

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
X 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

DHC-3894

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

Lease BREECH "E" Well No. 118-E Unit Letter-Section-Township-Range UNIT E - SEC. 1-26N-6W County Rio Arriba

OGRID No. 003824 Property Code 2459 API No. 30-039-23155 Lease Type: X Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	<u>BLANCO</u> Mesa Verde <u>Pro Gas</u>	<input checked="" type="checkbox"/> South Blanco Tocito <u>OIL</u>	<input checked="" type="checkbox"/> Basin Dakota <u>Pro Gas</u>
Pool Code	<u>72319</u> <input checked="" type="checkbox"/>	<u>06460</u> <input checked="" type="checkbox"/>	<u>71599</u> <input checked="" type="checkbox"/>
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	<u>5030' - 5662'</u>	<u>7055' - 7068'</u>	<u>7548' - 7760'</u>
Method of Production (Flowing or Artificial Lift)	<u>Flowing</u>	<u>Flowing</u>	<u>Flowing</u>
Bottomhole Pressure (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)			
Oil Gravity or Gas BTU (Degree API or Gas BTU)	<u>1192</u>	<u>Estimated 1248</u>	<u>1192</u>
Producing, Shut-In or New Zone			
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.)	Date: <u>12 Month Avg.</u> Rate: Gas <u>104</u> Oil <u>.47</u> Water <u>.067</u> MCF/D Bbl Bbl	Date: <u>Estimated</u> Rate: Gas <u>200</u> Oil <u>3.0</u> Water <u>.10</u> MCF/D Bbl Bbl	Date: <u>12 Month Avg.</u> Rate: Gas <u>51</u> Oil <u>.025</u> Water <u>0.0</u> MCF/D Bbl Bbl
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Gas <u>29 %</u> Oil <u>12 %</u>	Gas <u>56 %</u> Oil <u>87 %</u>	Gas <u>15 %</u> Oil <u>1 %</u>

ADDITIONAL DATA

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

2006 APR 14 AM 11 12

NMOCD Reference Case No. applicable to this well: DHC-1868-A, DHC-2069-A, DHC-3287, DHC-3491, DHC-2102

- 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 March 27, 2006

TYPE OR PRINT NAME Robert L. Verquer TELEPHONE NO. (505)-334-4323

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 _____

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

5. Lease
NMNM-03551

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)

6. If Indian, Allottee or Tribe Name

7. Unit Agreement Name
SW73

1. Oil Well Gas Well Other
GAS WELL

8. Well Name and No.
BREECH "E" 118-E

2. Name of Operator:
Caulkins Oil Company

9. API Well No.
30-039-23155-00C1

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

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

4. Location of Well (Footage, Sec., Twp., Rge.)
1840' F/N 800' F/W SEC. 1-26N-6W

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 checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment	<input type="checkbox"/> Change of Plans
<input 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 checked="" type="checkbox"/> Other <u>Downhole Commingle</u>	<input type="checkbox"/> Dispose Water

17. Describe Proposed or Completed Operations:

3-27-06 We request approval to recomplete this well in South Blanco Tocito formation by the following procedure:

Rig up. T. O. H. with 2 3/8" tubing from 7731'.

Run wireline set retrievable bridge plug to 7150'.

Run gas spectrum log through Tocito & Gallup formations, 7100' to 6500'.

Perforate Tocito zone, 7068' to 7055'.

T. I. H. with 2 7/8" tubing with fullbore packer to approximately 6000'.

Frac Tocito zone with 20,000# 20/40 sand and N2 foam.

Flow well back to clean up and test.

T. O. H. laying down 2 7/8" tubing with packer.

T. I. H. with 2 3/8" tubing with retrieving head.

T. O. H. with retrievable bridge plug from 7150'.

T. I. H. with 2 3/8" production tubing.

Clean out to BPTD with air foam unit.

Land tubing on doughnut at approximately 7700'.

Rig down and move.

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: March 27, 2006
ROBERT L. VERQUER

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

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 30-039-23155		² Pool Code 71599		³ Pool Name BASIN DAKOTA	
⁴ Property Code 2459		⁵ Property Name BREECH "E"			⁶ Well Number 118-E
⁷ OGRID No. 003824		⁸ Operator Name Caulkins Oil Company			⁹ Elevation 6743 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
E	1	26N	6W		1840'	North	800'	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 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 Printed Name Robert L. Verquer Title Superintendent Date March 27, 2006	
	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 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		

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Energy, Minerals & Natural Resources Department

Revised October 18, 1994

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Santa Fe, NM 87504

Fee Lease - 3 Copies

District IV

2040 South Pacheco, Santa Fe, NM 87505

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-039-23155		² Pool Code 72319		³ Pool Name MESA VERDE	
⁴ Property Code 2459		⁵ Property Name BRECH "E"			⁶ Well Number 118-E
⁷ OGRID No. 003824		⁸ Operator Name Caulkins Oil Company			⁹ Elevation 6743 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
E	1	26N	6W		1840'	North	800'	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.
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	Signature	
Printed Name Robert L. Verquer		Title Superintendent
Date March 27, 2006		
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	<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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Santa Fe, NM 87504

Fee Lease - 3 Copies

District IV

2040 South Pacheco, Santa Fe, NM 87505

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-039-23155		² Pool Code 06460		³ Pool Name SOUTH BLANCO TOCITO	
⁴ Property Code 2459		⁵ Property Name BREECH "E"			⁶ Well Number 118-E
⁷ OGRID No. 003824		⁸ Operator Name Caulkins Oil Company			⁹ Elevation 6743 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
E	1	26N	6W		1840'	North	800'	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 80	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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Printed Name Robert L. Verquer		Title Superintendent
Date March 27, 2006		
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	Date of Survey	
	Signature and Seal of Professional Surveyor:	
Certificate Number		

