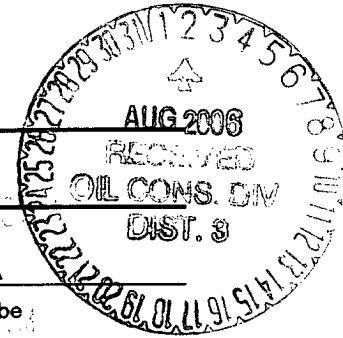


UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK



1a. Type of Work <b>DRILL</b>		5. Lease Number <b>NMSE NM-079035-A</b>	
1b. Type of Well <b>GAS</b>		6. If Indian, Name of Allottee or Tribe <b>CED</b>	
2. Operator <b>CAULKINS OIL COMPANY</b>		7. API Number <b>30-039-29997</b>	
3. Address & Phone No. of Operator <b>c/o ROBERT VERQUER 1409 W. Aztec Blvd. # 7 Aztec, N. M. 87410 (505) 334-4323</b>		8. Farm or Lease Name <b>BREECH "A"</b>	
4. Location of Well <b>2350 FNL &amp; 1860' FWL</b>		9. Well Number <b>158</b>	
10. Filed, Pool, or Wildcat <b>Basin Dakota</b>		11. Section, Township, & Range, Meridian, or Block <b>F 10-26N-6W</b>	
14. Distance in Miles from Nearest Town <b>36 miles southeast of Blanco, NM Post Office.</b>		12. County <b>Rio Arriba</b>	13. State <b>New Mexico</b>
15. Distance from Proposed Location To Nearest Property Line or Lease Line <b>2350'</b>	16. Acres in Lease <b>2400 Acres</b>	17. Acres Assigned to Well <b>WEST - 320 Acres</b>	
18. Distance From Proposed Location To Nearest Well Drill, Compl., Or Applied For on Lease <b>1255'</b>	19. Proposed Depth <b>7600'</b>	20. Rotary or Cable Tools <b>ROTARY</b>	
21. Elevations (DR, RT, GR, Etc.) <b>6629 GR</b>		22. Approximate Date Work Will Start <b>AUGUST 25, 2006</b>	

23. Proposed Casing and Cementing Program

EXHIBITS attached as follows

"A" C-103 & 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  
"J" Pipeline Schematic

24. Signed Robert L. Verquer Title Superintendent Date 7-14-06  
Robert L. Verquer

Permit No. \_\_\_\_\_ Approval Date \_\_\_\_\_  
Approved By [Signature] Title AFM Date 8/1/06

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

NMOCDD

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



State of New Mexico  
Energy, Minerals and Natural Resources Department

EXHIBIT "A"

**OIL CONSERVATION DIVISION**

1220 South St. Frances Dr.  
Santa Fe, New Mexico 87505

WELL API NO. 30-039-29997

5. Indicate Type of Lease

STATE ☐ FEE ☐

6. State Oil & Gas Lease No.

NMSF-079035-A

7. Lease Name or Unit Agreement Name

BREECH "A"

8. Well No.

158

9. OGRID Number

003824

Pool Name or Wildcat

BASIN DAKOTA

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR TO PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well

Oil Well ☐ Gas Well ☒ Other ☐

2. Name of Operator

Caulkins Oil Company

3. Address of Operator

1409 W. Aztec Blvd., Suite B7, Aztec, NM 87410

4. Well Location

Unit Letter F : 2350' feet from the North line and 1860' feet from the West line  
10 Section 26N Township 6W Range NMPM Rio Arriba County

10. Elevation (Show Whether DF, RKB, RT, GR, etc.)

6629 GR

Pit or Below-grade Tank Application ☒ or Closure ☐

Pit type Drilling Depth to Groundwater >100' Distance from nearest fresh water well >1000' Distance from nearest surface water >1000'

Pit Liner thickness: 30 mil Below-grade Tank: Volume \_\_\_\_\_ bbls; Construction Material \_\_\_\_\_

**NOTICE OF INTENTION TO:**

Perform Remedial Work ☐ Plug and Abandon ☐

Temporarily Abandon ☐ Change Plans ☐

Pull or Alter Casing ☐ Multiple Completion ☐

Other: Drilling Pit ☒

**SUBSEQUENT REPORT OF:**

Remedial Work ☐ Altering Casing ☐

Commence Drilling Opns. ☐ Plug and Abandonment ☐

Casing Test and Cement Job ☐

Other: \_\_\_\_\_ ☐

12. Describe Proposed or Completed Operations

Construct new below-grade drilling pit along with location.

