CAULKINS OIL COMPANY

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August 8, 2000

State of New Mexico Oil Conservation Division ATTN: Mr. Frank Chavez 1000 Rio Brazos Road Aztec, NM 87410

Re: Allocation for Downhole Commingle

Blanco Mesa Verde (72319) - Basin Dakota (71599)

Reuter 344-E

API# 30-039-26349

Sec. 22-26N-6W, Unit Letter K Rio Arriba, New Mexico



The above well was approved for downhole commingling by administrative order number DHC-2652 prior to being completed. Fixed allocations were to be submitted for approval to the Aztec district supervisor following initial completion and testing.

Pressure tested 5 1/2" casing to 4000#.

Dakota and Mesa Verde zones were perforated and fractured on July 25, 2000. Well was cleaned out to top of retrievable bridge plug set at 5516'. Flowed Mesa Verde through tubing to clean up. Tested Mesa Verde zone on July 28, 2000.

Pulled retrievable bridge plug, tripped out of hole with tubing, cleaned out to 7535' and landed 2 3/8" tubing at 7439'. Flowed Dakota – Mesa Verde combined to clean up. Tested Dakota – Mesa Verde commingled on August 1, 2000.

Subtracted Mesa Verde test from Dakota – Mesa Verde commingled test for the following allocation results:

	BOP/D	Gas MCF/D	<u>Oil %</u>	Gas %
Mesa Verde	1.5	496	75%	36%
Basin Dakota	.5	863	25%	64%

If you have any questions, please contact me at 505-632-1544. Thank you.

Sincerely,

Robert L. Verquer
Superintendent