

| | | | | | |
|--------------------|----------|------------------------|----------------------|---------------------|---------------------------|
| DATE IN 6/12/06 | SUSPENSE | ENGINEER WILL JONES | LOGGED IN 6/12/06 | TYPE DHC 3727 | APP NO. PTDS0616454955 |
|--------------------|----------|------------------------|----------------------|---------------------|---------------------------|

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] **[NSP-Non-Standard Proration Unit]** **[SD-Simultaneous Dedication]**
[DHC-Downhole Commingling] **[CTB-Lease Commingling]** **[PLC-Pool/Lease Commingling]**
[PC-Pool Commingling] **[OLS - Off-Lease Storage]** **[OLM-Off-Lease Measurement]**
[WFX-Waterflood Expansion] **[PMX-Pressure Maintenance Expansion]**
[SWD-Salt Water Disposal] **[IPI-Injection Pressure Increase]**
[EOR-Qualified Enhanced Oil Recovery Certification] **[PPR-Positive Production Response]**

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement
☒ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify _____

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply

- [A]** ☐ Working, Royalty or Overriding Royalty Interest Owners
[B] ☐ Offset Operators, Leaseholders or Surface Owner
[C] ☐ Application is One Which Requires Published Legal Notice
[D] ☐ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
[E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,
[F] ☐ Waivers are Attached

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] CERTIFICATION: I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Print or Type Name

Signature

Title

Date

e-mail Address

District I
1625 N. French Drive, Hobbs, NM 88240

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised May 15, 2000

District II
1301 W. Grand Avenue, Artesia, NM 88210

District III
1000 Rio Brazos Road, Aztec, NM 87410

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

APPLICATION TYPE
____ Single Well
____ Establish Pre-Approved Pools
EXISTING WELLBORE
____ Yes ____ No

APPLICATION FOR DOWNHOLE COMMINGLING

2006 JUN 12 PM 2 00

DHC-3727

Caulkins Oil Company 1409 W. Aztec, Blvd., Suite B7, Aztec NM 87410
Operator Address

BREECH "E" 850 UNIT C - SEC. 5-26N-6W Rio Arriba
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 003824 Property Code 2459 API No. 30-039-27676 Lease Type: ☒ Federal ____ State ____ Fee

| DATA ELEMENT | UPPER ZONE | INTERMEDIATE ZONE | LOWER ZONE |
|---|--|--|--|
| Pool Name | Blanco Mesa Verde <i>Pro Gas</i> | South Blanco Tocito <i>OIL</i> | Basin Dakota <i>Pro Gas</i> |
| Pool Code | 72319 ✓ | 06460 ✓ | 71599 ✓ |
| Top and Bottom of Pay Section (Perforated or Open-Hole Interval) | | 6582' – 6844' | 7522' – 7304' |
| Method of Production (Flowing or Artificial Lift) | Flowing | Flowing | Flowing |
| Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone) | | | |
| Oil Gravity or Gas BTU (Degree API or Gas BTU) | Estimated 1197 | 1236 | 1135 |
| Producing, Shut-In or New Zone | New zone | Shut-in | Producing |
| Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.) | Date: Estimated Rate: Oil Gas Water .20 140 .28 MCF/D Bbl Bbl | Date: 7 month average Rate: Oil Gas Water .673 67 .14 MCF/D Bbl Bbl | Date: 12 month average Rate: Oil Gas Water .417 163 .22 MCF/D Bbl Bbl |
| Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.) | Oil Gas 16 % 38 % | Oil Gas 52 % 18 % | Oil Gas 32 % 44 % |

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes ☒ No ____
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes ____ No ____

Are all produced fluids from all commingled zones compatible with each other? Yes ☒ No ____

Will commingling decrease the value of production? Yes ____ No ☒

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes ____ No ____

NMOCD Reference Case No. applicable to this well: DHC-3491, DHC-3493, DHC-2069-A

Attachments:

- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- Production curve for each zone for at least one year. (If not available, attach explanation.)
- For zones with no production history, estimated production rates and supporting data.
- Data to support allocation method or formula.
- Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
- Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

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

SIGNATURE *Robert L. Verquer* TITLE Superintendent DATE June 8, 2006
TYPE OR PRINT NAME Robert L. Verquer TELEPHONE NO. (505) 334-4323

District I

PO Box 1980, Hobbs, NM 88241-1980

District II

811 South First, Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV

2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico

Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

1220 South St. Francis Drive

Santa Fe, NM 87504

Form C-102

Revised October 18, 1994

Instructions on back

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies



AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|--|---|---|
| ¹ API Number 30-039-27676 | ² Pool Code 72319 | ³ Pool Name MESA VERDE |
| ⁴ Property Code 2459 | ⁵ Property Name BREECH "E" | ⁶ Well Number 850 |
| ⁷ OGRID No. 003824 | ⁸ Operator Name Caulkins Oil Company | ⁹ Elevation 6640' |

¹⁰ Surface Location

| | | | | | | | | | |
|---------------------------|---------------------|------------------------|--------------------|---------|------------------------------|----------------------------------|-------------------------------|-------------------------------|-----------------------------|
| UL or lot no. C | Section 5 | Township 26N | Range 6W | Lot Idn | Feet from the 705' | North/South line NORTH | Feet from the 2270' | East/West line WEST | County 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 160 | 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

| | | |
|--------------------|---|--|
| ¹⁶ | ¹⁷ OPERATOR CERTIFICATION | |
| | I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief | |
| | | |
| | Signature Printed Name Robert L. Verquer Title Superintendent Date June 7, 2006 | |
| | 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 knowledge and belief. | |
| | Date of Survey | |
| | Signature and Seal of Professional Surveyor: | |
| Certificate Number | | |

