



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

Bill Richardson
Governor
Joanna Prukop
Cabinet Secretary

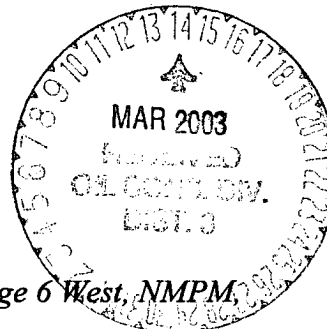
Lori Wrotenbery
Director
Oil Conservation Division

ADMINISTRATIVE ORDER DHC-3118

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

Attention: Mr. Robert L. Verquer

*Breech "E" Well No. 89-E
API No. 30-039-23634
Unit E, Section 3, Township 26 North, Range 6 West, NMPM,
Rio Arriba County, New Mexico.
Basin-Dakota (Prorated Gas - 71599) and
South Blanco-Tocito (Oil - 6460) 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:

South Blanco-Tocito Oil Pool	Oil-77%	Gas-49%
Basin-Dakota Prorated Gas Pool	Oil-23%	Gas-51%

Administrative Order DHC-3118

Caulkins Oil Company

March 10, 2003

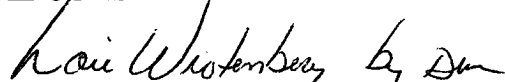
Page 2

REMARKS: The operator shall notify the Aztec District Office of the Division upon implementation of commingling operations.

Pursuant to Rule 303.C.(2), the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.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 10th day of March, 2003.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


LORI WROTENBERY
Director

LW/DRC

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