**LAST 12-MONTHS PRODUCTION
FOR
BREECH E 118-E**

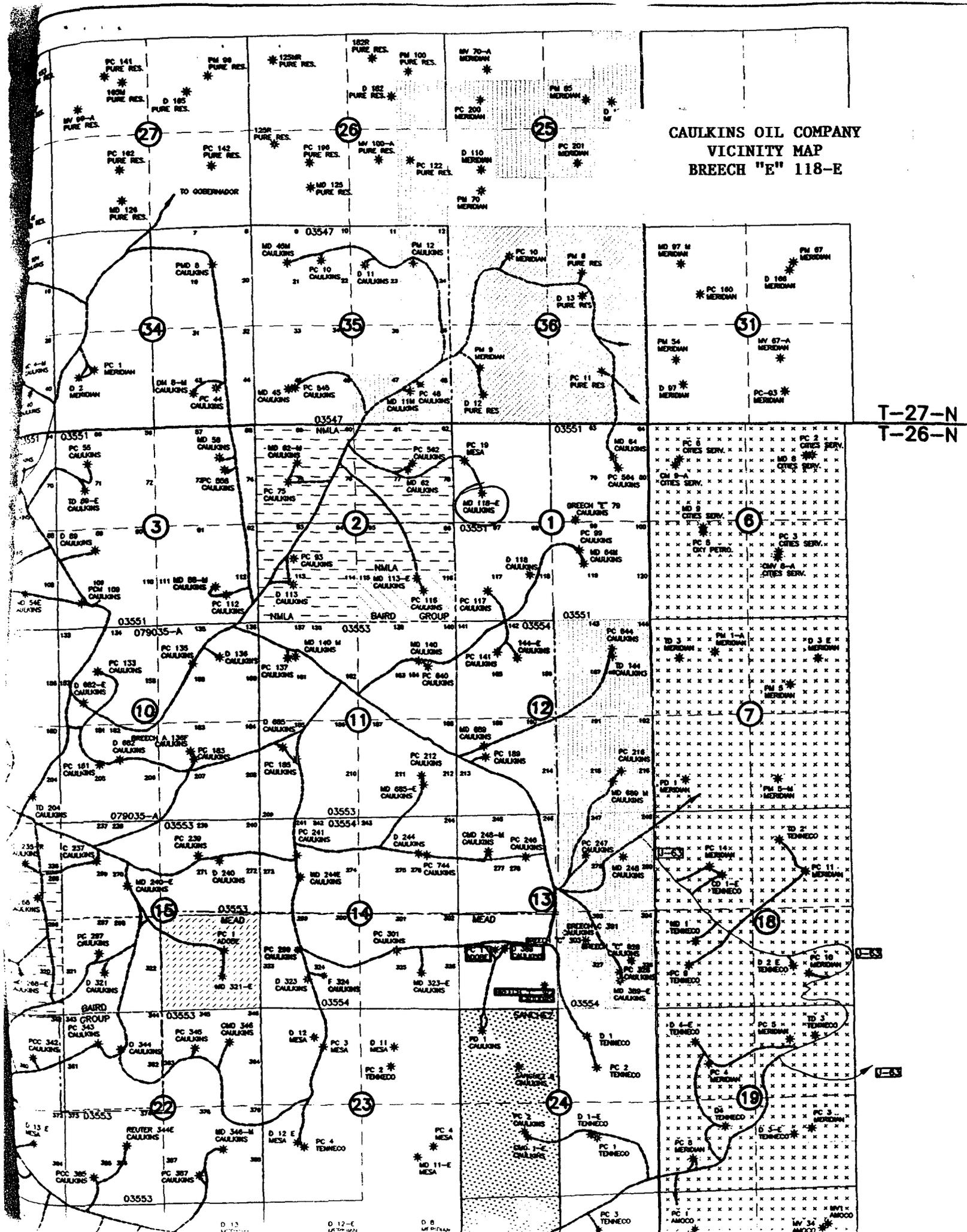
DAKOTA

MONTH	GAS	OIL	WATER	DAYS	GAS DPA	OIL DPA
03/05	1,578	0	0	31	51	0.000
04/05	1,533	1	0	30	51	0.033
05/05	1,497	1	0	31	48	0.032
06/05	1,538	1	0	30	51	0.033
07/05	1,590	1	0	31	51	0.032
08/05	1,509	1	0	31	49	0.032
09/05	1,539	0	0	30	51	0.000
10/05	1,288	1	0	25	52	0.040
11/05	1,531	0	0	30	51	0.000
12/05	1,589	1	0	31	51	0.032
01/06	1,553	1	0	31	50	0.032
02/06	1,430	1	0	28	51	0.036
	18,175	9	0		51	0.025

MESA VERDE

MONTH	GAS	OIL	WATER	DAYS	GAS DPA	OIL DPA
03/05	3,229	19	3	31	104	0.613
04/05	3,137	13	2	30	105	0.433
05/05	3,048	18	3	31	98	0.581
06/05	3,147	11	2	30	105	0.367
07/05	3,255	9	1	31	105	0.290
08/05	3,073	13	2	31	99	0.419
09/05	3,150	8	1	30	105	0.267
10/05	2,638	11	2	25	106	0.440
11/05	3,133	11	2	30	104	0.367
12/05	3,252	13	2	31	105	0.419
01/06	3,171	13	2	31	102	0.419
02/06	2,926	11	2	28	105	0.393
	37,159	150	24		104	0.417

CAULKINS OIL COMPANY
VICINITY MAP
BREECH "E" 118-E



T-27-N
T-26-N

1-3

1-3

D 13

D 12-E

D 8