

2/9/98	3/2/98	DC	W	DHC
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION  
- Engineering Bureau -

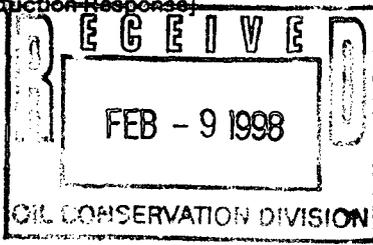
1835

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: Statement must be completed by an individual with supervisory capacity.

Gary W. Brink  
Print or Type Name

*[Signature]*  
Signature

Production Dept.  
Title

3/5/98  
Date

# TAURUS

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

February 5, 1998

Mr. William LeMay  
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.  
Navajo 1 #1  
2310' FNL, 1650' FEL, Sec. 25, T27N, R9W NMPM  
San Juan County, New Mexico

Dear Mr. LeMay:

Taurus Exploration U.S.A., Inc. requests administrative approval for downhole commingling the Blanco Mesa Verde and Basin Dakota pools in the subject well. The well is currently producing as a Mesa Verde/Dakota dual completion. The Mesa Verde zone has experienced liquid loading problems and it is felt downhole commingling will eliminate this problem by utilizing the Dakota flow stream to help lift the Mesa Verde oil production.

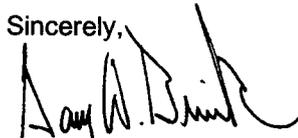
To comply with New Mexico Oil Conservation Rules, Taurus Exploration U.S.A., Inc. is submitting the following data for your approval of the proposed commingling:

1. For C107A - Application for Downhole Commingling
2. C-102 - Location plat showing each spacing unit and dedicated acreage
3. Production curves for both the Mesa Verde and Dakota
4. Offset operator plat
5. Well location plat.

In accordance to 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 875054-6429

Form C-107-A  
New 3-12-96

APPROVAL PROCESS:

Administrative  Hearing

EXISTING WELLBORE

YES  NO

APPLICATION FOR DOWNHOLE COMMINGLING

Operator Taurus Exploration U.S.A., Inc. Address 2198 Bloomfield Highway, Farmington, NM 87401

Lease Navajo 1 Well No. 1 Unit Ltr. - Sec - Twp - Rge G Sec. 25 27N 9W County San Juan

OGRID NO. 162928 Property Code 007346 API NO. 30-045-06247 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	Blanco Mesa Verde 72319		Basin Dakota 71599
2. Top and Bottom of Pay Section (Perforations)	4390-4441		6464-6654
3. Type of production (Oil or Gas)	Gas		Gas
4. Method of Production (Flowing or Artificial Lift)	Flowing		Flowing
5. Bottomhole Pressure Oil Zones - Artificial Lift: Gas & Oil - Flowing: All Gas Zones: Estimated Current Measured Current Estimated Or Measured Original	a. (Current) 694 Calc.	a.	a. 434 Calc.
	b. (Original) 1242 Calc.	b.	b. 2510 Calc.
6. Oil Gravity ( <sup>o</sup> API) or Gas BTU Content)	1241 BTU		1243 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 Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data	Date: Rates:	Date: Rates:	Date: Rates:
* If Producing, give date and oil/gas/water rates of recent test (within 60 days)	Date: 1/9/98 Rates: .5/7/0	Date: Rates:	Date: 1/9/98 Rates: .3/62/0
8. Fixed Percentage Allocation Formula - % for each zone	Oil: 62% Gas: 10%	Oil: % Gas: %	Oil: 38% Gas: 90%

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  No

11. 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  No

13. Will the value of production be decreased by commingling?  Yes  No (If Yes, attach explanation)

14. If this well is 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 [Signature] TITLE Prod. Superintendent DATE 2/5/98

TYPE 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

Form C-102  
 Revised October 18, 1994  
 Instructions on back  
 Submit to Appropriate District Office  
 State Lease - 4 Copies  
 Fee Lease - 3 Copies

OIL CONSERVATION DIVISION  
 2040 South Pacheco  
 Santa Fe, NM 87505

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30-045-06247		<sup>2</sup> Pool Code 72319/71599		<sup>3</sup> Pool Name Blanco Mesa Verde/Basin Dakota	
<sup>4</sup> Property Code 007346		<sup>5</sup> Property Name Navajo 1			<sup>6</sup> Well Number 1
<sup>7</sup> OGRID No. 162928		<sup>8</sup> Operator Name Taurus Exploration, U.S.A., Inc.			<sup>9</sup> Elevation 6136

