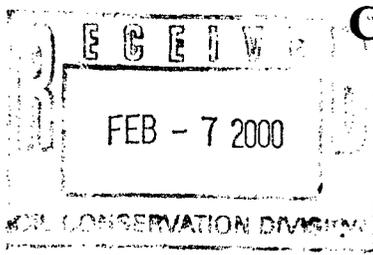


DHC 2/28/00



CAULKINS OIL COMPANY

P. O. BOX 340
BLOOMFIELD, NEW MEXICO 87413
PHONE: 505-632-1544
FAX 505-632-1471

2652

February 3, 2000

State of New Mexico
Oil Conservation Division
ATTN: Lori Wrotenberry
2040 South Pacheco
Santa Fe, NM 87504

Re: Administrative Approval to Downhole Commingle
Reuter 344-E, Sec. 22-T26N-R6W, Unit Letter K
Basin Dakota and Blanco Mesa Verde Formations
Rio Arriba County, New Mexico

Dear Ms. Wrotenberry:

This well is waiting on APD approval. Caulkins Oil Company requests approval to commingle well by following procedure:

- Move in workover rig.
- Drill out stage tools.
- Run correlation collar log.
- Perforate and frac Dakota.
- Set retrievable bridge plug between Dakota and Mesa Verde zones.
- Perforate and frac Mesa Verde zone.
- Clean out and test Mesa Verde zone.
- Pull retrievable bridge plug.
- Clean out and test Dakota - Mesa Verde combined.
- Subtract Mesa Verde test from combined test for percentage allocations.
- Land tubing.
- Move rig.
- Submit test results to NMOCD for final percentage allocation approvals.

All Caulkins Oil Company's and offset operators' wells immediately surrounding this well are currently commingled in these formations. The most recent commingles being Caulkins Oil Company Breech 228-M, Conoco Reams Com #3Y and Reams Com #2-M. Please reference DHC #2494, DHC #1646 and #1647.

- Please find the enclosed:
- Form C-107-A
 - Form C-102 for each zone
 - Vicinity map
 - Notification list of offset operators
 - Sundry notice notifying BLM of intentions to commingle

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

Sincerely,

Robert L. Verquer
Robert L. Verquer
Superintendent

DISTRICT I

P.O. Box 1980, Hobbs, NM 88240

DISTRICT II

811 South First St., Artesia, NM 88210

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

State of New Mexico

Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, New Mexico 87505-6429

APPLICATION FOR DOWNHOLE COMMINGLING

Form C-107-A

New 3-12-96

APPROVAL PROCESS :

Administrative Hearing

EXISTING WELLBORE

YES NO

CAULKINS OIL COMPANY

P.O. BOX 340, BLOOMFIELD, NM 87413

OPERATOR

ADDRESS

REUTER

344-E

K - SEC. 22-26N-6W

RIO ARRIBA

LEASE

WELL NO.

UNIT LTR. - SEC. - TWP. - RGE.

COUNTY

Spacing Unit Lease types: (check 1 or more)

OGRID NO. 003824 Property Code 2462 API NO. 30-039-27235 Federal X, State, (and/or) Fee

Table with 4 columns: The following facts are submitted in support of downhole commingling, Upper Zone, Intermediate Zone, Lower Zone. Rows include Pool Name, Top and Bottom of Pay Section, Type of production, Method of Production, Bottomhole Pressure, Oil Gravity, Producing or Shut-In, Production Marginal?, and Fixed Percentage Allocation.

- 9. If allocation formula is based upon something other than current or past production...
10. Are all working, overriding, and royalty interests identical in all commingled zones?
11. Will cross-flow occur?
12. Are all produced fluids from all commingled zones compatible with each other?
13. Will the value of production be decreased by commingling?
14. If this well is on, or communitized with, state or federal lands...
15. NMOCD Reference Cases of Rule 303(c) Exceptions:
16. ATTACHMENTS:

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 February 2, 2000 TYPE OR PRINT NAME ROBERT L. VERQUER TELEPHONE NO. (505) 632-1544

EXHIBIT "H"

