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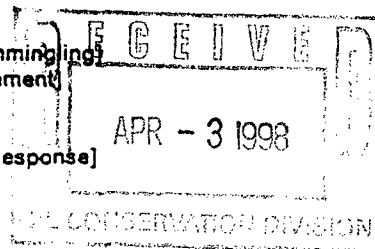
**NEW MEXICO OIL CONSERVATION DIVISION**  
- Engineering Bureau -

**ADMINISTRATIVE APPLICATION COVERSHEET**

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

**Application Acronyms:**

[NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]  
 [DD-Directional Drilling] [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 - Directional Drilling  
☐ NSL ☐ NSP ☐ DD ☐ 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

**[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] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding**

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I further verify that all applicable API Numbers are included. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

Note: Statements must be completed by an individual with supervisory capacity.

GARY W. BRINK  
Print or Type Name

Signature

Production Dept.  
Title

4/2/98  
Date



TAURUS EXPLORATION, INC.  
2198 Bloomfield Highway  
Farmington, New Mexico 87401  
Telephone (505) 325-6800

April 2, 1998

Ms. Lori Wrotenbery  
New Mexico Oil Conservation Division  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505

RE: Administrative Approval to Downhole Commingle  
Taurus Exploration U.S.A., Inc.  
Carson #3  
840' FSL, 995' FWL, Sec. 30, T30N R4W, NMPM  
Rio Arriba County, New Mexico

Dear Ms. Wrotenbery:

Taurus Exploration U.S.A., Inc. requests administrative approval for downhole commingling the East Blanco Pictured Cliffs and Blanco Mesa Verde pools in the subject well. The well is currently producing as a Pictured Cliffs/Mesa Verde dual completion. Additional potential has been identified in the Upper Mesa Verde/Lewis Shale in this wellbore and it is planned to add this pay to the Mesa Verde flowstream. Since the Pictured Cliffs zone has experienced liquid loading problems, it is felt downhole commingling would improve the overall producing efficiency of the well. It is intended to add the additional pay and downhole commingle at the same time.

To comply with New Mexico Oil Conservation Rule, Taurus Exploration U.S.A., Inc. is submitting the following data for your approval of the proposed commingling.

1. For C-107A - Application for Downhole Commingling
2. C-102 - Location plat showing each spacing unit and dedicated acreage
3. Production curves for both the Pictured Cliffs and Mesa Verde
4. Offset operator plat
5. Well location plat
6. Allocation method

In accordance with New Mexico Oil Conservation Division Rule 303C, all offset operators are being notified of this application by certified mail. As an offset operator, if you have no objection to this application, you do not have to respond to this notification.

If additional information is needed, please contact me.

Sincerely,

Gary W. Brink  
Production Superintendent

GWB/df  
cc: NMOCD - Aztec, BLM - Farmington, Offset operators

## DISTRICT I

P.O. Box 1980, Hobbs, NM 88241-1980

## DISTRICT II

811 S. First St., Artesia, NM 88210-2835

## DISTRICT III

1000 Rio Brazos Rd, Aztec, NM 87410-1693

State of New Mexico  
Energy, Minerals and Natural Resources Department

## OIL CONSERVATION DIVISION

2040 S. Pacheco  
Santa Fe, New Mexico 875054-6429Form C-107-A  
New 3-12-96

APPROVAL PROCESS:

☒ Administrative ☐ Hearing

EXISTING WELLBORE

☒ YES ☐ NO

## APPLICATION FOR DOWNHOLE COMMINGLING

Taurus Exploration U.S.A., Inc. 2198 Bloomfield Highway, Farmington, New Mexico 87401

Operator Address

Carson #3 N 30 T30N R4W Rio Arriba, N.M.

