UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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070 Farmington, NM

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work **DRILL**	5. Lease Number NM-03381
1b. Type of Well **GAS**	6. If Indian, Name of Allottee or Tribe
2. Operator **CAULKINS OIL COMPANY**	7. Unit Agreement Name API# 30039 27330
3. Address & Phone No. of Operator **c/o ROBERT VERQUER** **P. O. Box 340, Bloomfield, NM 87413** **(505) 632-1544**	8. Farm or Lease Name **BREECH "B"** 9. Well Number **147**
4. Location of Well **1995 FNL & 2005' FEL**	10. Filed, Pool, or Wildcat **Basin Dakota** 11. Section, Township, & Range, Meridian, or Block G 7-26N-6W
14. Distance in Miles from Nearest Town **35 miles southeast of Blanco, NM Post Office.**	12. County **Rio Arriba** 13. State **New Mexico**

15. Distance from Proposed Location To Nearest Property Line or Lease Line **1995'**	16. Acres in Lease **1120 Acres**	17. Acres Assigned to Well 321.0 **NORTH ~~320~~ Acres**
18. Distance From Proposed Location To Nearest Well Drill, Compl., Or Applied For on Lease **1295'**	19. Proposed Depth **7400'**	20. Rotary or Cable Tools **ROTARY**
21. Elevations (DR, RT, GR, Etc.) **6547 GR**	22. Approximate Date Work Will Start **June 5, 2003**	

23. Proposed Casing and Cementing Program

EXHIBITS attached as follows

"A" Location and Elevation Plat
"B" Ten-Point Compliance Program
"C" Blowout Preventer Schematic
"D" Multi-Point Requirements for APD
"E" Vicinity Map - Access Roads
"F" Drill Rig Layout
"G" Production Facility Schematic
"H" Acerage dedication plat
"I" Archaeolgical Report

24. Signed Robert L Verquer Title **Superintendent** Date 02/14/03
Robert L. Verquer

Permit No. _____ Approval Date _____

Approved By **/s/ David J. Mankiewicz** Title _____ Date APR 22 2003

NOTE: THIS FORMAT IS ISSUED IN LIEU OF U.S. BLM FORM 3160-3

This action is subject to technical and procedural review pursuant to 43 CFR 3165.3 and appeal pursuant to 43 CFR 3165.4

DRILLING OPERATIONS AUTHORIZED ARE SUBJECT TO COMPLIANCE WITH ATTACHED "GENERAL REQUIREMENTS".

NMOCD

DISTRICT I
1625 N. French Dr., Hobbs, N.M. 88240

DISTRICT II
811 South First, Artesia, N.M. 88210

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

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-102
Revised August 15, 2000

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

[1] API Number	[2] Pool Code	[3] Pool Name
30-039-27330	71599	Basin Dakota

[4] Property Code	[5] Property Name	[6] Well Number
2456	BREECH B	147

[7] OGRID No.	[8] Operator Name	[9] Elevation
003824	CAULKINS OIL COMPANY	6547'

