

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SEP 2006

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work DRILL		5. Lease Number NM-03547	
1b. Type of Well GAS		6. If Indian, Name of Allottee or Tribe	
2. Operator CAULKINS OIL COMPANY		7. API Number 30-039-29999	
3. Address & Phone No. of Operator c/o ROBERT VERQUER 1409 W. Aztec Blvd. # 7 Aztec, N. M. 87410 (505) 334-4323		8. Farm or Lease Name BREECH "F"	
4. Location of Well 785 FNL & 1485' FWL		9. Well Number 2	
10. Filed, Pool, or Wildcat Basin Dakota		11. Section, Township, & Range, Meridian, or Block 33-27N-6W	
12. County Rio Arriba		13. State New Mexico	
14. Distance in Miles from Nearest Town 35 miles southeast of Blanco, NM Post Office.		15. Distance from Proposed Location To Nearest Property Line or Lease Line 785'	
16. Acres in Lease 1600 Acres		17. Acres Assigned to Well WEST - 320 Acres	
18. Distance From Proposed Location To Nearest Well Drill, Compl., Or Applied For on Lease 536'		19. Proposed Depth 7675'	
20. Rotary or Cable Tools ROTARY		21. Elevations (DR, RT, GR, Etc.) 6653 GR	
22. Approximate Date Work Will Start AUGUST 15, 2006		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 7/24/06

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

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

EXHIBIT "H"

DISTRICT I
1626 N. French Dr., Hobbs, N.M. 88240

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised October 12, 2005

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

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

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

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30 039 29999	*Pool Code 71599	*Pool Name Basin Dakota Gas Pool
*Property Code 2460	*Property Name BREECH F	*Well Number 2
*OGRID No. 3824	*Operator Name CAULKINS OIL COMPANY	*Elevation 6653

¹⁰ Surface Location

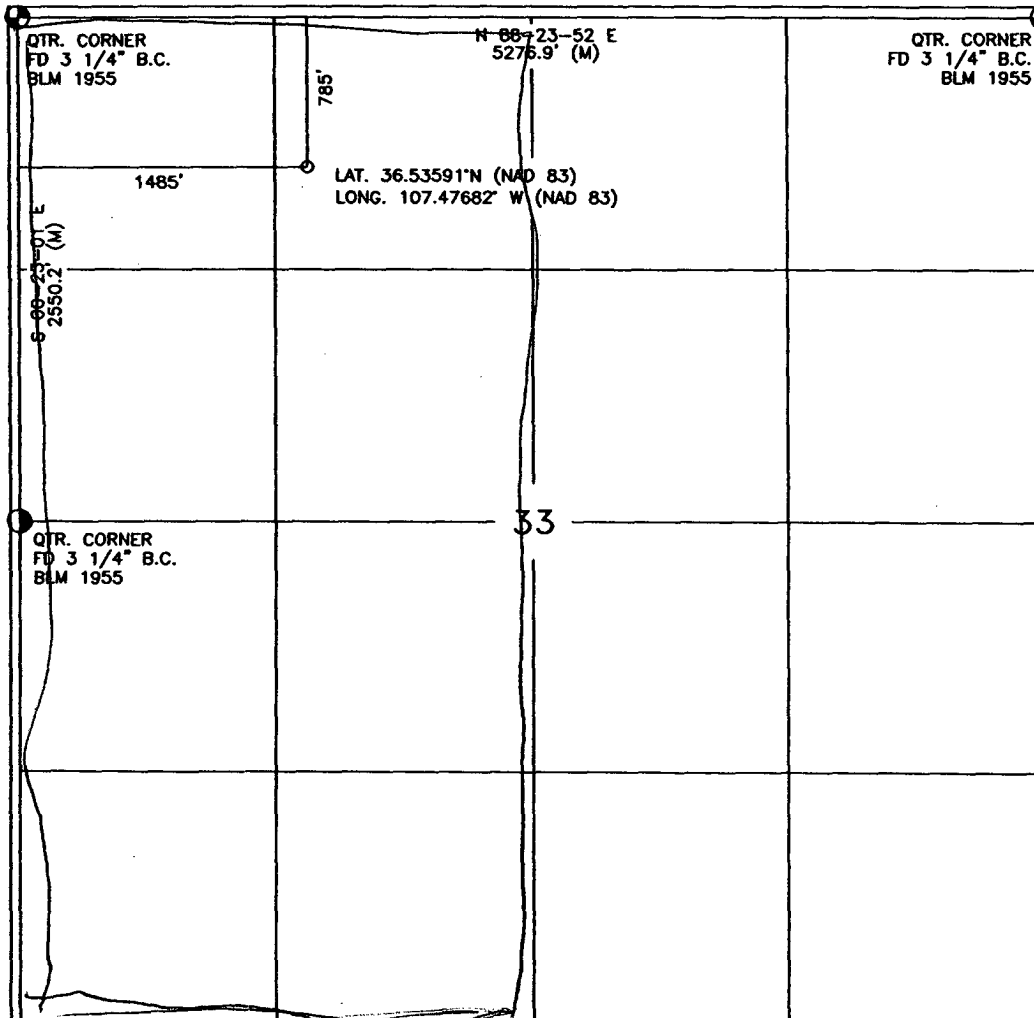
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	33	27-N	6-W		785	NORTH	1485	WEST	RIO ARRIBA