<sup>10</sup> Surface Location

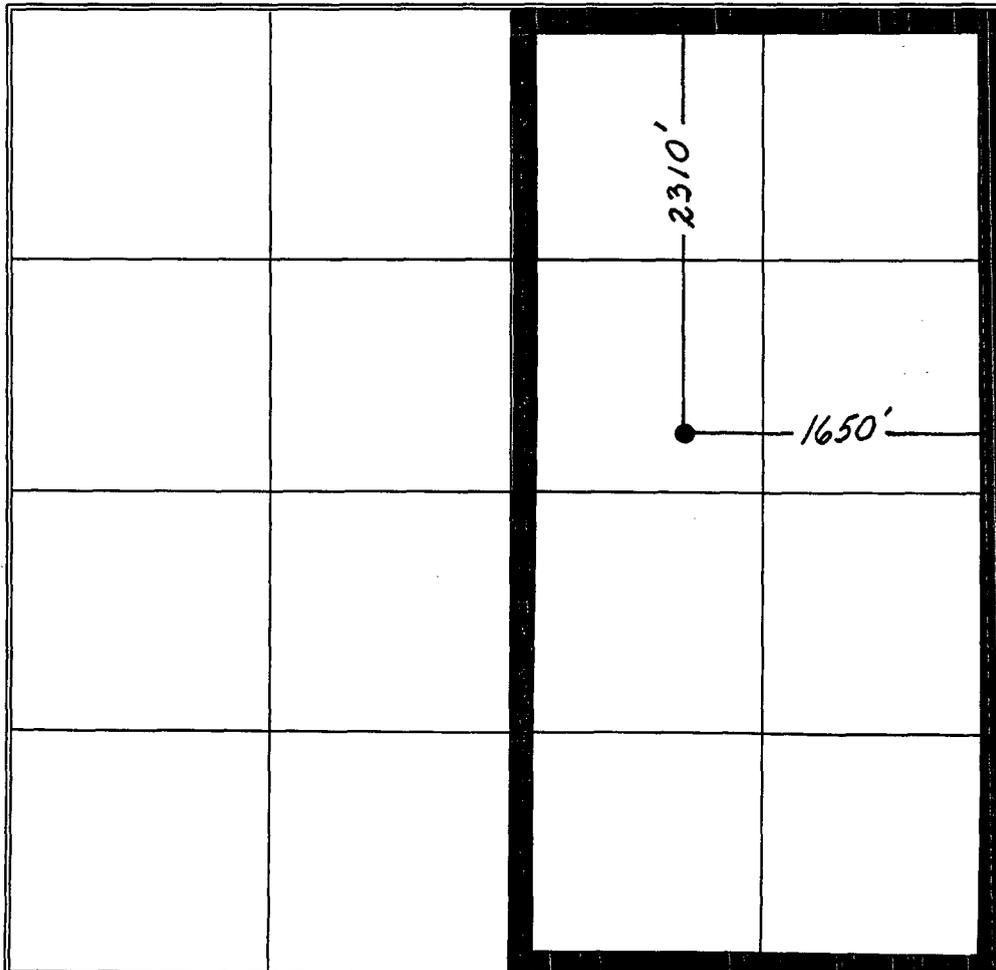
UL or lot no.	Section	Township	Range	Lot. Idn	Feet from the	North/South Line	Feet from the	East/West line	County
G	25	27N	9W		2310	North	1650	East	San Juan

<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 320/320	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
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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



<sup>17</sup> OPERATOR CERTIFICATION

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

*[Signature]*  
 Signature  
 Gary W. Brink  
 Printed Name  
 Prod. Superintendent  
 Title  
 2/5/98  
 Date

<sup>18</sup> 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 belief.

