



NEW MEXICO ENERGY, MINERALS & NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

ADMINISTRATIVE ORDER DHC-2430

Caulkins Oil Company
P.O. Box 340
Bloomfield, New Mexico 87413

Attention: Mr. Robert L. Verquer

*Sanchez No. 4-R
API No. 30-039-23723
Unit F, Section 25, Township 26 North, Range 6 West, NMPM,
Rio Arriba County, New Mexico.
Blanco-Mesaverde (Prorated Gas - 72319) 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 and required separation of the zones is hereby placed in abeyance.

The maximum amount of gas which may be produced daily from the well shall be determined by Division Rules and Regulations or by the gas allowable for each respective prorated pool as printed in the Division's San Juan Basin Gas Proration Schedule.

Assignment of allowable to the well and allocation of production from the well shall be on the following basis:

Blanco-Mesaverde Gas Pool	Oil-76%	Gas-39%
Basin-Dakota Gas Pool	Oil-24%	Gas-61%

Administrative Order DHC-2430

Caulkins Oil Company

August 23, 1999

Page 2

REMARKS: The Sanchez No. 4-R will be a dually completed well, the upper zone being an Otero-Chacra/South Blanco-Pictured Cliffs commingled completion, and the lower zone being a Blanco-Mesaverde/Basin-Dakota commingled completion. The Chacra and Pictured Cliffs will be commingled pursuant to the authority granted by Division Order No. R-5648 dated February 21, 1978. Pursuant to Order No. R-5648, 70 percent of the production shall be allocated to the Pictured Cliffs zone and 30 percent of the production shall be allocated to the Chacra zone.

Prior to commingling, the applicant shall obtain approval to dually complete the Sanchez Well No. 4-R from the Aztec District Office of the Division.

The operator shall notify the Aztec District Office of the Division upon implementation of the commingling process.

Pursuant to Rule 303.H., 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 23rd day of August, 1999.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


LORI WROTENBERY
Director

SEAL

LW/DRC

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