[10] Surface Location

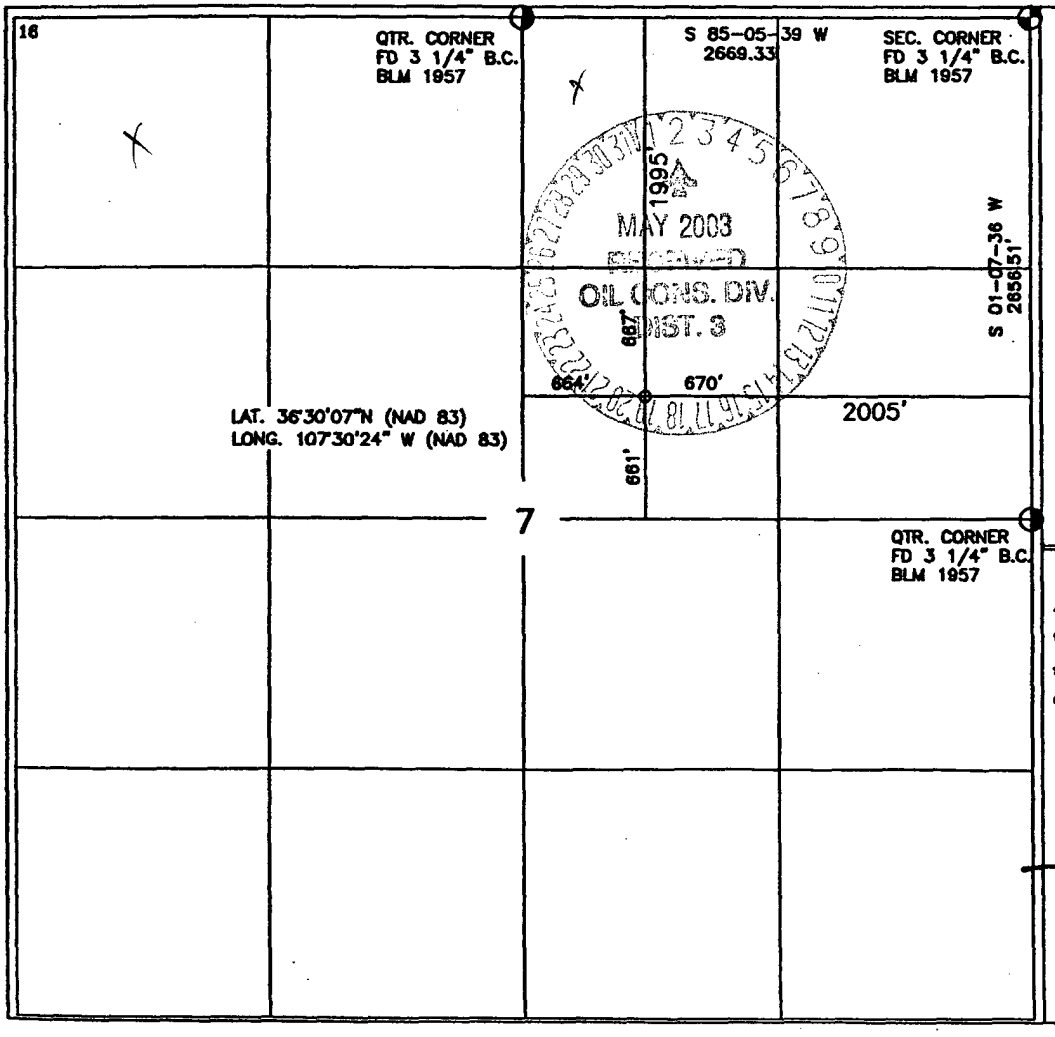
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	7	26-N	6-W		1995'	NORTH	2005'	EAST	RIO ARRIBA

[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



[17] OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Robert L Verquer
Signature

Robert L. Verquer
Printed Name

Superintendent
Title

May 1, 2003
Date

[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 belief.

DAVID J. HARRISON
NEW MEXICO
14827
REGISTERED PROFESSIONAL SURVEYOR

Date of Survey

Signature and Seal of Professional Surveyor:

14827
Certificate Number

EXHIBIT "B"

TEN POINT COMPLIANCE PROGRAM

Caulkins Oil Company
Breech "B" 147
1995' FNL & 2005' FEL, Sec. 7, 26N, 6W
Rio Arriba County, New Mexico
Lease No. NM - 03381

1. The Geological Surface Formation is : San Jose.

2. The Estimated Tops of Important Geological Markers:

Ojo Alamo	2138
Fruitland	2289
Picture Cliffs	2842
Chacra	3842
Point Lookout	5095
Greenhorn	7035
Dakota	7207
TD	7400

3. Estimated Depths and pressures of Anticipated Water, Oil, Gas or Minerals:

Substance	Formation	Depth	Pressure
Water	Alamo	2070	0
Gas	Fruitland	2838	200
Gas	Pictured Cliffs	2879	450
Gas	Chara	3893	500
Gas	Mesa Verde	5309	1000
Gas	Dakota	7351	1500

4. The proposed casing program will be as follows:

Depth	Hole Size	O.D.	Weight	Grade	Type	New/Used
0-350	12-1/4	9-5/8	36#	J55	LT&C	NEW
0-1000	7-7/8	5-1/2	17#	K55	LT&C	NEW
1000-6400	7-7/8	5-1/2	15.50#	K55	LT&C	NEW
6400-7400	7-7/8	5-1/2	17#	K55	LT&C	NEW

The proposed cement program will be as follows: circulate to surface

Surface: 163 sacks class H with 1% CaCl
and 1/4# per sack cellophane flake.

VOLUME CALCULATIONS
YIELD 1.14 350 ft x 0.3132 cu-ft/ft with 70% excess = 186 cu-ft TOC at least to 250'

PRODUCTION: Cement will be run in three stages with
stage tools set at approximately 3400' and 5400'.

1st stage Cement through shoe at approx. 7400' with 233 sacks
class B 35/65 poz + 6% gel (bentonite) + 1/4# /sk
cellophane flake followed by 100 sacks class H
+ 1% CaCl + 1/4# /sk cellophane flake.

VOLUME CALCULATIONS
YIELD 1.79 1341 ft x 0.1732 cu-ft/ft with 80% excess = 418 cu-ft
YIELD 1.14 659 ft x 0.1732 cu-ft/ft with 0% excess = 114 cu-ft

2nd stage Cement through shoe at approx. 5400' with 233 sacks
class B 35/65 poz + 6% gel (bentonite) + 1/4# /sk
cellophane flake followed by 100 sacks class H
+ 1% CaCl + 1/4# /sk cellophane flake.