Lease Well No. Unit Ltr. - Sec - Twp - Rge County

OGRID NO. 162928 Property Code 006897 API NO. 30-039-22286 Spacing Unit Lease Types: (check 1 or more)

Federal ☒ State ☐ (and/or) Fee ☐

The following facts are submitted in support of downhole commingling.	Upper Zone	Intermediate Zone	Lower Zone
1. Pool Name and Pool Code	E. Blanco Pictured Cliff 72400		Blanco Mesa Verde 72319
2. Top and Bottom of Pay Section (Perforations)	4108-4396		6293-6800
3. Type of production (Oil or Gas)	Gas		Gas
4. Method of Production (Flowing or Artificial Lift)	Flowing		Flowing
5. Bottomhole Pressure	a. (Current)	a.	a.
Oil Zones - Artificial Lift: Estimated Current	650 Calc.		532 Calc.
Gas & Oil - Flowing: Measured Current	b. (Original)	b.	b.
All Gas Zones: Estimated Or Measured Original	1399 Calc.		953 Calc.
6. Oil Gravity ( <sup>o</sup> API) or Gas BTU Content)	1085 BTU		1060 BTU
7. Producing or Shut-In?	Producing		Producing
Production Marginal? (yes or no)	yes		no
* If Shut-In, give date and oil/gas/water rates of last production	Date: Rates:	Date: Rates:	Date: Rates:
Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data			
* If Producing, give date and oil/gas/water rates of recent test (within 60 days)	Date: 2/11/98 Rates: 40 MCF/D	Date: Rates:	Date: 2/18/98 Rates: 146 MCF/D
8. Fixed Percentage Allocation Formula - % for each zone	Oil: Gas: % See attached allocations	Oil: Gas: %	Oil: Gas: %

9. If allocation formula is based upon something other than current or past production, or is based upon some other method, submit attachments with supporting data and/or explaining method and providing rate projections or other required data.

10. Are all working, overriding, and royalty interests identical in all commingled zones? ☒ Yes ☐ No  
If not, have all working, overriding, and royalty interests been notified by certified mail? ☐ Yes ☐ No  
Have all offset operators been given written notice of the proposed downhole commingling? ☒ Yes ☐ No11. Will cross-flow occur? ☐ Yes ☒ No If yes, are fluids compatible, will the formations not be damaged, will any cross-flowed production be recovered, and will the allocation formula be reliable. ☐ Yes ☐ No (If No, attach explanation)12. Are all produced fluids from all commingled zones compatible with each other? ☐ Yes ☐ No13. Will the value of production be decreased by commingling? ☐ Yes ☒ No (If Yes, attach explanation)14. If this well in on, or communitized with, state or federal lands, either the Commissioner of Public Lands or the United States Bureau of Land Management has been notified in writing of this application. ☒ Yes ☐ No

15. NMOCD Reference Cases for Rule 303(D) Exceptions: ORDER NO(S) \_\_\_\_\_

## 16. 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 all offset operators.
- \* Notification list of working, overriding, and royalty interests for uncommon interest cases.
- \* Any additional statements, data, or documents required to support commingling.

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

SIGNATURE Gary W. Brink TITLE Prod. Superintendent DATE 4/1/98TYPE OR PRINT NAME Gary W. Brink TELEPHONE NO. ( 505 ) 325-6800

District I  
PO Box 1980, Hobbs, NM 88241-1980  
District II  
811 S. 1st Street, Artesia, NM 88210-2834  
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

<sup>1</sup> API Number 30-039-22286	<sup>2</sup> Pool Code 72400/72319	<sup>3</sup> Pool Name East Blanco Picture Cliffs/Blanco Mesa Verde
<sup>4</sup> Property Code 006897	<sup>5</sup> Property Name Carson	<sup>6</sup> Well Number 3
<sup>7</sup> OGRID No. 162928	<sup>8</sup> Operator Name Taurus Exploration, U.S.A., Inc.	<sup>9</sup> Elevation

