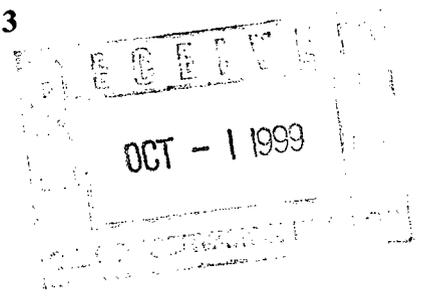


DHC 10/21/99

2494

CAULKINS OIL COMPANY

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



September 29, 1999

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

Re: Administrative Approval to Downhole Commingle
Breech 228-M, Sec. 18-T26N-R6W, Unit Letter I
Basin Dakota and Blanco Mesa Verde Formations
Rio Arriba County, New Mexico

Dear Ms. Wrottenberry:

This well has been drilled and is currently waiting on completion rig. Caulkins Oil Company requests approval to commingle well by following procedure:

- Move in workover rig.
- Drill out stage tools.
- Run correlation collar log.
- Perforate and frac Dakota.
- Set retrievable bridge plug between Dakota and Mesa Verde zones.
- Perforate and frac Mesa Verde zone.
- Clean out and test Mesa Verde zone.
- Pull retrievable bridge plug.
- Clean out and test Dakota - Mesa Verde combined.
- Subtract Mesa Verde test from combined test for percentage allocations.
- Land tubing.
- Move rig.
- Submit test results to NMOCD for final percentage allocation approvals.

All Caulkins Oil Company's and offset operators' wells immediately surrounding this well are currently commingled in these formations. The most recent commingles being Conoco Reams Com #3Y and Reams Com #2-M. Please reference DHC #1646 and #1647.

- Please find the enclosed:
- Form C-107-A
- Form C-102 for each zone
- Vicinity map
- Notification list of offset operators
- Sundry notice notifying BLM of intentions to comingle

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

Sincerely,


Robert L. Verquer
Superintendent

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

228-M

I - SEC. 18-26N-6W

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. 30-039-25926 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	MESA VERDE		BASIN DAKOTA
2. Top and Bottom of Pay Section (Perforations)	Approximately 4650' to 5220'		Approximately 7260' to 7430'
3. Type of production (Oil or Gas)	Gas and Condensate		Gas and Condensate
4. Method of Production (Flowing or Artificial Lift)	Flowing		Flowing
5. Bottomhole Pressure Zones - Artificial Lift: Estimated Current Gas & Oil - Flowing: Measured Current All Gas Zones: Estimated or Measured Original	a. (Current) Not completed	a.	a. Not completed
	b. (Original) 1154 psia Estimated	b.	b. 1821 psia Estimated
Oil Gravity (° API) or Gas BTU Content	1240 BTU Estimated		1189 BTU Estimated
7. Producing or Shut-In	Not completed		Not completed
Production Marginal? (yes or no)	Anticipated to be		Anticipated to be
* If Shut-In, give 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:	Date:	Date:
	Rates:	Rates:	Rates:
* If Producing, give date and oil/gas/water rates of recent test (within 60 days)	Date: To be determined	Date:	Date: To be determined
	Rates: from tests upon completion	Rates:	Rates: from tests upon completion
8. Fixed Percentage Allocation Formula - % for each zone	Oil % Gas %	Oil % Gas %	Oil % Gas %

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© Exceptions: ORDER NO(S). _____

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 September 28, 1999

TYPE OR PRINT NAME ROBERT L. VERQUER TELEPHONE NO. (505) 632-1544

DISTRICT I
P.O. Box 1980, Hobbs, N.M. 88241-1980

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised February 21, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT II
P.O. Drawer DD, Artesia, N.M. 88211-0719

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, NM 87504-2088

AMENDED REPORT

DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410

DISTRICT IV
PO Box 2088, Santa Fe, NM 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-039-25926		² Pool Code 72319	³ Pool Name MESA VERDE
⁴ Property Code 2454	⁵ Property Name BREECH		⁶ Well Number 228M
⁷ OGRID No. 3824	⁸ Operator Name CAULKINS OIL CO.		⁹ Elevation 6709