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
*Dedicated Acres 320			*Joint or Infill		*Consolidation Code		*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

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OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Robert L. Verguer 7-14-06
Signature Date

Robert L. Verguer
Printed Name

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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.

APR 11 2006
Date
Signature and Seal of Professional Surveyor:

JOHN VUKONICH
NEW MEXICO
REGISTERED PROFESSIONAL SURVEYOR
14851
Certificate Number

EXHIBIT "A"
State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

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

WELL API NO. 30-039-29999

5. Indicate Type of Lease

STATE ☐ FEE ☐

6. State Oil & Gas Lease No.

NMNM-03547

7. Lease Name or Unit Agreement Name

BREECH "F"

8. Well No.

2

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 C : 785' feet from the North line and 1485' feet from the West line
33 Section 27N Township 6W Range NMPM Rio Arriba County

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

6653 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 _____

DEPUTY OIL & GAS INSPECTOR, DIST. 20

TITLE _____

DATE _____

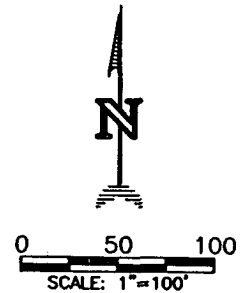
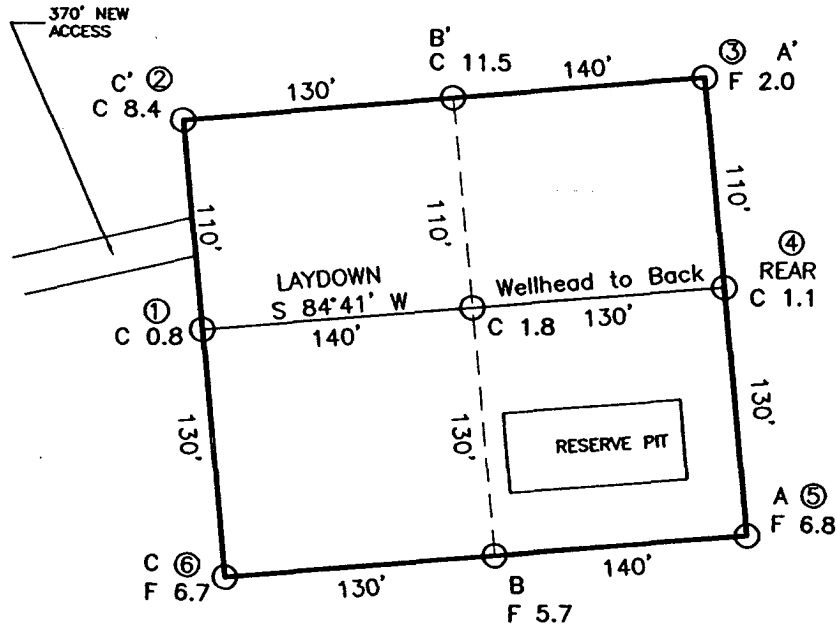
CONDITIONS OF APPROVAL, IF ANY:

