

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

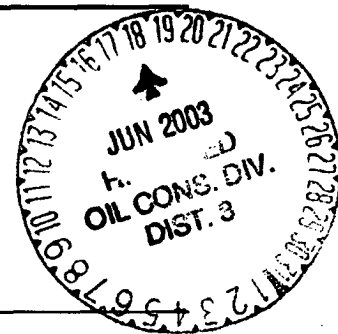
1a. Type of Work DRILL		5. Lease Number NMSF-079304	
1b. Type of Well GAS		6. If Indian, Name of Allottee or Tribe San Juan, NM	
2. Operator CAULKINS OIL COMPANY		7. Unit Agreement Name API 30039 27433	
3. Address & Phone No. of Operator c/o ROBERT VERQUER P. O. Box 340, Bloomfield, NM 87413 (505) 632-1544		8. Farm or Lease Name SANCHEZ	
4. Location of Well 1810 FNL & 660' FWL		9. Well Number 7	
10. Filed, Pool, or Wildcat Basin Dakota		11. Section, Township, & Range, Meridian, or Block E 25-26N-6W	
14. Distance in Miles from Nearest Town 45 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 660'	16. Acres in Lease 640 Acres	17. Acres Assigned to Well WEST - 320 Acres	
18. Distance From Proposed Location To Nearest Well Drill, Compl., Or Applied For on Lease 890'	19. Proposed Depth 7550'	20. Rotary or Cable Tools ROTARY	
21. Elevations (DR, RT, GR, Etc.) 6719 GR		22. Approximate Date Work Will Start August 15, 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" Acreage dedication plat
"I" Archaeological Report



24. Signed Robert L. Verquer Title Superintendent Date 05/09/03

Permit No. _____ Approval Date _____

Approved By /s/ David J. Mankiewicz Title _____ Date JUN 13 2003

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

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

NMOC

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

DISTRICT II
811 South First, Artesia, N.M. 88210DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

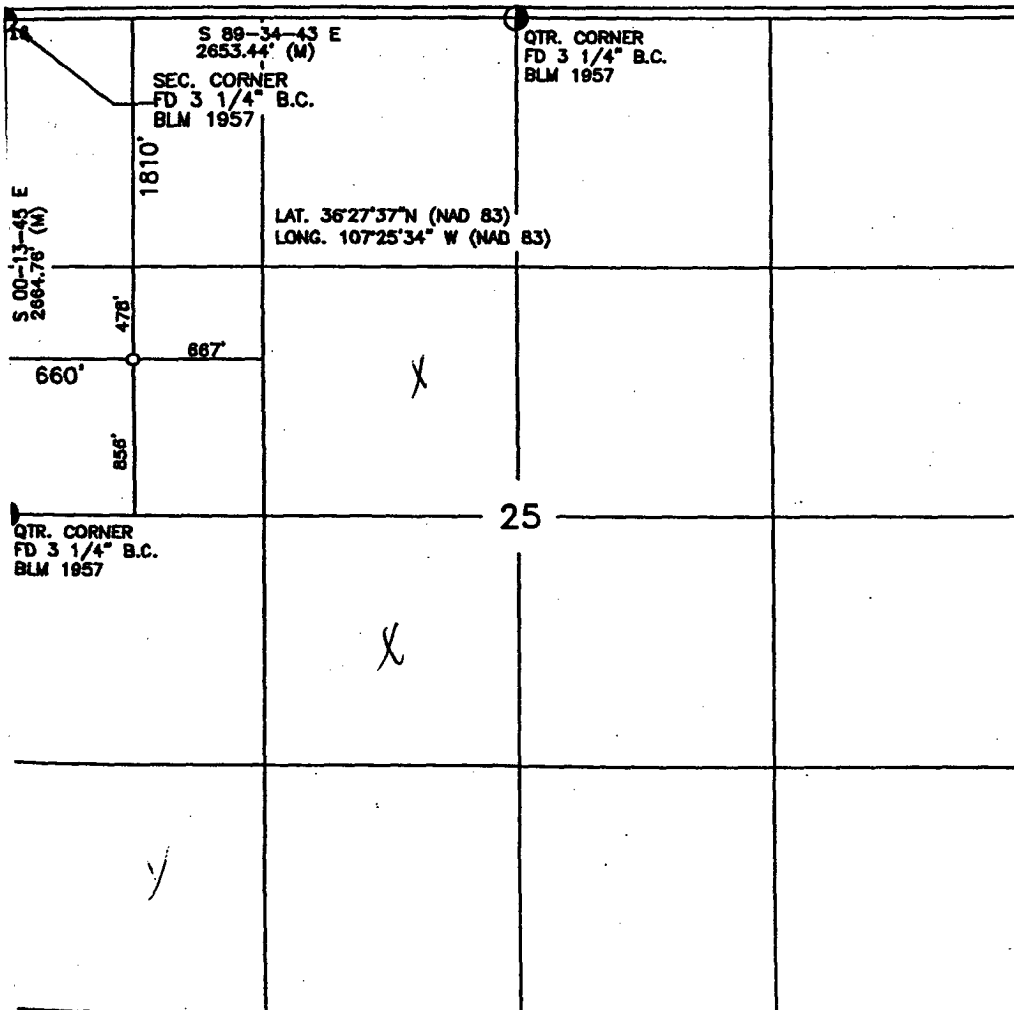
¹ API Number 30-039-27433	² Pool Code 71599	³ Pool Name Basin De Kater
⁴ Property Code 2463	⁵ Property Name SANCHEZ	⁶ Well Number 7
⁷ OGRID No.	⁸ Operator Name CAULKINS OIL COMPANY	⁹ Elevation 6719'

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	25	26-N	6-W		1810'	NORTH	660'	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			¹³ Joint or Infill		¹⁴ Consolidation Code		¹⁵ Order No.		