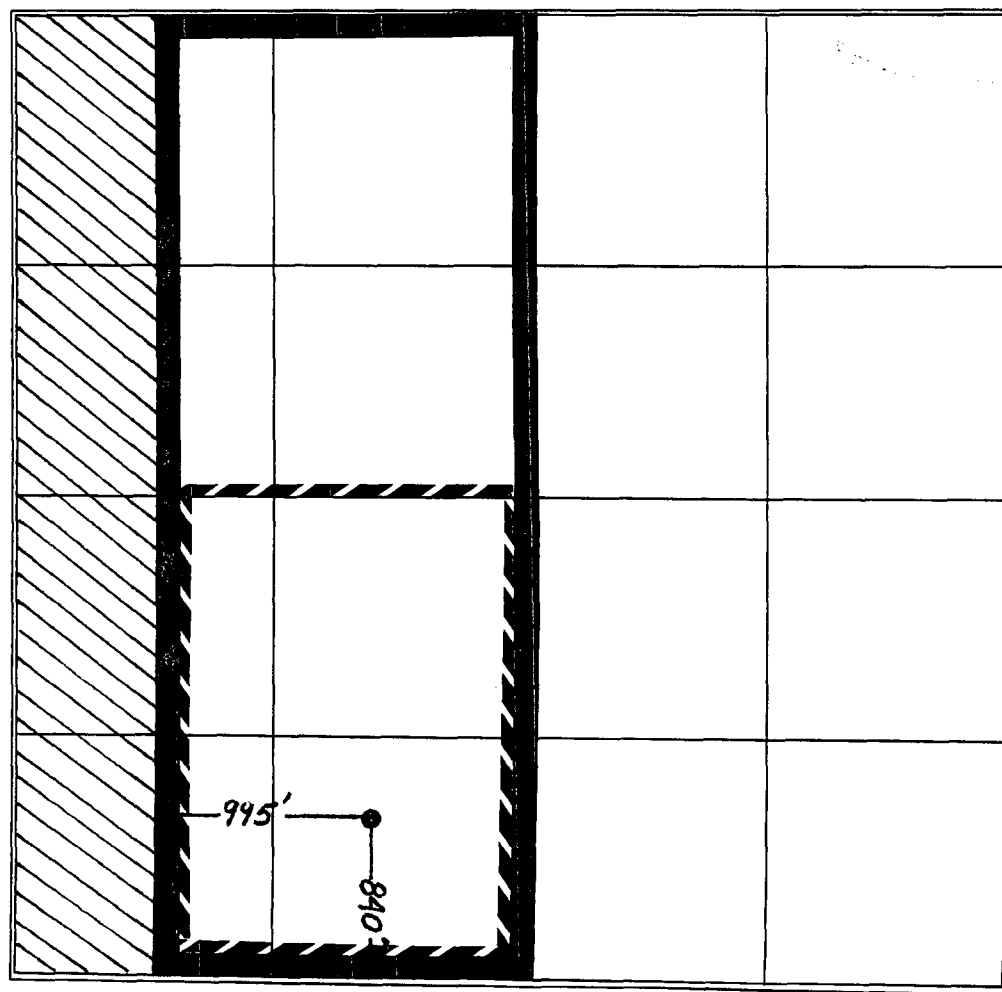
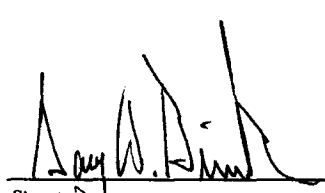
<sup>10</sup> Surface Location

UL or lot no. N	Section 30	Township 30N	Range 4W	Lot. Idn	Feet from the 840	North/South Line South	Feet from the 995	East/West line West	County Rio Arriba
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<sup>11</sup> 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
<sup>12</sup> Dedicated Acres 110.13/220.12	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> 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