VOLUME CALCULATIONS
YIELD 1.79 1341 ft x 0.1732 cu-ft/ft with 80% excess = 418 cu-ft
YIELD 1.14 659 ft x 0.1732 cu-ft/ft with 0% excess = 114 cu-ft

EXHIBIT "B"

TEN POINT COMPLIANCE PROGRAM

Caulkins Oil Company
Breech "B" 147
1072' FSL & 1157' FWL, Sec. 7, 26N, 6W
Rio Arriba County, New Mexico
Lease No. NM - 03381

3rd stage Cement through tool at approx. 3400' with 477 sacks class B 35/65 poz + 6% gel (bentonite) + 1/4# /sk cellophane flake followed by 100 sacks class H + 1% CaCl + 1/4# /sk cellophane flake.

VOLUME CALCULATIONS
YIELD 1.79 2741 ft x 0.1732 cu-ft/ft with 80% excess = 854 cu-ft
YIELD 1.14 659 ft x 0.1732 cu-ft/ft with 0% excess = 114 cu-ft

5. Operator's Minimum Specifications for Pressure Control:

EXHIBIT "C" is a schematic of a 2M blowout preventer system. The BOP's will be hydraulically tested prior to drilling out from under surface and operational checks will be made daily thereafter and recorded in the drilling tour report.
Accessories to BOP will include the following:
A. 2" minimum kill line and valve.
B. Choke line and valve
C. 2 Chokes
D. Upper kelly cock valve with handle.
E. Saftey valve and subs to fit all drill strings.
F. Pressure gauge on choke manifold.
G. 2" minimum choke line.
H. Fill-up line above uppermost preventer.

6. The type and Characteristics of the Proposed Circulating Mud's:

Mud system will be gel-chemical with adequate stocks of absorbent agents on location to handle possible spills of fuel and oil in the surface. Heavier mud's will be on location to be added if pressure requires.

Interval	Mud Wt	Vis	Fluid Loss	Ph	Additives
0- 350	9.0	50	----	9	Lime
350-TD	9.0	34-40	8cc	9	Chemicals

7. Auxiliary equipment to be used is as follows:

a. Float valve above bit.
b. Monitoring of mud system will be visual.
c. A sub with a full opening valve will be on the floor when the kelly is not in use.

8. Testing, logging and coring will be as follows:

a. Cores - none will be taken.
b. Drill stem tests - none anticipated.
c. Logging - Cased hole Gas Spectrum Log bottom of surface pipe to TD.

9. Anticipated Abnormal Pressures and Temperatures:

No abnormal pressure, temperatures or hydrogen sulfide gases are anticipated during the course of drilling to TD. The maximum bottom hole pressure to be expected is 1500 psi.

10. Anticipated Starting Date and Duration of the Operations:

The anticipated starting date is set for June 5, 2003, or as soon as possible after examination and approval of drilling requirements. Operations should be completed within 25 days.

EXHIBIT "C"

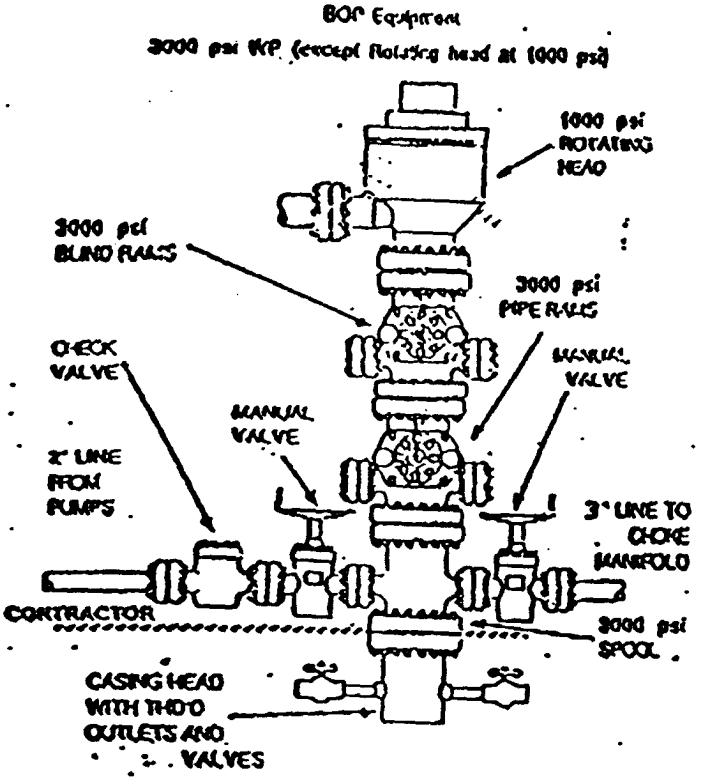


EXHIBIT "B"
CHOKE MANIFOLD