup>1</sup> API Number 30-039-25690		<sup>2</sup> Pool Code 71599		<sup>3</sup> Pool Name BASIN DAKOTA	
<sup>4</sup> Property Code 2454		<sup>5</sup> Property Name BREECH			<sup>6</sup> Well Number 377
<sup>7</sup> OGRID No. 003824		<sup>8</sup> Operator Name Caulkins Oil Company			<sup>9</sup> Elevation 6917 GR

<sup>10</sup> Surface Location

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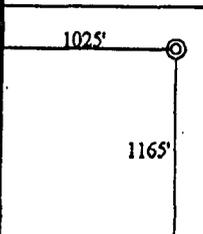
<sup>11</sup> Bottom Hole Location If Different From Surface

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

<sup>12</sup> Dedicated Acres 320	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> 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

6	<sup>17</sup> OPERATOR CERTIFICATION			
	<i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</i>			
				
	Signature			
Printed Name <b>Robert L. Verquer</b>				
Title <b>Superintendent</b>				
Date <b>June 25, 1998</b>				
<sup>18</sup> SURVEYOR CERTIFICATION				
<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>				
Date of Survey				
Signature and Seal of Professional Surveyor:				
Certificate Number				



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AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30-039-25690		<sup>2</sup> Pool Code 93235		<sup>3</sup> Pool Name ICE CANYON;GALLUP (G)	
<sup>4</sup> Property Code 2454		<sup>5</sup> Property Name BREECH			<sup>6</sup> Well Number 377
<sup>7</sup> OGRID No. 003824		<sup>8</sup> Operator Name Caulkins Oil Company			<sup>9</sup> Elevation 6917 GR

<sup>10</sup> 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	23	26N	7W		1165'	South	1025'	West	Rio Arriba

<sup>11</sup> 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

<sup>12</sup> Dedicated Acres 160	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
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					Signature <i>Robert L. Verquer</i> Printed Name <b>Robert L. Verquer</b> Title <b>Superintendent</b> Date <b>June 25, 1998</b>
					<sup>18</sup> SURVEYOR CERTIFICATION <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>
					Date of Survey Signature and Seal of Professional Surveyor:  Certificate Number

1025'

1165'

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AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30-039-25690		<sup>2</sup> Pool Code 72319		<sup>3</sup> Pool Name BLANCO MESA VERDE	
<sup>4</sup> Property Code 2454		<sup>5</sup> Property Name BREECH			<sup>6</sup> Well Number 377
<sup>7</sup> OGRID No. 003824		<sup>8</sup> Operator Name Caulkins Oil Company			<sup>9</sup> Elevation 6917 GR

<sup>10</sup> Surface Location

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M	23	26N	7W		1165'	South	1025'	West	Rio Arriba

<sup>11</sup> Bottom Hole Location If Different From Surface

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<p>Certificate Number</p>				

**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-03733

6. If Indian, Allottee or Tribe Name

7. Unit Agreement Name

1. Oil Well  Gas Well  Other   
GAS WELL

8. Well Name and No.

BREECH 377

2. Name of Operator:

**Caulkins Oil Company**

9. API Well No.

30-039-25(90-00C1

3. Address of Operator:

**(505) 632-1544**

**P.O. Box 340, Bloomfield, NM 87413**

10. Field and Pool, Exploratory Area

DAKOTA, ICE CANYON; GALLUP, MESA VERDE, PICTURED CLIFFS, CHACRA

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

1165' F/S 1025' F/W

SEC. 23-26N-7W

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 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 checked="" type="checkbox"/> Other <u>P&amp;A Chacra/Commingle</u>
	<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:

5-14-99      Rigged up.  
T.O.H. with 1 1/4" Pictured Cliffs – Chacra production tubing.  
Released packer and T.O.H. with 2 1/16" Dakota – Gallup – Mesa Verde production tubing.  
No holes found visually in either string, but both tubing strings were corroded from top of packer at 3955' to approximately 3000' indicating tubing submerged in water.

5-17-99      T.I.H. with 2 3/8" work string, retrievable bridge plug and packer searching for hole in casing.  
Casing pressure tested to 2000# above Pictured Cliffs to surface and above Chacra to base of Pictured Cliffs – held OK.  
Set retrievable bridge plug below Chacra perforations at 3922' and packer above Chacra perforations at 3832'.  
Swabbed well to test Chacra perforations.  
Following 18 swab runs, fluid level staying at 2200' with no indication of gas.  
Swabbing test indicated Chacra zone was giving up too much water to produce and should be plugged and abandoned.  
Approval to P&A zone was obtained verbally from both federal and state agencies.

