



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

ADMINISTRATIVE ORDER DHC-3187

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

Attention: Robert Verquer

*Breach "E" Well No. 58-M
API No. 30-039-23427
Unit P, Section 3, Township 26 North, Range 6 West, NMPM,
Rio Arriba County, New Mexico
South Blanco-Tocito (Oil - 06460),
Blanco-Mesaverde (Prorated Gas - 72319), and
Basin-Dakota (Prorated Gas - 71599)*

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 well bore.

It appearing that the subject well qualifies for approval 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.

In accordance with the provisions of Rule 303.C.(1), the maximum amount of gas that may be produced daily from the well shall be determined by Division Rules and Regulations, or by the gas allowable for each respective prorated gas 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 unless amended with permission of the Aztec District Office and copied to this office:

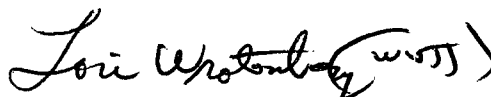
Blanco-Mesaverde Prorated Gas Pool	Oil-15%	Gas-10%
Basin-Dakota Prorated Gas Pool	Oil-24%	Gas-35%
South Blanco-Tocito Oil Pool	Oil-61%	Gas-55%

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

Pursuant to Rule 303.C.(2), the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.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 9th day of September 2003.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



LORI WROTENBERY
Division Director

LW/wvjj

cc: Oil Conservation Division – Aztec
Bureau of Land Management – Farmington