

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.

Use "APPLICATION FOR PERMIT - " for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

Taurus Exploration U.S.A., Inc.

3. Address and Telephone No.

2198 Bloomfield Highway; Farmington, NM 87401

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

1090' FSL, 1650' FWL, Sec. 34, T26N, R3W, N.M.P.M.

5. Lease Designation and Serial No.

Jicarilla Contract 117

6. If Indian, Allottee or Tribe Name

Jicarilla Apache

7. If Unit or CA, Agreement Designation

8. Well Name and No.

Jicarilla 117E 3

9. API Well No.

307039-06200

10. Field and Pool, or exploratory Area

Tapacito PC/Blanco MV

11. County or Parish, State

Rio Arriba NM

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

TYPE OF SUBMISSION

- ☒ Notice of Intent
☐ Subsequent Report
☐ Final Abandonment Notice

TYPE OF ACTION

- ☐ Abandonment
☐ Recompletion
☐ Plugging Back
☐ Casing Repair
☐ Altering Casing
☒ Other Commingle
☐ Change of Plans
☐ New Construction
☐ Non-Routine Fracturing
☐ Water Shut-Off
☐ Conversion to Injection
☐ Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

It is intended to downhole commingle this well as follows:

1. TOH and laydown PC tubing string.
2. Release model EGJ packer and seal assembly and TOH.
3. TIH with packer milling assembly and mill out packer at 6021'. TOH.
4. TIH with packer and RBP. Isolate perfs from 5578'-5950'. Swab test and check for water production.
5. If excessive water is encountered, squeeze cement with sufficient amount of cement.
6. TOH. Run tubing and land at 6150'. Install single wellhead.

14. I hereby certify that the foregoing is true and correct

Signed [Signature] Title Production Superintendent Date 11/24/98

(This space for Federal or State office use)

Approved by [Signature] Title Lands and Mineral Resources Date DEC 10 1998

Conditions of approval, if any:

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

* See Instruction on Reverse Side

[Signature]

Jicarilla 117E #3
Unit N, Section 34, T 26 N, R 3 W
Rio Arriba Co., N.M.

Subject: Economic Justification To Downhole Commingle

Current Oil Price -- \$12.00
Current Gas Price -- \$1.20 Net less gathering & processing

The Blanco Mesa Verde and Tapacito Pictured Cliffs are marginal producers in this area. The Pictured Cliffs has been non-productive since 1992 and has experienced severe liquid loading problems. The well will unload but has insufficient pressure to produce against current line pressures. It is felt if the mechanical restrictions can be removed from the wellbore and a plunger lift system installed, an increase in total production will be realized.

Current Mesa Verde Rate:	21 MCFD
Projected Mesa Verde Rate:	46 MCFD & 1 BO
Current PC Rate:	0 MCFD
Projected PC Rate:	15 MCFD
Incremental Uplift:	40 MCFD & 1 BO

Increased Revenue Stream

Gas Revenue	$40 * 1.20 * 30 =$	\$1440
Oil Revenue	$1 * 12.00 * 30 =$	<u>\$360</u>
Increased Monthly Revenue		\$1800

Increased Royalty	\$225 per month
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Downhole commingling will eliminate the waste of having the Pictured Cliffs shut in, stabilize the flowstream and extend the life of the well through increased efficiencies.

CONDITIONS OF APPROVAL FOR DOWNHOLE COMMINGLING

Operator Taurus Exploration Well Name Jic. 117E #3

1. The individual production zones will be tested every three years, or more often if production rates indicate a change to allocation factors, to verify that the allocation factors and methods remain proper.
2. Production from downhole commingled wells are to be reported with an alpha character, "C" (ie C1, C2, etc).
3. The following modifications to your downhole commingling program are to be made :

Submit well bore diagram upon completion of commingling of this well.

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BUREAU