Cut and fill diagram attached.

A liner will be installed in this pit to prevent ground water contamination.

Construction is scheduled to begin August 2006.

**NOTE:** This format is in lieu of State Form C-103.

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

SIGNATURE Robert L. Verquer  
ROBERT L. VERQUER

TITLE Superintendent DATE July 14, 2006  
Ph. (505) 334-4323

(This space for State Use)

APPROVED BY

[Signature] DEPUTY OIL & GAS INSPECTOR, DIST. #3

TITLE

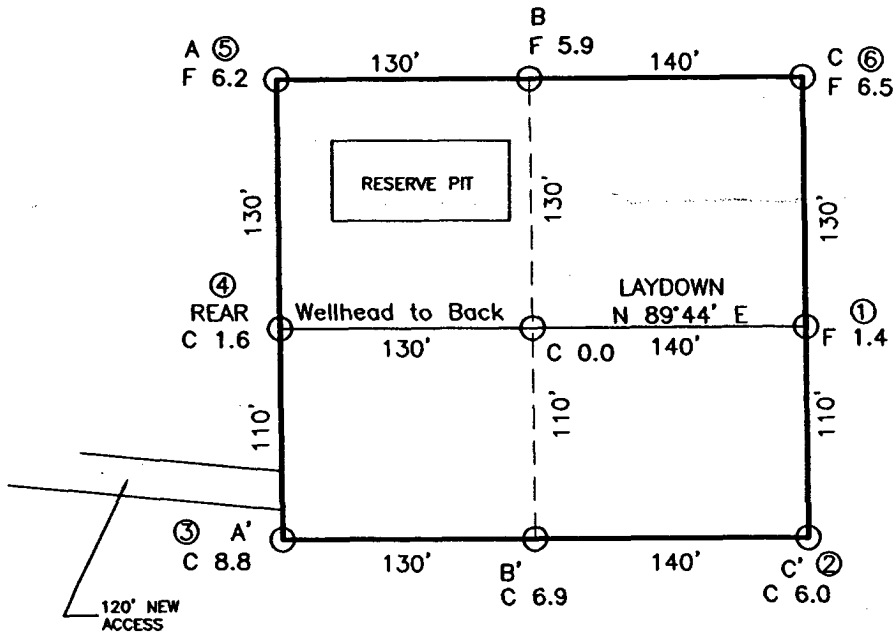
DATE AUG 02 2006

CONDITIONS OF APPROVAL, IF ANY:

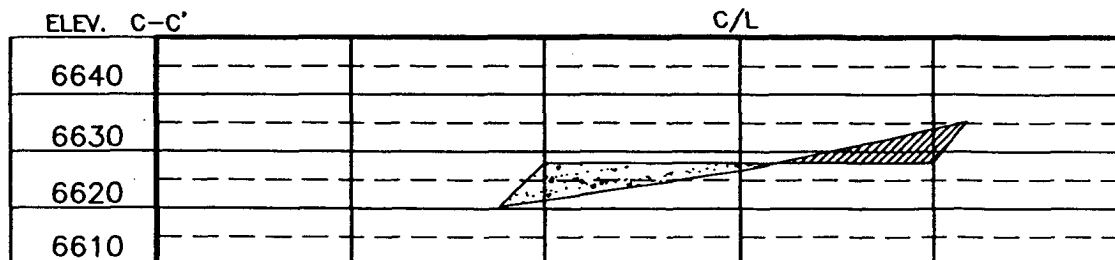
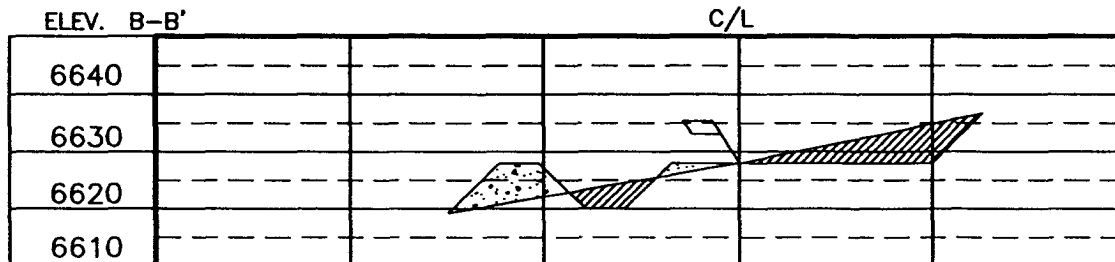
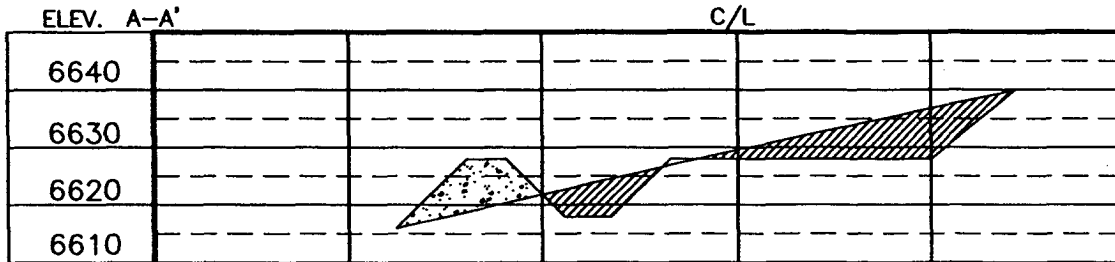
# EXHIBIT "A"

CAULKINS OIL CO.  
BREECH A No. 158, 2350 FNL 1860 FWL  
SECTION 10, T26N, R6W, N.M.P.M., RIO ARriba COUNTY, N. M.  
GROUND ELEVATION: 6629', DATE: APRIL 5, 2006

LAT. = 36.50277° N.  
LONG. = 107.45762° W  
NAD 83



NOTE: DAGGETT ENTERPRISES, INC. IS NOT LIABLE FOR UNDERGROUND UTILITIES OR PIPELINES. NEW MEXICO ONE CALL TO BE NOTIFIED 48 HOURS PRIOR TO EXCAVATION OR CONSTRUCTION.



NOTE: CONTRACTOR SHOULD CALL ONE-CALL FOR LOCATION OF ANY MARKED OR UNMARKED BURIED PIPELINES OR CABLES ON WELL PAD AND OR ACCESS ROAD AT LEAST TWO (2) WORKING DAYS PRIOR TO CONSTRUCTION.

DATE	REVISED BY	<b>Daggett Enterprises, Inc.</b> Surveying and Oil Field Services P. O. Box 15088 • Farmington, NM 87401 Phone (505) 326-1772 • Fax (505) 326-6019 NEW MEXICO L.S. No. 14831
DATE	REVISED BY	
DRAWN BY: A.G. ROW#: CC039		CAPLE: CC039CF8 DATE: 04/12/06



# EXHIBIT "B"

## TEN POINT COMPLIANCE PROGRAM

Caulkins Oil Company  
Breach "A" 158  
2350' FNL & 1860' FWL, Sec. 10, 26N, 6W  
Rio Arriba County, New Mexico  
Lease No. NM-07935-A

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

Ojo Alamo	2188
Picture Cliffs	3079
Cliff House	4762
Tocito	6806
Greenhorn	7207
Dakota	7400
TD	7600

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

Substance	Formation	Depth	Pressure
Water	Alamo	2319	0
Gas	Pictured Cliffs	3123	450
Gas	Cliff House	4802	800
Gas	Tocito	6822	1200
Gas	Dakota	7553	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
1000-6600	7-7/8	5-1/2	15.50#	K55	LT&C	NEW
6600-7600	7-7/8	5-1/2	17#	K55	LT&C	NEW

The proposed cement program will be as follows:

**Surface:** 126 sacks type III with 2% CaCl  
and 1/4# per sack cellophane flake.

**VOLUME CALCULATIONS** *circulate cement*  
YIELD 1.47 350 ft x 0.3132 cu-ft/ft with 70% excess = 186 cu-ft

### PRODUCTION:

Cement will be run in three stages with *circulate cement to*  
stage tools set at approximately 3600' and 5600'. *at lease 250' below*  
*surface - 100' over*  
*w. surface shoe-in*

**1st stage** Cement through shoe at approx. 7600' with 172 sacks  
Type III premium lite FM + 1/4 # /sk cellophane flake  
followed by 100 sacks Type III neat  
+ 1% CaCl + 1/4# /sk cellophane flake.