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
SignatureRobert L. Verquer
Printed NameSuperintendent
Title5-9-03
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 A. JOHNSON
Date of Survey
Signature and Seal of Professional Surveyor:
14827
REGISTERED PROFESSIONAL SURVEYOR
14827

Certificate Number

EXHIBIT "B"

TEN POINT COMPLIANCE PROGRAM

Caulkins Oil Company
 Sanchez 7
 1810' FNL & 660' FWL, Sec. 25, 26N, 6W
 Rio Arriba County, New Mexico
 Lease No. NMSF-079304

1. The Geological Surface Formation is : San Jose.
2. The Estimated Tops of Important Geological Markers:

Ojo Alamo	2064
Fruitland	2609
Picture Cliffs	3036
Chacra	3922
Point Lookout	5281
Greenhorn	7172
Dakota	7352
TD	7550

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

Substance	Formation	Depth	Pressure
Water	Alamo	2186	0
Gas	Fruitland	3032	300
Gas	Pictured Cliffs	3064	450
Gas	Chara	4000	600
Gas	Mesa Verde	5441	1200
Gas	Dakota	7503	1700

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
1000-6550	7-7/8	5-1/2	15.50#	K55	LT&C	NEW
6550-7550	7-7/8	5-1/2	17#	K55	LT&C	NEW

The proposed cement program will be as follows:

Circulate cement

Surface: 186 sacks class B with 1% CaCl
 and 1/4# per sack cellophane flake.

VOLUME CALCULATIONS

YIELD 1.18 350 ft x 0.3132 cu-ft/ft with 100% excess = 219 cu-ft

PRODUCTION:

Cement will be run in three stages with
 stage tools set at approximately 3550' and 5550'.

*TOC must overlap
 surface csg min
 100'*

1st stage Cement through shoe at approx. 7550' with 202 sacks
 Premium Lite FM + 0.25 lbs/sack Cello Flake +
 8% bwoc Bentonite followed by 78 sacks Type III
 Cement + 0.2% bwoc R-3 + 0.25 lbs/sack Cello flake.

VOLUME CALCULATIONS

YIELD 2.07 1341 ft x 0.1732 cu-ft/ft with 80% excess = 418 cu-ft

YIELD 1.46 659 ft x 0.1732 cu-ft/ft with 0% excess = 114 cu-ft

2nd stage Cement through DV tool at approx. 5550' with 202 sacks
 Premium Lite FM + 0.25 lbs/sack Cello Flake +
 8% bwoc Bentonite followed by 78 sacks Type III
 Cement + 0.2% bwoc R-3 + 0.25 lbs/sack Cello flake.

VOLUME CALCULATIONS

YIELD 2.07 1341 ft x 0.1732 cu-ft/ft with 80% excess = 418 cu-ft

YIELD 1.46 659 ft x 0.1732 cu-ft/ft with 0% excess = 114 cu-ft

EXHIBIT "B"

TEN POINT COMPLIANCE PROGRAM

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

3rd stage Cement through DV tool at approx. 3550' with 435 sacks
Premium Lite FM + 0.25 lbs/sack Cello Flake +
8% bwoc Bentonite followed by 78 sacks Type III
Cement + 0.2% bwoc R-3 + 0.25 lbs/sack Cello flake.

VOLUME CALCULATIONS

YIELD 2.07 2891 ft x 0.1732 cu-ft/ft with 80% excess = 901 cu-ft
YIELD 1.46 659 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. Safety 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 from 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 1700 psi.

10. Anticipated Starting Date and Duration of the Operations:

The anticipated starting date is set for August 15, 2003,
or as soon as possible after examination and approval of
drilling requirements. Operations should be completed within 25
days.

EXHIBIT "C"

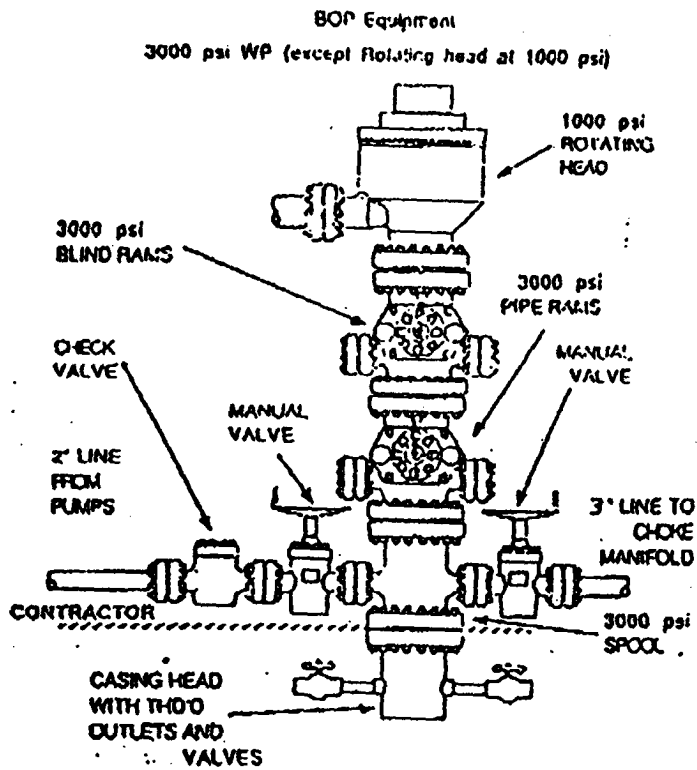


EXHIBIT "B" CHOKE MANIFOLD