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
I	18	26-N	6-W		1520	SOUTH	1122	EAST	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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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 hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p> <p><i>Robert L. Verquer</i> Signature</p> <p>Robert L. Verquer Printed Name</p> <p>Superintendent Title</p> <p>September 14, 1999 Date</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 me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>10-1 Date of Survey</p> <p>ROY-A. RUSH Signature and Seal</p> <p>REGISTERED PROFESSIONAL LAND SURVEYOR NEW MEXICO 8894</p>
					<p>Certificate Number</p>

DISTRICT I
P.O. Box 1980, Hobbs, N.M. 88241-1980

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised February 21, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT II
P.O. Drawer DD, Artesia, N.M. 88211-0719

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, NM 87504-2088

RECEIVED
MAY 19 PM 12:39

AMENDED REPORT

DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410

DISTRICT IV
PO Box 2088, Santa Fe, NM 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number		*Pool Code	*Pool Name
		71599	Basin Dakota
*Property Code	*Property Name		*Well Number
2454	BREECH		228M
*GRID No.	*Operator Name		*Elevation
3824	CAULKINS OIL CO.		6709

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
I	18	26-N	6-W		1520	SOUTH	1122	EAST	Rio Arriba

¹¹ Bottom Hole Location If Different From Surface

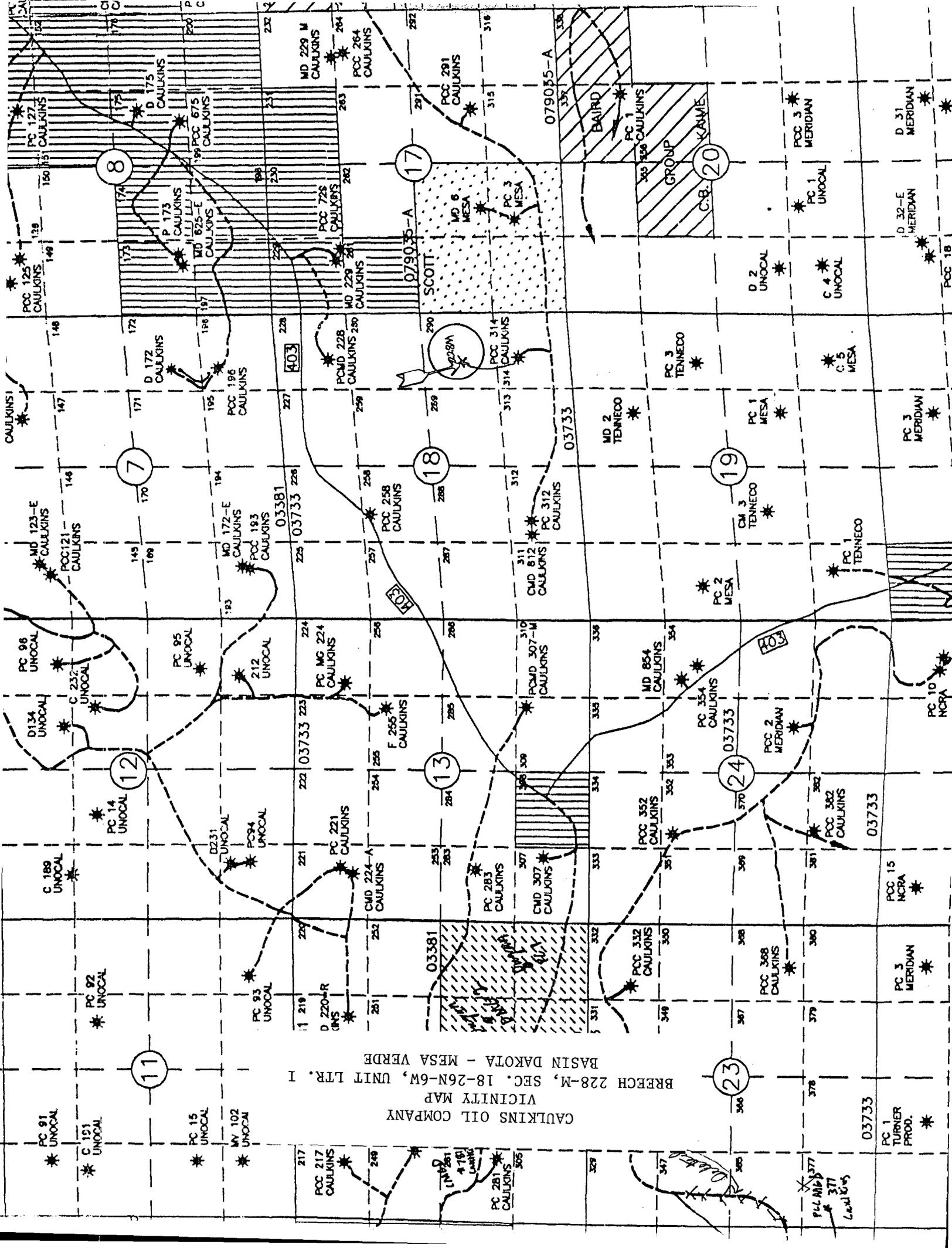
UL or lot no.	Section	Township	Range	Lot idn	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
320			

