

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUNDRY NOTICES AND REPORTS ON WELLS

(Do not use this form for proposals to drill or to deepen or to plug a well or to change a different reservoir. Use "APPLICATION FOR PERMIT--" for such proposals)

5. Lease

NMNM-03381

6. If Indian, Allottee or Tribe Name

7. Unit Agreement Name

1. Oil Well ☐ Gas Well ☐ Other ☐
GAS WELL

070 FARMINGTON, NM

8. Well Name and No.

BREECH "B" 781

2. Name of Operator:

Caulkins Oil Company

9. API Well No.

30-039-25839-00-X1

3. Address of Operator:

(505) 632-1544

P.O. Box 340, Bloomfield, NM 87413

10. Field and Pool, Exploratory Area

BASIN DAKOTA, MESA VERDE,
ICE CANYON: GALLUP

4. Location of Well (Footage, Sec., Twp., Rge.)

1800' F/S 1150' F/W

SEC. 14-26N-7W

11. Country or Parish, State

Rio Arriba Co., New Mexico

12. CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

TYPE OF ACTION

☒ Notice of Intent

☐ Abandonment

☐ Change of Plans

☐ Subsequent Report

☐ Recompletion

☐ New Construction

☐ Plugging Back

☐ Non-Routine Fracturing

☐ Casing Repair

☐ Water Shut-Off

☐ Final Abandonment Notice

☐ Altering Casing

☐ Conversion to Injection

☒ Other Allocation Percentages for Commingling ☐ Dispose Water

17. Describe Proposed or Completed Operations:

6-26-98 Caulkins Oil Company submitted an application to NMOCD and BLM for approval to downhole commingle this well.

7-28-98 BLM approved commingling well with allocations required to be reported as follows:

Formation	Gas	Oil
Dakota	240 MCF/D	5.0 BCPD
Mesa Verde	75 MCF/D	.5 BCPD
Gallup	*	*

* Balance of remaining production.

8-7-98 NMOCD approved commingling well with allocations required to be reported as follows:

Formation	Gas	Oil
Dakota	58%	76%
Mesa Verde	18%	8%
Gallup	24%	16%

8-19-98 Caulkins Oil Company requests approval to use NMOCD approved allocation percentages set under administrative order DHC-2032. This would simplify reporting to both state and federal agencies for monthly volumes produced. Allocation percentages will be re-evaluated after the first 12 months of production and if needed Caulkins Oil Company will calculate new allocations to correspond with actual production volumes.

ATTACHED:

1. Copy of BLM Conditions of Approval
2. Copy of NMOCD Administrative Order DHC-2032

NOTE: The format is issued in lieu of U.S. BLM Form 3160-5

18. I HEREBY CERTIFY THE FOREGOING IS TRUE AND CORRECT

SIGNED: Robert L. Verquer TITLE: Superintendent DATE: August 20, 1998
ROBERT L. VERQUER

APPROVED BY: _____ TITLE: _____ DATE: 1/29/99
CONDITIONS OF APPROVAL, IF ANY

NMOCD

BLM CONDITIONS OF APPROVAL

Operator Caulkins Oil Company

Well Name 781 Breech B

Legal Location 1800' FSL/1150' FWL

Sec. 14, T. 26 N, R. 7 W.

Lease Number NM-03381

Field Inspection Date n/a

The following stipulations will apply to this well unless a particular Surface Managing Agency or private surface owner has supplied to the BLM and the operator a contradictory environmental stipulation. The failure of the operator to comply with these requirements may result in the assessments or penalties pursuant to 43 CFR 3163.1 or 3163.2. A copy of these conditions of approval shall be present on the location during construction, drilling and reclamation activity.

An agreement between operator and fee land owner will take precedence over BLM surface stipulations unless (In reference to 43 CFR Part 3160) 1) BLM determines that operator's actions will affect adjacent Federal or Indian surface, or 2) operator does not maintain well area and lease premises in a workmanlike manner with due regard for safety, conservation and appearance, or 3) no such agreement exists, or 4) in the event of well abandonment, minimal Federal restoration requirements will be required.

STANDARD STIPULATIONS FOR ALL WORKOVERS: All surface areas disturbed during workover activities and not in use for production activities, will be reseeded the first July-September period after the well has been put back into production. This should occur in the first 12 months after completion of workover activities.

SPECIAL STIPULATIONS FOR THIS SITE:

1. Pits will be fenced during work-over operation.
2. All disturbance will be kept on existing pad.
3. Empty and reclaim pit after work completed.
4. Pits will be lined with an impervious material at least 8 mils thick.

BLM

Conditions of Approval

Caulkins Oil Company
Breech "B" No. 781
1800 FSL and 1150' FWL
Sec 14-26N-07W

- 1) After a review of a representative set of Mesaverde and Dakota production histories in the vicinity of this well and the recent well performance data from the Breech 377 well (SWSW 23-26N-7W), we have established the following allocation procedures since these formations have been extensively developed in this area. In addition, since the Ice Canyon Gallup pool has not been as extensively developed as the Dakota or Mesaverde, we cannot concur with your proposed method of allocation for this zone at this time. The following is the authorized allocation procedure for the Dakota, Gallup, and Mesaverde producing horizons:

<u>Formation</u>	<u>Gas</u>	<u>Oil</u>
Dakota	240 MCFD	5.0 BCPD
Mesaverde	75 MCFD	0.5 BCPD
Gallup	*	*

* The balance of the remaining production

Commingled production from each zone must be reported in accordance to the allocation factors presented above. Once **stabilized** production is exhibited from these combined intervals, file your final allocation factors with this office. Please notify this office when these final allocation factors are established

- 2) Within 30 days of the well's completion, file Well Completion Report, form # 3160-4. In addition, within 30 days of completing down hole commingling operations, file a subsequent report of all operations conducted.



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

98 AUG 21 PM 12:33

ADMINISTRATIVE ORDER DHC-2032

070 FARMINGTON, NM

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

Attention: Mr. Robert L. Verquer

*Breach "B" No. 781
API No. 30-039-25839
Unit L, Section 14, Township 26 North, Range 7 West, NMPM,
Rio Arriba County, New Mexico.
Ice Canyon-Gallup (Gas - 93235),
Basin-Dakota (Prorated Gas - 71599) and,
Blanco-Mesaverde (Prorated Gas - 72319) 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:

Blanco-Mesaverde Gas Pool	Oil 8%	Gas 18%
Basin-Dakota Gas Pool	Oil 76%	Gas 58%
Ice Canyon-Gallup Gas Pool	Oil 16%	Gas 24%

Administrative Order No. DHC-2032
Caulkins Oil Company
August 7, 1998
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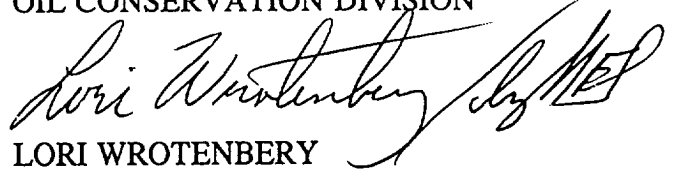
The allocation method established herein may be altered at some time subsequent to initiating downhole commingling operations upon request by the operator and for good cause shown.

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

Pursuant to Rule 303.H., 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 7th day of August, 1998.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


LORI WROTENBERY
Director

S E A L

LW/DRC

cc: Oil Conservation Division - Aztec
Bureau of Land Management-Farmington
Case File-11920