(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: June 28, 1999  
**ROBERT L. VERQUER**

APPROVED BY: \_\_\_\_\_ TITLE: \_\_\_\_\_ DATE: \_\_\_\_\_  
CONDITIONS OF APPROVAL, IF ANY

AMEND DHC 7/20/99

# CAULKINS OIL COMPANY

P. O. BOX 340  
BLOOMFIELD, NEW MEXICO 87413  
PHONE: 505-632-1544  
FAX 505-632-1471

JUN 30 1999

June 28, 1999

State of New Mexico  
Oil Conservation Division  
ATTN: Lori Wrotenberry  
2040 South Pacheco  
Santa Fe, NM 87504

Re: Administrative Approval to Downhole Commingle  
Breach 377  
1165' F/S 1025' F/W Sec. 23-T26N-R-7W  
Rio Arriba County, New Mexico

Dear Ms Wrotenberry:

(ORRATED GAS - 72439)

Caulkins Oil Company requests to downhole commingle the South Blanco Pictured Cliffs, Blanco Mesa Verde, Ice Canyon Gallup and Basin Dakota pools in this well.

This well previously was approved to be produced as a dual completed commingled Pictured Cliffs - Otero Chacra (R-5648) above a packer and commingled Mesa Verde - Gallup - Dakota (DHC-2031) below a packer completion.

During recent workover activities, the Chacra zone was plugged and abandoned due to high volume of water being produced.

Jim Lavato with Farmington BLM and Frank Chavez with Aztec Oil Conservation Division were contacted and verbal approval was obtained to commingle well in above manner provided Pictured Cliffs' shut-in pressure was higher than 50% of Dakota - Gallup - Mesa Verde shut-in pressure and form C-107-A be submitted immediately following workover.

Shut-in and flow tests were conducted with workover rig on location. Tests indicated that well did meet pressure requirements and was commingled accordingly.

Please find enclosed:

- A. Form C-107-A
- B. Form C-102 for each zone
- C. Subsequent BLM sundry notice of workover
- D. Six months production data
- E. Notification list of offset operators
- F. Vicinity Map

If you have any questions, please contact me at 505-632-1544. Thank you.

Sincerely,



Robert L. Verquer  
Superintendent

- 5-18-99 Pulled 2 stands, reset packer at 3706'.  
Cemented Chacra perforations 3865' – 3885' through 2 3/8" tubing with 100 sacks (116 cu. ft.) class "H" plus 2% CaCl displaced with 15.5 bbls H<sub>2</sub>O.  
Attempted to squeeze perforations for 2 hours with no success.  
Cleared tubing, pulled 1 stand, reset packer at 3642'.  
Cemented perforations with 50 sacks (58 cu. ft.) class "H" plus 2% CaCl displaced with 15 bbls H<sub>2</sub>O.  
Squeezed perforations, shut-in tubing with 600 psi.  
Shut-in 16 hours, waiting on cement.
- 5-19-99 Released pressure from tubing.  
Released packer and T.O.H. T.I.H. with tubing and 4 3/4" bit.  
Tagged cement at 3751'.  
Drilled out 237' of cement to 3988'.  
NOTE: Drilling hard cement at 3988', retrievable bridge plug was set at 3922'. During above cementing job retrievable bridge plug slid down hole to undetermined point.  
Well producing a lot of water.
- 5-20-99 T.O.H. with tubing and bit.  
T.I.H. with retrievable bridge plug and packer testing casing to isolate water source.
- 5-21-99 Tests indicated that Chacra perforations were still leaking.  
Set packer at 3166' below Pictured Cliffs perforations, 2986' to 3060'.  
Established injection rate, 1 bbl per minute at 600#.  
Cemented hole with 50 sacks (58 cu. ft.) class "H" plus 2% CaCl.  
During displacement formation squeezed to 3500# with 6.5 bbls of cement inside of tubing.  
Released packer and T.O.H.
- 5-24-99 T.I.H. with tubing and 4 3/4" bit.  
Tagged cement at 2849' above Pictured Cliffs perforations, 2986' to 3060'.  
Drilling cement from 2849' to 3220', fell through.
- 5-25-99 Continued in hole with tubing and bit. Tagged cement at 3988'.  
Drilled through cement at 4243'.  
Continued in hole, tagged cement at 4539'.  
Drilled down and found top of retrievable bridge plug at 4659'.  
Mesa Verde perforations, 4647' to 5534'.  
T.O.H. with bit.