SEP 21 2006

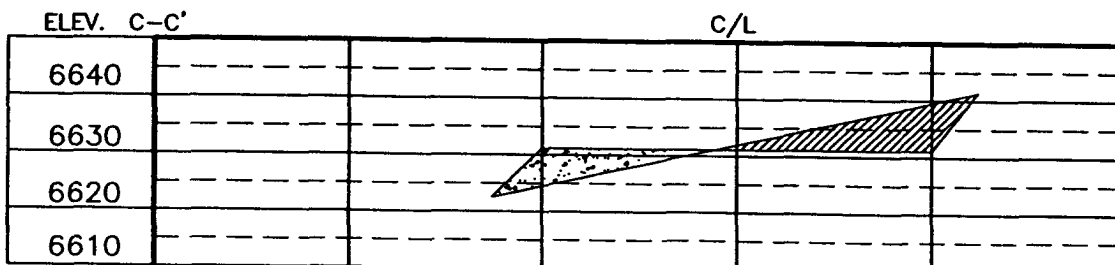
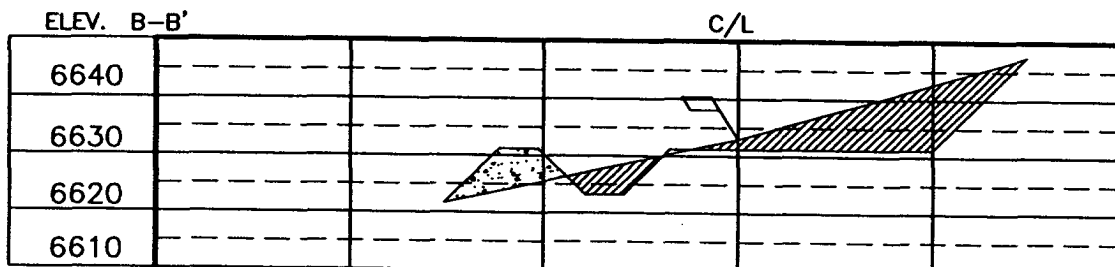
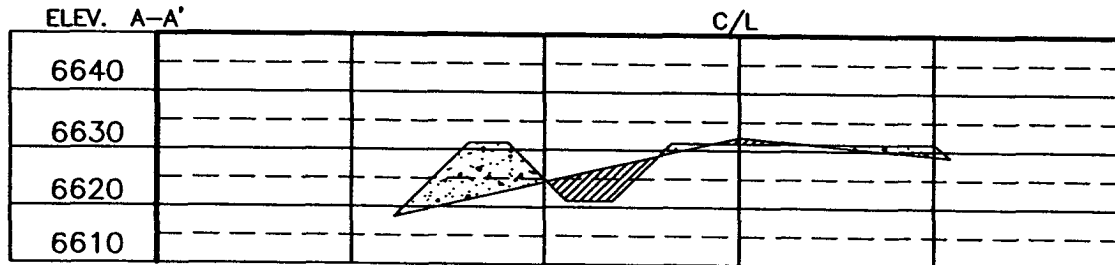
EXHIBIT "A"

CAULKINS OIL CO.
BREECH F No. 2, 785 FNL 1485 FWL
SECTION 33, T27N, R6W, N.M.P.M., RIO ARRIBA COUNTY, N. M.
GROUND ELEVATION: 6633', DATE: APRIL 5, 2006