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised October 18, 1994

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

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

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 30-039-27235	² Pool Code 72319	³ Pool Name MESA VERDE
⁴ Property Code 2462	⁵ Property Name Reuter	
⁷ OGRID No. 003824	⁸ Operator Name Caulkins Oil Company	⁶ Well Number 344-E
		⁹ Elevation 6694 GL

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
K	22	26N	6W		1650'	South	1650'	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

¹² Dedicated Acres 320	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	<i>Robert L. Verquer</i>
				Printed Name	Robert L. Verquer
				Title	Superintendent
				Date	December 7, 1999
				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					

EXHIBIT "H"

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
 2040 South Pacheco
 Santa Fe, NM 87505

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 30-039-27235		² Pool Code 71599		³ Pool Name BASIN DAKOTA	
⁴ Property Code 2462		⁵ Property Name Reuter			⁶ Well Number 344-E
⁷ OGRID No. 003824		⁸ Operator Name Caulkins Oil Company			⁹ Elevation 6694 GL

¹⁰ Surface Location

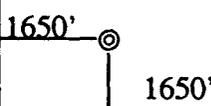
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	22	26N	6W		1650'	South	1650'	West	Rio Arriba

¹¹ Bottom Hole Location If Different From Surface

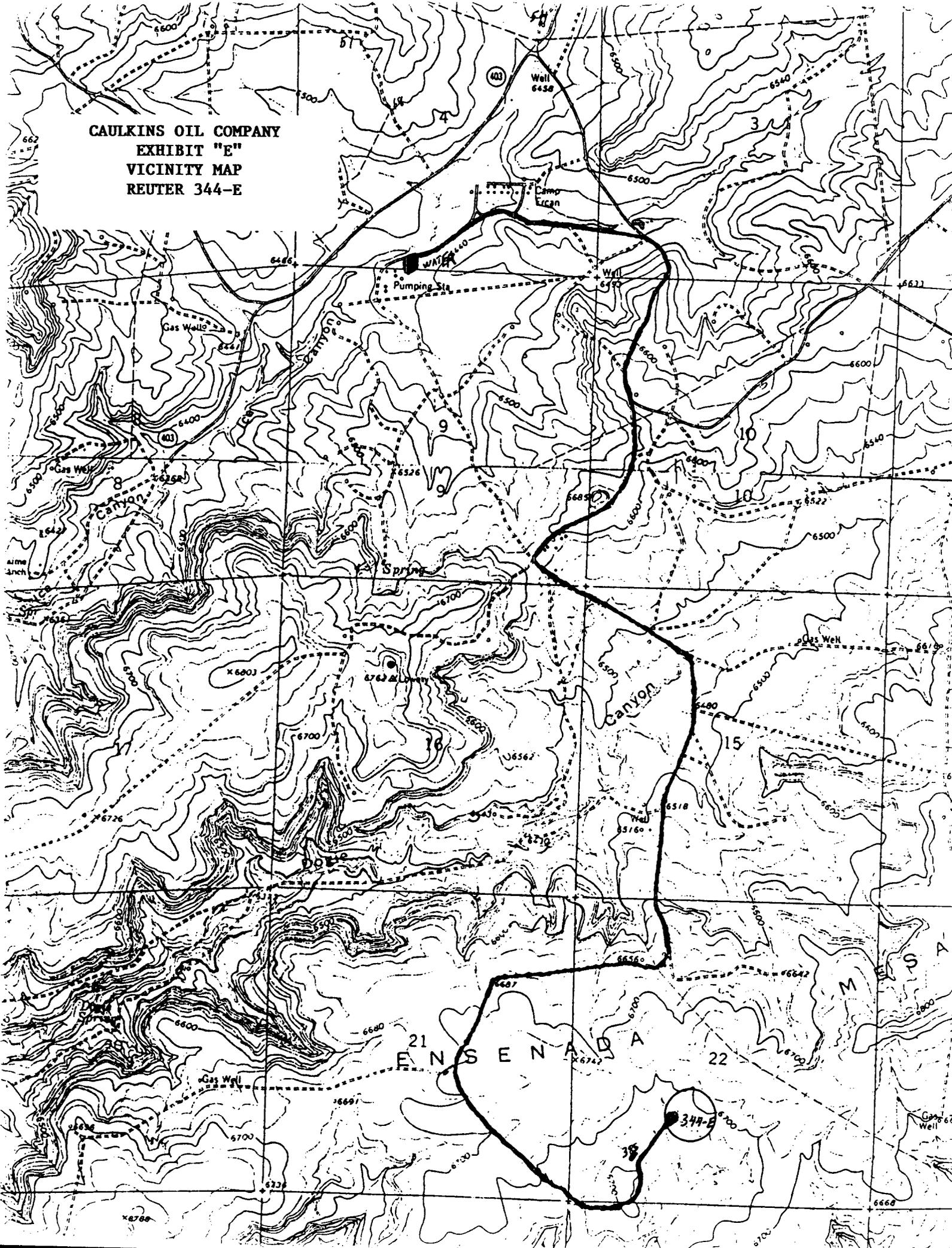
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
¹² Dedicated Acres 320		¹³ Joint or Infill Infill		¹⁴ Consolidation Code		¹⁵ Order No.			