- 5-26-99 Multiple runs with washover shoes and fishing tools.  
thru Latched onto plug at 4687'.  
5-28-99 T.O.H. with retrievable bridge plug.
- 6-1-99 Approval to commingle Pictured Cliffs with Dakota – Gallup – Mesa Verde was obtained verbally from  
thru both BLM and Aztec Oil conservation Division, following required stabilized shut-in and potential test on  
6-8-99 Pictured Cliffs formation.  
T.I.H. with retrievable bridge plug and packer. Tested cemented Chacra perforations with 2000# - held OK.  
Set retrievable bridge plug 3424' and packer at 2921'.  
Acidized and balled off Pictured Cliffs perforations with 500 gallons 15% acid.  
Knocked balls out of perforations.  
Pumped 500 gallons 15% acid with 64,000 MSCF/N<sub>2</sub>.  
Average treating pressure 1300#. I. S.D.P. 1050#. Flowed back N<sub>2</sub> and acid.  
Shut well in for 3 days. Shut-in pressure 530#.  
3 hour calculated potential test 439 MCF/D. T.O.H. with packer and retrievable bridge plug.
- 6-9-99 Drilled out cement over Mesa Verde perforations from 4687' to 5398'.  
thru Continued in hole with tubing. Cleaned out to 7535' below Dakota perforations.  
6-15-99 T.O.H. with bit.
- 6-16-99 T.I.H. with retrievable bridge plug and packer.  
Set retrievable bridge plug at 5720'. Set packer at 4433'.  
Acidized and balled off Mesa Verde perforations with 1000 gallons 15% acid and 85,000 MSCF/N<sub>2</sub>.  
Flowed back N<sub>2</sub> and acid.
- 6-17-99 T.O.H. with retrievable bridge plug and packer.  
T.I.H. with 2 3/8" production tubing to 7514'.  
Flowed well over night with air package.
- 6-18-99 Landed 2 3/8" production tubing at 7451'.  
Swabbed well in. Now flowing to clean up.
- Commingling application attached.

**LAST 6-MONTHS PRODUCTION  
FOR  
BREECH 377**

**DAKOTA**

MONTH	GAS	OIL	DAYS	GAS DPA	OIL DPA
11/98	536	10	2	268	5.000
12/98	4,318	83	22	196	3.773
01/99	3,992	62	31	129	2.000
02/99	3,621	50	28	129	1.786
03/99	4,152	56	30	138	1.867
04/99	4,021	36	30	134	1.200
	<b>20,640</b>	<b>297</b>		<b>144</b>	<b>2.077</b>

**MESA VERDE**

MONTH	GAS	OIL	DAYS	GAS DPA	OIL DPA
11/98	166	3	2	83	1.500
12/98	1,340	8	22	61	0.364
01/99	1,239	5	31	40	0.161
02/99	1,124	5	28	40	0.179
03/99	1,289	5	30	43	0.167
04/99	1,248	3	30	42	0.100
	<b>6,406</b>	<b>29</b>		<b>45</b>	<b>0.203</b>

**GALLUP**

MONTH	GAS	OIL	DAYS	GAS DPA	OIL DPA
11/98	222	0	2	111	0.000
12/98	1,787	17	22	81	0.773
01/99	1,652	13	31	53	0.419
02/99	1,498	10	28	54	0.357
03/99	1,718	12	30	57	0.400
04/99	1,664	8	30	55	0.267
	<b>8,541</b>	<b>60</b>		<b>60</b>	<b>0.420</b>

**PICTURED CLIFFS**

MONTH	GAS	OIL	DAYS	GAS DPA	OIL DPA
11/98	1,510	---	4	378	---
12/98	5,042	---	31	163	---
01/99	1,292	---	31	42	---
02/99	428	---	28	15	---
03/99	235	---	31	8	---
04/99	152	---	22	7	---
	<b>8,659</b>	<b>---</b>		<b>59</b>	<b>---</b>

# CAULKINS OIL COMPANY

P. O. BOX 340  
BLOOMFIELD, NEW MEXICO 87413  
PHONE: 505-632-1544  
FAX 505-632-1471

June 28, 1999

The following list is all the offset operators to Caulkins Oil Company well Breech 377, section 23, township 26N, range 7W

Burlington Resources  
P.O. Box 4289  
Farmington, NM 87499

Central Resources, Inc.  
1776 Lincoln St. Suite 1010  
Denver, CO 80202

Chateau Oil & Gas  
5802 U.S. Hwy 64  
Farmington, NM 87402

Conoco, Inc.  
3315 Bloomfield Highway  
Farmington, NM 87401

Dugan Production Corp.  
709 E. Murray Drive Box 420  
Farmington, NM 87401

Little Oil & Gas, Inc.  
P.O. Box 1258  
Farmington, NM 87499

Louis Dreyfus Natural Gas Company  
1400 Quail Springs Corporate Park Suite 600  
Oklahoma City, OK 73134

Taurus Exploraation USA, Inc.  
2198 Bloomfield Highway  
Farmington, NM 87402

Turner Production Company  
C/O Little Oil & Gas, Inc.  
P.O. Box 1258  
Farmington, NM 87499

Universal Resource Corp.  
1331 17<sup>th</sup> St. Suite 300  
Denver, CO 80202

Unocal  
1004 Big Spring  
Midland, TX 79702