6/4/64  
 Date of Survey  
 Signature and Seal of Professional Surveyer:

Reissue of original survey  
 by Stephen H. Kinney

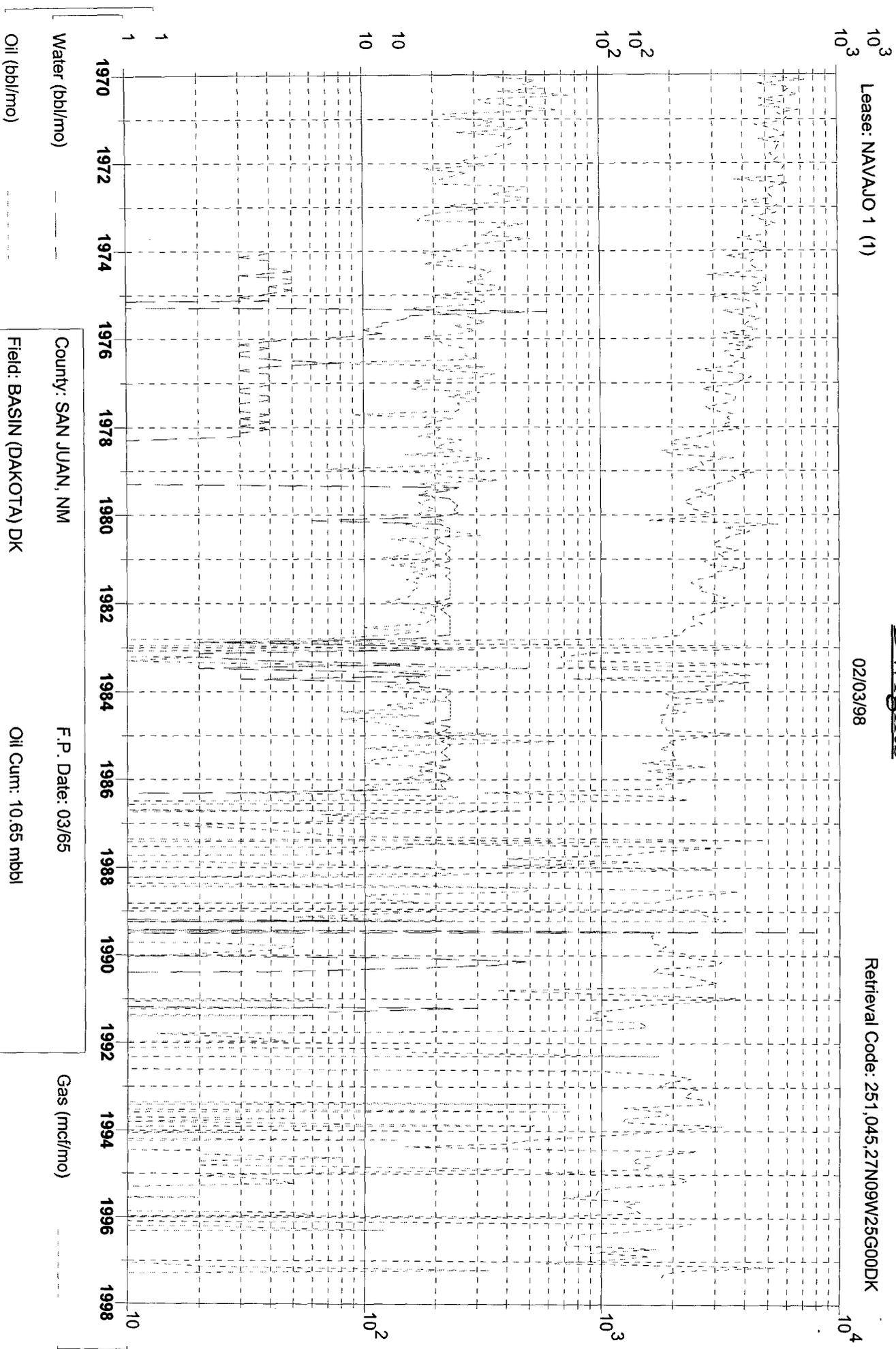
803  
 Certificate Number

# Dwights

Lease: NAVAJO 1 (1)

02/03/98

Retrieval Code: 251,045,27N09W25G00DK



Water (bbl/mo)

Oil (bbl/mo)