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

18					<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 belief.</p> <p><i>Robert L. Verquer</i> Signature</p> <p>Robert L. Verquer Printed Name</p> <p>Superintendent Title</p> <p>May 14, 1998 Date</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 me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>10-ROY-A. RUSH Date of Survey</p> <p>Signature and Seal of Registered Professional Land Surveyor</p> <p>NEW MEXICO REGISTERED PROFESSIONAL LAND SURVEYOR 8894</p> <p>Certificate Number</p>

CAULKINS OIL COMPANY
 VICINITY MAP
 BREECH 228-M, SEC. 18-26N-6W, UNIT LTR. 1
 BREECH BASIN DAKOTA - MESA VERDE



CAULKINS OIL COMPANY

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

September 14, 1999

The following list is all the offset operators to Caulkins Oil Company well Breech 228-M, section 18, township 26N, range 6W

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

Conoco, Inc.
3315 Bloomfield Highway
Farmington, NM 87401

Union Oil and Gas of California
ATTN: Heather Dahlgren
1004 Big Spring
Midland, TX 79702

**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 228-M

2. Name of Operator:

Caulkins Oil Company

9. API Well No.

30-039-25926

3. Address of Operator:

(505) 632-1544

P.O. Box 340, Bloomfield, NM 87413

10. Field and Pool, Exploratory Area

DAKOTA, MESA VERDE

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

1520' F/S 1122' F/E

SEC. 18-26N-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

Notice of Intent

Abandonment

Change of Plans

Subsequent Report

Recompletion

New Construction

Final Abandonment Notice

Plugging Back

Non-Routine Fracturing

Casing Repair

Water Shut-Off

Altering Casing

Conversion to Injection

Other Downhole Commingle

Dispose Water

17. Describe Proposed or Completed Operations:

9-29-99 Approval to downhole commingle this well has been submitted to the NMOCD. Commingling documents attached.
Pending approval, commingling will be done by the following procedure.
Move in workover rig. Drill out stage tools.
Run correlation collar log.
Perforate and frac Dakota.
Set retrievable bridge plug between Dakota and Mesa Verde zones.
Perforate and frac Mesa Verde zone.
Clean out and test Mesa Verde zone.
Pull retrievable bridge plug.
Clean out and test Dakota - Mesa Verde combined.
Subtract Mesa Verde test from combined test for percentage allocations.
Land tubing. Move rig.
Submit test results to NMOCD for final percentage allocation approvals.

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 29, 1999
ROBERT L. VERQUER

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