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District II

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RECEIVED

070 FARMINGTON NM

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | | | | |
|---|--|--|--|---|---------------------------------|
| ¹ API Number 30-039-27676 | | ² Pool Code 06460 | | ³ Pool Name SOUTH BLANCO TOCITO | |
| ⁴ Property Code 2459 | | ⁵ Property Name BREECH E | | | ⁶ Well Number 850 |
| ⁷ OGRID No. 003824 | | ⁸ Operator Name Caulkins Oil Company | | | ⁹ Elevation 6640' |

¹⁰ Surface Location

| | | | | | | | | | |
|--------------------|--------------|-----------------|-------------|---------|-----------------------|---------------------------|------------------------|------------------------|----------------------|
| UL or lot no. C | Section 5 | Township 26N | Range 6W | Lot Idn | Feet from the 705' | North/South line NORTH | Feet from the 2270' | East/West line WEST | County 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 80 | | 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

| | | | | | |
|---------------|--|--|--|---|--|
| ¹⁶ | | | | ¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief Signature Printed Name Robert L. Verquer Title Superintendent Date August 4, 2005 | |
| | | | | 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 knowledge and belief. Date of Survey Signature and Seal of Professional Surveyor: Certificate Number | |

District I

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District II

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District III

1000 Rio Brazos Rd., Aztec, NM 87410

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Revised October 18, 1994

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RECEIVED
070 FARMINGTON NM

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | | |
|------------------------------------|--|---------------------------------|--|
| ¹ API Number | | ² Pool Code 71599 | ³ Pool Name BASIN DAKOTA |
| ⁴ Property Code 2459 | ⁵ Property Name BREECH "E" | | ⁶ Well Number 850 |
| ⁷ OGRID No. 003824 | ⁸ Operator Name Caulkins Oil Company | | ⁹ Elevation 6640' |

¹⁰ Surface Location

| | | | | | | | | | |
|--------------------|--------------|-----------------|-------------|---------|-----------------------|---------------------------|------------------------|------------------------|----------------------|
| UL or lot no. C | Section 5 | Township 26N | Range 6W | Lot Idn | Feet from the 705' | North/South line NORTH | Feet from the 2270' | East/West line WEST | County 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 320 80 designated | | | | | | | | | |
| 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

| | | | | | |
|--|--|--|--|--|--|
| ¹⁶ Breech E 50-E Breech E 850 | | | | ¹⁷ OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and</i> Signature Printed Name Robert L. Verquer Title Superintendent Date March 16, 2004 | |
| ¹⁸ SURVEYOR CERTIFICATION <i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by my supervision, and that the same is true and correct to the best of my knowledge and belief.</i> Date of Survey Signature and Seal of Professional Surveyor: Certificate Number | | | | | |

**LAST 12-MONTHS PRODUCTION
FOR BREECH E 850**

DAKOTA

| MONTH | GAS | OIL | WATER | DAYS | GAS DPA | OIL DPA |
|--------------|---------------|------------|--------------|-------------|----------------|----------------|
| 05/05 | 7,856 | 37 | 6 | 31 | 253 | 1.194 |
| 06/05 | 6,949 | 9 | 1 | 30 | 232 | 0.300 |
| 07/05 | 6,805 | 21 | 3 | 31 | 220 | 0.677 |
| 08/05 | 5,930 | 22 | 3 | 31 | 191 | 0.710 |
| 09/05 | 5,816 | 0 | 0 | 30 | 194 | 0.000 |
| 10/05 | 2,270 | 11 | 2 | 14 | 162 | 0.786 |
| 11/05 | 3,823 | 11 | 2 | 30 | 127 | 0.367 |
| 12/05 | 3,697 | 10 | 2 | 31 | 119 | 0.323 |
| 01/06 | 4,081 | 11 | 2 | 31 | 132 | 0.355 |
| 02/06 | 3,433 | 8 | 1 | 28 | 123 | 0.286 |
| 03/06 | 3,636 | 0 | 0 | 31 | 117 | 0.000 |
| 04/06 | 2,402 | 0 | 0 | 29 | 83 | 0.000 |
| | 56,698 | 140 | 22 | | 163 | 0.417 |

TOCITO

| MONTH | GAS | OIL | WATER | DAYS | GAS DPA | OIL DPA |
|--------------|---------------|------------|--------------|-------------|----------------|----------------|
| 10/05 | 1214 | 24 | 0 | 14 | 87 | 1.714 |
| 11/05 | 2066 | 25 | 0 | 30 | 69 | 0.833 |
| 12/05 | 2004 | 22 | 0 | 31 | 65 | 0.710 |
| 01/06 | 2202 | 24 | 0 | 31 | 71 | 0.774 |
| 02/06 | 1859 | 19 | 0 | 28 | 66 | 0.679 |
| 03/06 | 1973 | 0 | 0 | 31 | 64 | 0.000 |
| 04/06 | 1331 | 0 | 0 | 29 | 46 | 0.000 |
| | 12,649 | 114 | 0 | | 67 | 0.673 |