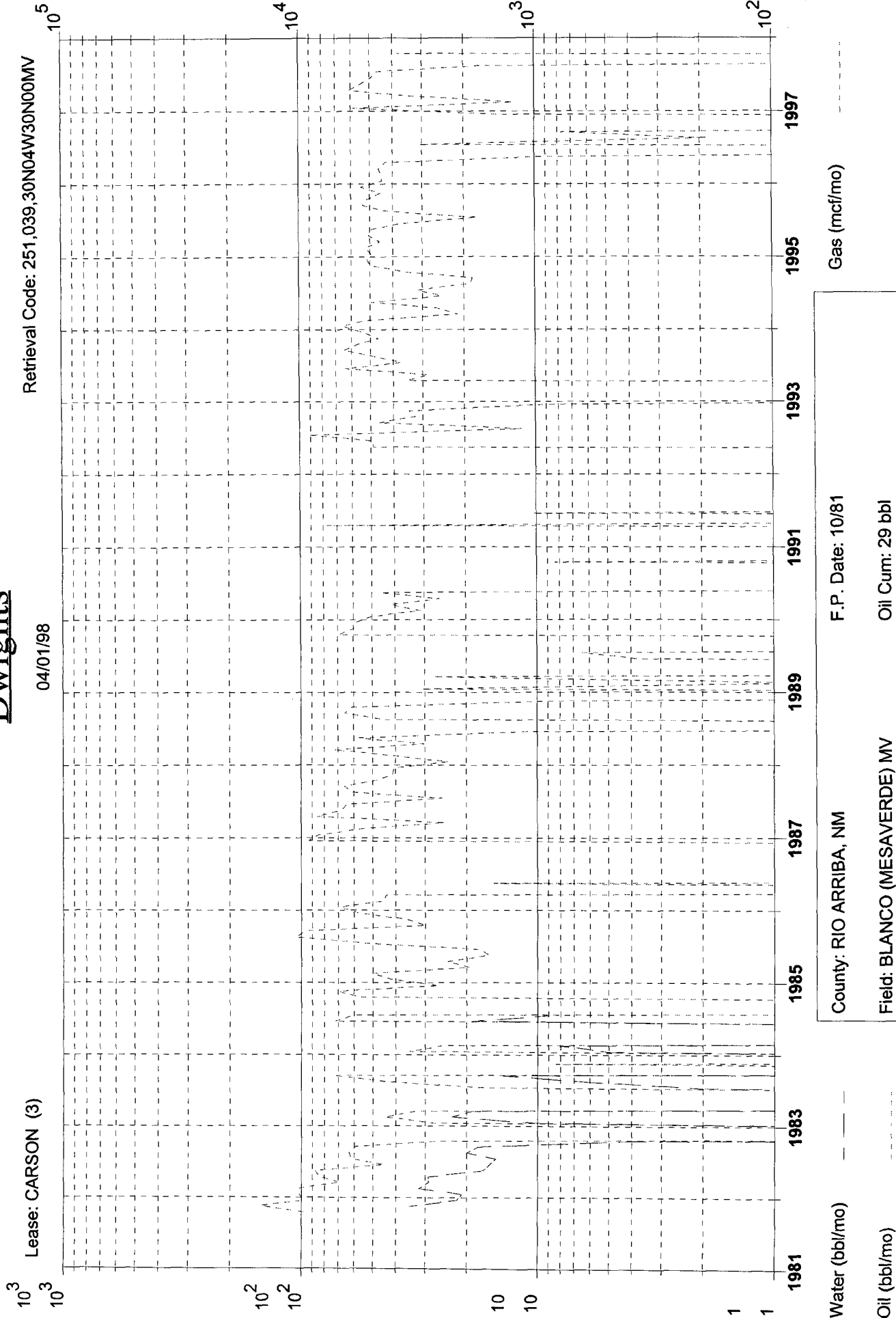
	<p><sup>17</sup> OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p> Signature Gary W. Brink Printed Name Production Superintendent Title 4/1/98 Date</p>
	<p><sup>18</sup> SURVEYOR CERTIFICATION <i>I 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 belief.</i></p> <p>July 11, 1979 Date of Survey Signature and Seal of Professional Surveyer: Reissue of Original Survey by Fred B. Kerr 3950 Certificate Number</p>

# Dwights

Lease: CARSON (3)

04/01/98

Retrieval Code: 251,039,30N04W30N00MV



Water (bbl/mo)

Oil (bbl/mo)