LAT. = 36.53591° N.
LONG. = 107.47682° 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	REVISION	Daggett Enterprises, Inc. Surveying and Oil Field Services P. O. Box 15068 • Farmington, NM 87401 Phone (505) 326-1772 • Fax (505) 326-9019 NEW MEXICO L.S. No. 14831 SOURCE: CC037CFB DATE: 04/13/06
DATE	REVISION	
DATE	REVISION	
DATE	REVISION	

DRAWN BY: A.S.
 ROW#: CC037

EXHIBIT "B"

TEN POINT COMPLIANCE PROGRAM

Caulkins Oil Company
Breach "F" 2
785' FNL & 1485' FWL, Sec. 33, 27N, 6W
Rio Arriba County, New Mexico
Lease No. NM-03547

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

Ojo Alamo	2221
Fruitland	2870
Picture Cliffs	3089
Chacra	4042
Point Lookout	5328
Greenhorn	7253
Dakota	7481
TD	7675

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

Substance	Formation	Depth	Pressure
Water	Alamo	2375	0
Gas	Fruitland	3080	200
Gas	Pictured Cliffs	3192	450
Gas	Chara	4142	500
Gas	Mesa Verde	5474	1000
Gas	Dakota	7643	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
1000-6675	7-7/8	5-1/2	15.50#	K55	LT&C	NEW
6675-7675	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.

circulate to surface

VOLUME CALCULATIONS

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 stage tools set at approximately 3675' and 5675'.

1st stage

Cement through shoe at approx. 7675' 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. 5675' 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
Breach "F" 2
785' FNL & 1485' FWL, Sec. 33, 27N, 6W
Rio Arriba County, New Mexico
Lease No. NM-03547

3rd stage Cement through shoe at approx. 3675' with 421 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 2826 ft x 0.1732 cu-ft/ft with 80% excess = 881 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 15, 2006,
or as soon as possible after examination and approval of
drilling requirements. Operations should be completed within 25
days.

EXHIBIT "C"

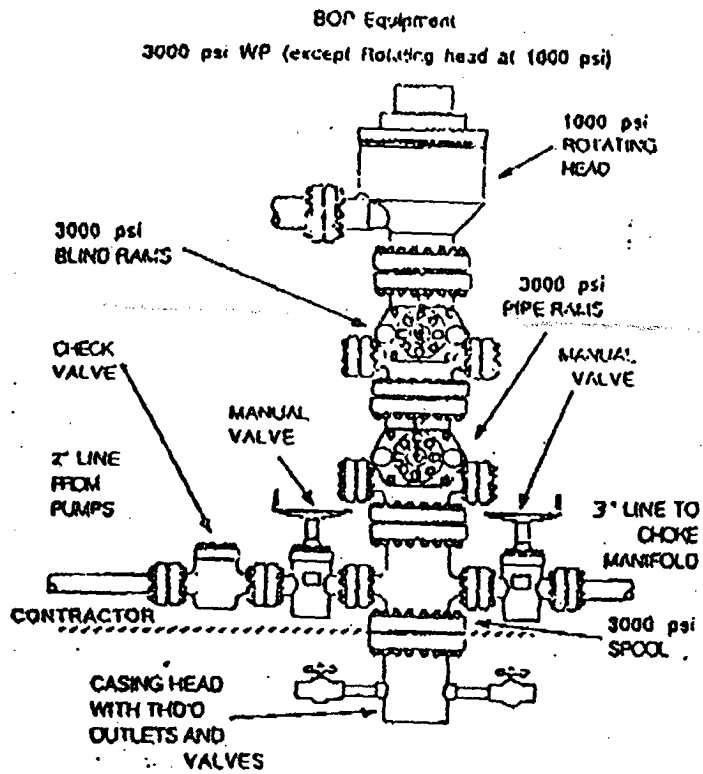


EXHIBIT "B" CHOKE MANIFOLD

