

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

RECEIVED
JUL 23 1998
OIL CON. DIV
PMT. 3

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)
990' FSL, 990' FWL, Sec. 24, T27N, R 3W NMPM

5. Lease Designation and Serial No.
Jicarilla Contract 94

6. If Indian, Allottee or Tribe Name
Jicarilla

7. If Unit or CA, Agreement Designation

8. Well Name and No.
Jicarilla 94 #7

9. API Well No.
30-039-06967

10. Field and Pool, or exploratory Area
Gavilan Pictured Cliffs/
Blanco Mesa Verde

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 Downhole 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.)*

Taurus Exploration U.S.A., Inc. intends to add Pictured Cliffs pay and downhole commingle this well per previously approved procedure.

AFMSS

Adjud Amg
Engr
Geol
Surf
Appvl ORS 7/24/98

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

Signed [Signature] Title Production Superintendent Date 6/3/98

(This space for Federal or State office use)

Approved by [Signature] Title Lands and Mineral Resources Date JUL 24 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

Jicarilla 94 #7
Unit M, Section 24, T 27 N, R 3 W
Rio Arriba Co., N.M.

Subject: Economic Justification To Downhole Commingle

Current Oil Price -- \$9.00
Current Gas Price -- \$1.20 Net less gathering & processing

The Gavilian Pictured Cliffs side of this dual completion has extreme liquid loading problems. Operationally, the well is temporality abandoned since there is not enough gas production to keep the zone unloaded. When the well is blown to the tank, it will produce a heavy mist of water. Commingling will allow the installation of a plunger system to stabilize to flowstream and utilize the Mesa verde gas to produce the PC and keep the well unloaded.

Current Mesa Verde Rate:	25 MCFD
Projected Mesa Verde Rate:	60 MCFD
Projected Pictured Cliffs Rate:	10 MCFD

Incremental Uplift:	45 MCFD
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Increased Revenue Stream

Gas Revenue	$45 * 1.20 * 30 =$	\$1620
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Increased Monthly Revenue	\$1620
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Increased Royalty	\$202 per month
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Downhole commingling will eliminate the waste of prematurely plugging the Pictured Cliffs zone and extend the life of the well through increased efficiencies. It is intended to test each zone individually to set the allocation method after the additional PC pay is added.

It is intended to run a packer every 5 years and production test each zone to verify the allocation.