F.P. Date: 10/81

Oil Cum: 29 bbl

Gas Cum: 643.4 mmcf

Location: 30N 30N 4W

County: RIO ARRIBA, NM

Field: BLANCO (MESAVERDE) MV

Reservoir: MESAVERDE

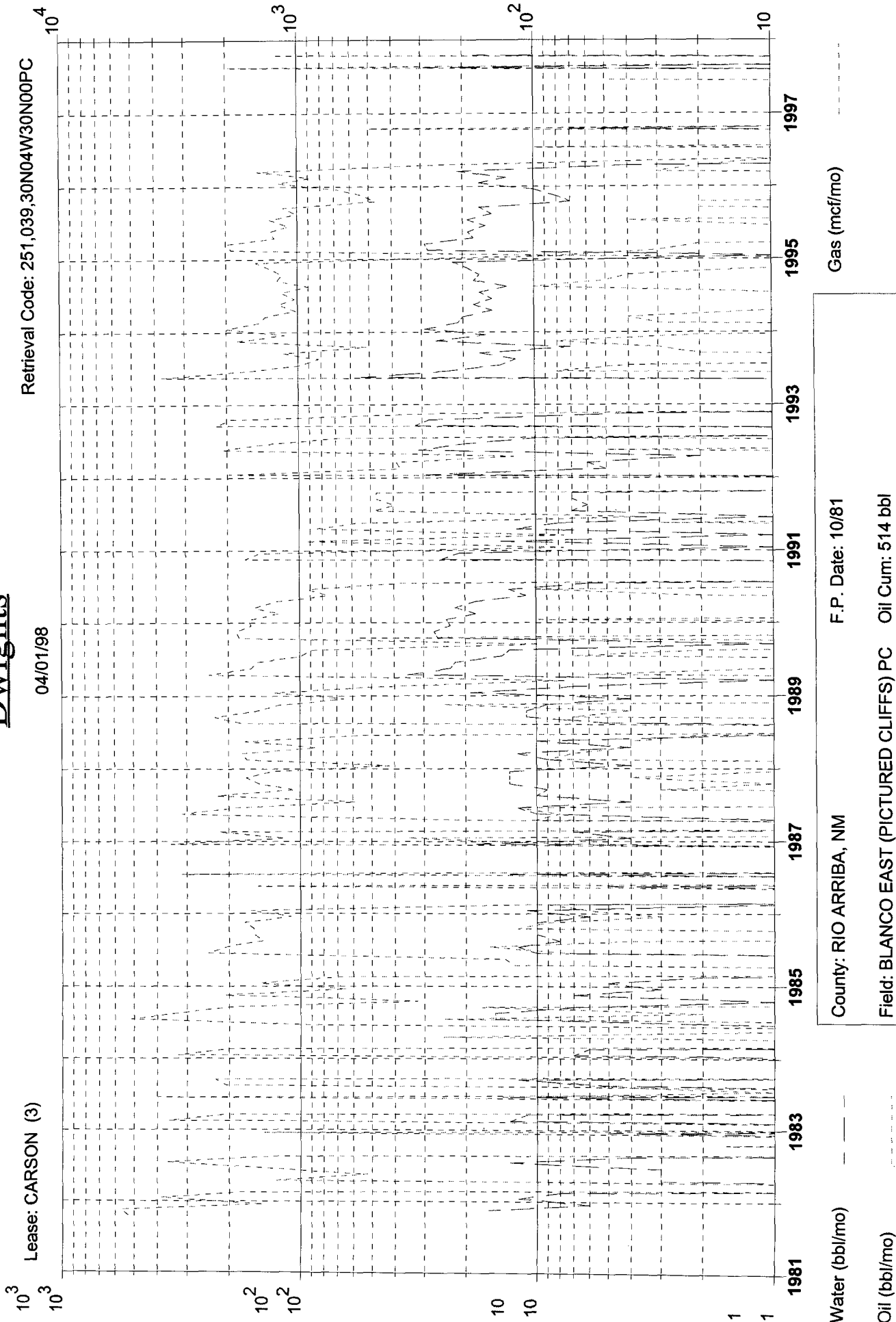
Operator TAURUS EXPLORATION U.S.A.