**VOLUME CALCULATIONS**  
YIELD 2.09 1151 ft x 0.1732 cu-ft/ft with 80% excess = 359 cu-ft  
YIELD 1.47 849 ft x 0.1732 cu-ft/ft with 0% excess = 147 cu-ft

**2nd stage** Cement through shoe at approx. 5600' with 172 sacks  
Type III premium lite FM + 1/4 # /sk cellophane flake  
followed by 100 sacks Type III neat  
+ 1% CaCl + 1/4# /sk cellophane flake.

**VOLUME CALCULATIONS**  
YIELD 2.09 1151 ft x 0.1732 cu-ft/ft with 80% excess = 359 cu-ft  
YIELD 1.47 849 ft x 0.1732 cu-ft/ft with 0% excess = 147 cu-ft

## EXHIBIT "B"

### TEN POINT COMPLIANCE PROGRAM

Caulkins Oil Company  
Breech "A" 158  
2350' FNL & 1860' FWL, Sec. 10, 26N, 6W  
Rio Arriba County, New Mexico  
Lease No. NM-07935-A

**3rd stage** Cement through shoe at approx. 3600' with 410 sacks  
Type III premium lite FM + 1/4 # /sk cellohane flake  
followed by 100 sacks Type III neat  
+ 1% CaCl + 1/4# /sk cellophane flake.

#### VOLUME CALCULATIONS

YIELD 2.09 2751 ft x 0.1732 cu-ft/ft with 80% excess = 858 cu-ft  
YIELD 1.47 849 ft x 0.1732 cu-ft/ft with 0% excess = 147 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 bottom of surface pipe to TD.

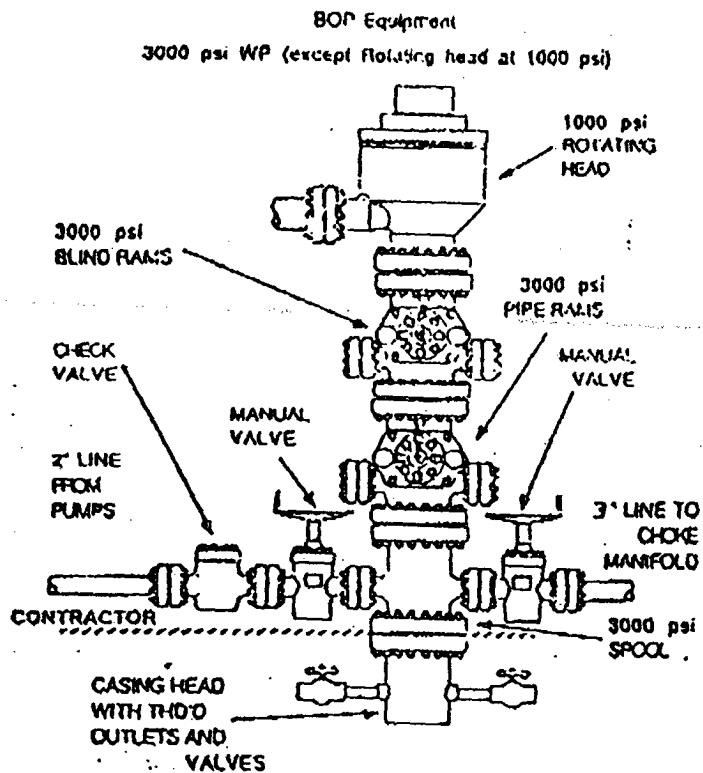
#### 9. Anticipated Abnormal Pressures and Temperatures:

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 August 25, 2006,  
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