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					<p>¹⁷ OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</i></p> <p>Signature <u>Robert L. Verquer</u></p> <p>Printed Name <u>Robert L. Verquer</u></p> <p>Title <u>Superintendent</u></p> <p>Date <u>December 7, 1999</u></p>
					<p>¹⁸ SURVEYOR CERTIFICATION</p> <p><i>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.</i></p> <p>Date of Survey _____</p> <p>Signature and Seal of Professional Surveyor: _____</p>
					Certificate Number _____



CAULKINS OIL COMPANY
EXHIBIT "E"
VICINITY MAP
REUTER 344-E



CAULKINS OIL COMPANY

P. O. BOX 340

BLOOMFIELD, NEW MEXICO 87413

PHONE: 505-632-1544

FAX 505-632-1471

February 3, 2000

The following list is all the offset operators to Caulkins Oil Company well Reuter 344-E, section 22, township 26N, range 6W

Conoco, Inc.
3315 Bloomfield Highway
Farmington, NM 87401

Burlington Resources
P.O. Box 4289
Farmington, NM 87499

**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 plug back to a different reservoir. Use "APPLICATION FOR PERMIT--" for such proposals)

5. Lease

NMNM-03553

6. If Indian, Allottee or Tribe Name

7. Unit Agreement Name

1. Oil Well Gas Well Other
GAS WELL

8. Well Name and No.

REUTER 344-E

2. Name of Operator:

Caulkins Oil Company

9. API Well No.

30-039-27235

3. Address of Operator:

(505) 632-1544

10. Field and Pool, Exploratory Area

P.O. Box 340, Bloomfield, NM 87413

DAKOTA, MESA VERDE

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

11. Country or Parish, State

1650' F/S 1650' F/W SEC. 22-26N-6W

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	
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment	<input type="checkbox"/> Change of Plans
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion	<input type="checkbox"/> New Construction
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Altering Casing	<input type="checkbox"/> Conversion to Injection
	<input checked="" type="checkbox"/> Other <u>Downhole Commingle</u>	<input type="checkbox"/> Dispose Water

17. Describe Proposed or Completed Operations:

2-2-00 Approval to downhole commingle this well has been submitted to the NMOCD.
Commingling documents attached.
Pending approval, commingling will be done by the following procedure.
Move in workover rig. Drill out stage tools.
Run correlation collar log.
Perforate and frac Dakota.
Set retrievable bridge plug between Dakota and Mesa Verde zones.
Perforate and frac Mesa Verde zone.
Clean out and test Mesa Verde zone.
Pull retrievable bridge plug.
Clean out and test Dakota - Mesa Verde combined.
Subtract Mesa Verde test from combined test for percentage allocations.
Land tubing. Move rig.
Submit test results to NMOCD for final percentage allocation approvals.

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: February 2, 2000
ROBERT L. VERQUER

APPROVED BY: _____ TITLE: _____ DATE: _____
CONDITIONS OF APPROVAL, IF ANY