# Dwights

04/01/98

Lease: CARSON (3)

Retrieval Code: 251,039,30N04W30N00PC



Water (bbl/mo)

Oil (bbl/mo)

Gas (mcf/mo)

County: RIO ARRIBA, NM

F.P. Date: 10/81

Field: BLANCO EAST (PICTURED CLIFFS) PC

Oil Cum: 514 bbl

Reservoir: PICTURED CLIFFS

Gas Cum: 205.4 mmcf

Operator TAURUS EXPLORATION U.S.A.

Location: 30N 30N 4W

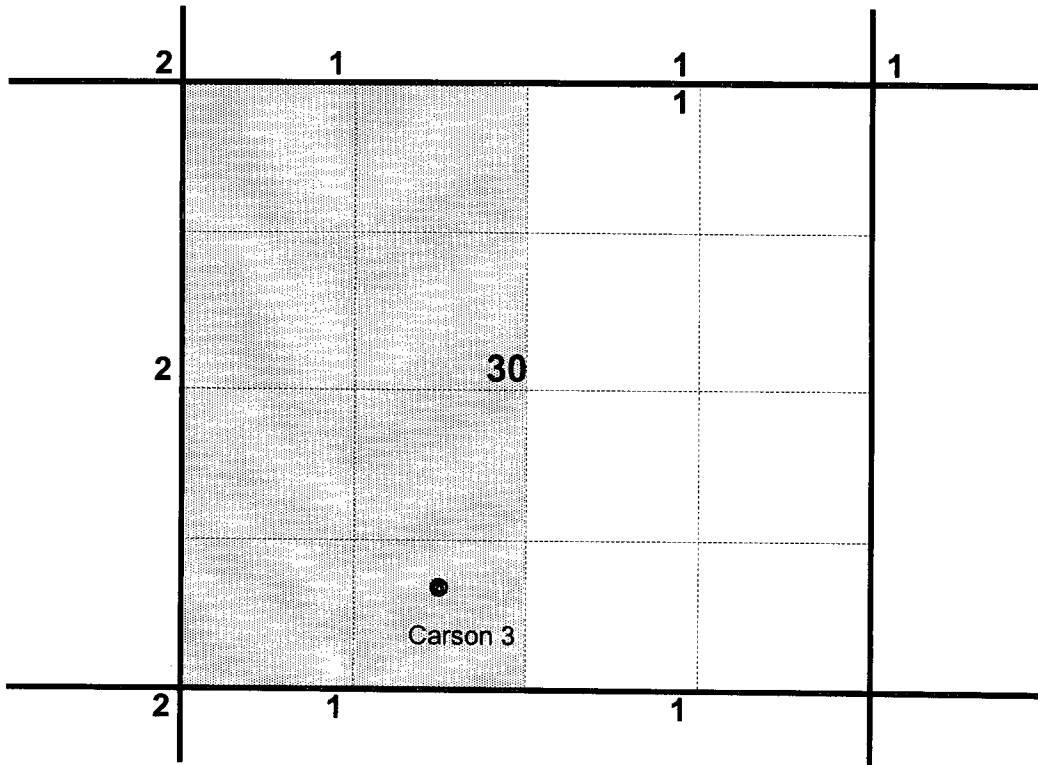
# **Taurus Exploration U.S.A., Inc**

## **Carson #3**

### **Offset Operator / Ownership Plat**

E. Blanco Pictured Cliffs/ Blanco Mesa Verde  
Downhole Commingling

Township 30 N, Range 4 W



- 1) Taurus Exploration U.S.A., Inc
- 2) Phillips Petroleum  
5525 Hwy. 64  
Farmington, N.M. 87401

# Taurus Exploration U.S.A., Inc.

Well Location Plat

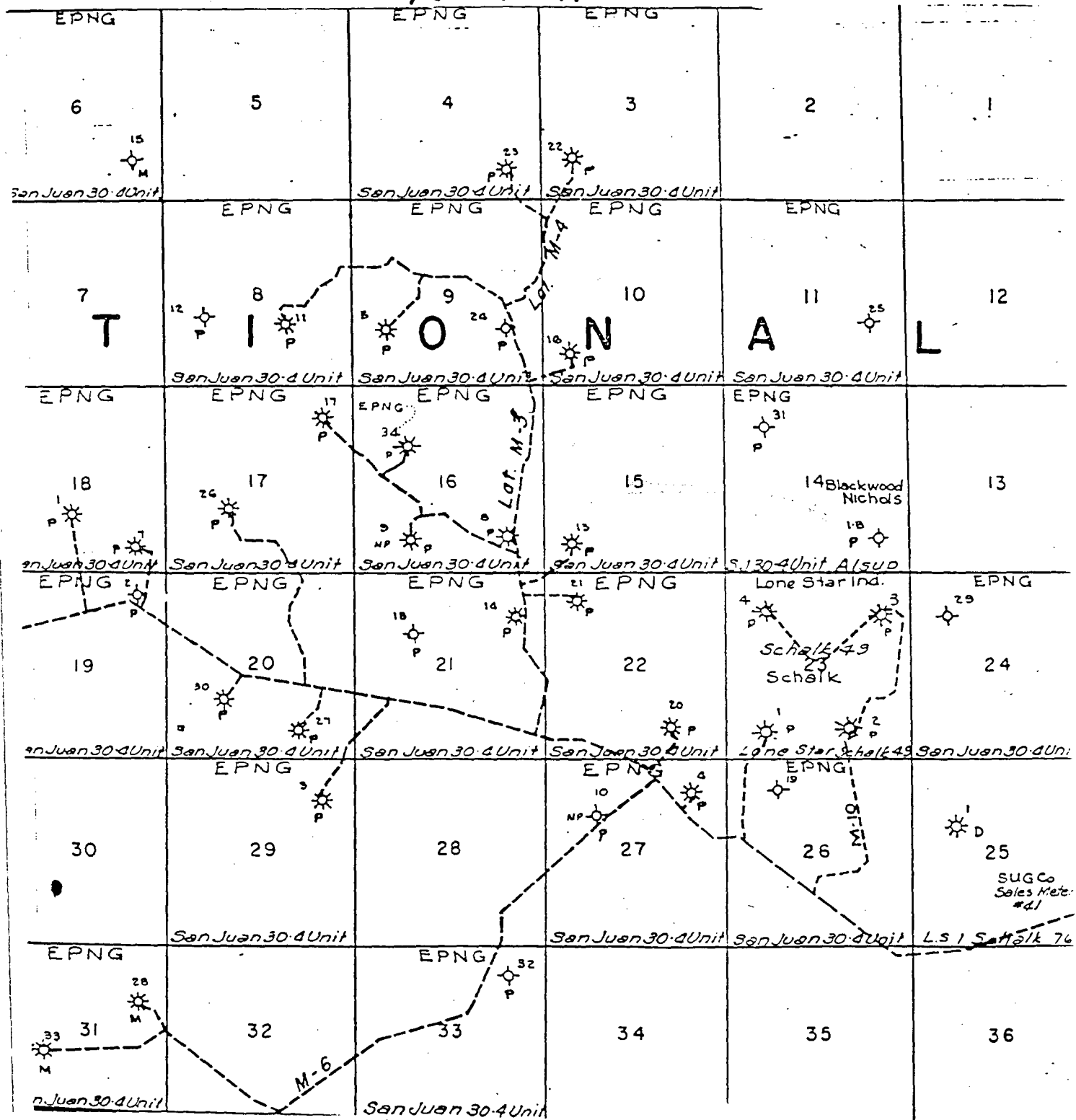
Carson #3

Unit N, Section 30, T 30 N, R 4 W

Rio Arriba Co., N.M.

*R-4-W*

*T  
30  
N*



### Carson #3

#### Proposed Allocation Method

Produce total well stream for 30 days following upper Mesa Verde pay add  
Pay Add projected to add 70 MCFD to Mesa Verde flow stream

Total Stream = X

Pictured Cliffs rate = 40 MCFD

PC Allocation =  $40/X$  as a percentage

MV Allocation =  $(X - 40)/X$  as a percentage

Oil Allocation = 100 % to Pictured Cliffs Zone

Rates will be reported to NMOCD - Aztec for final allocation percentage determination