County: SAN JUAN, NM

Field: BASIN (DAKOTA) DK

Reservoir: DAKOTA

Operator: TAURUS EXPLORATION USA, I

F.P. Date: 03/65

Oil Cum: 10.65 mbbl

Gas Cum: 1377 mmcf

Location: 25G 27N 9W

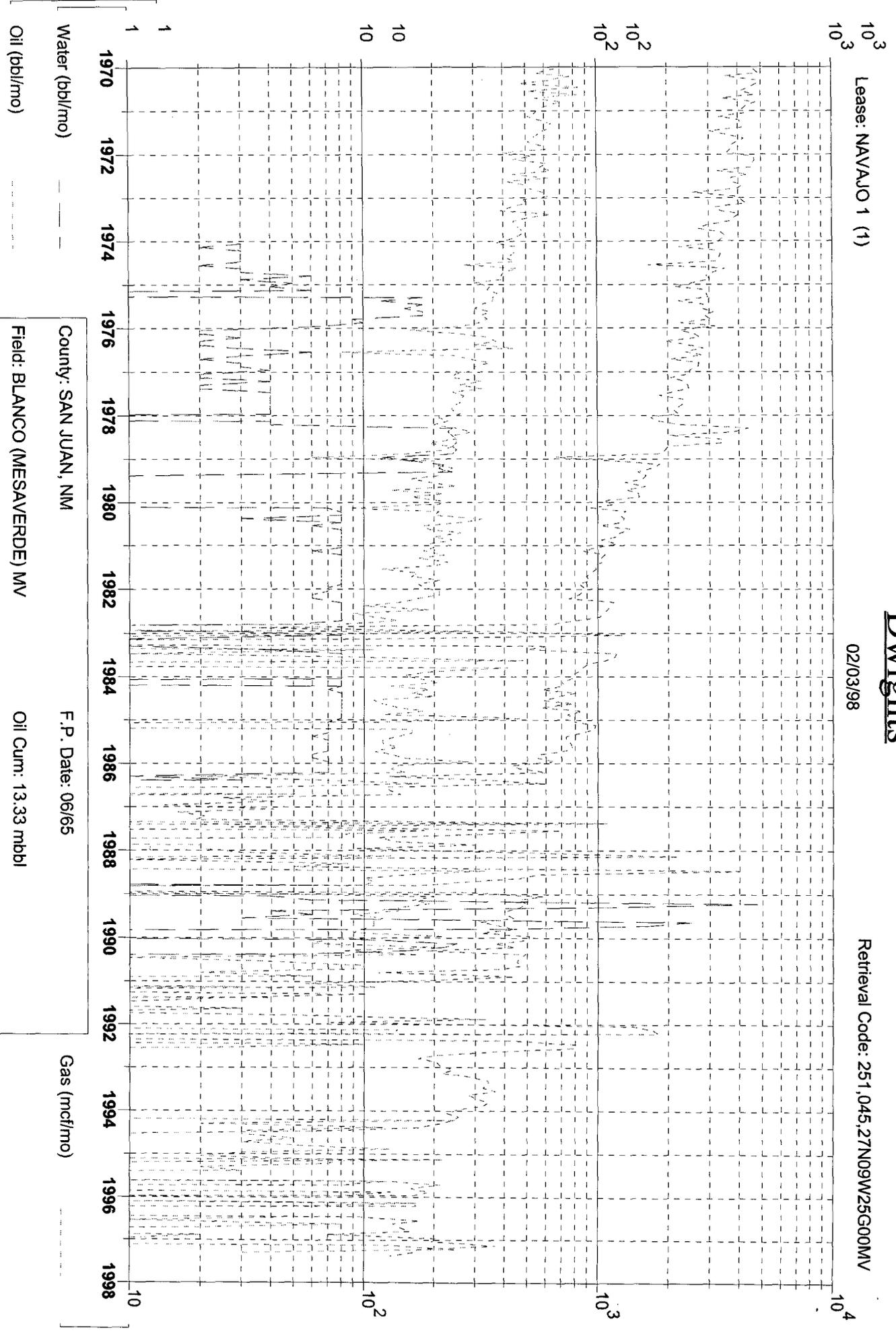
Gas (mcf/mo)

# Dwights

Lease: NAVAJO 1 (1)

02/03/98

Retrieval Code: 251,045,27N09W25G00MV



Oil (bbl/mo)

Water (bbl/mo)

County: SAN JUAN, NM

F.P. Date: 06/65

Gas (mcf/mo)

Field: BLANCO (MESAVERDE) MV

Oil Cum: 13.33 mbbl

Reservoir: MESAVERDE

Gas Cum: 820.2 mmcf

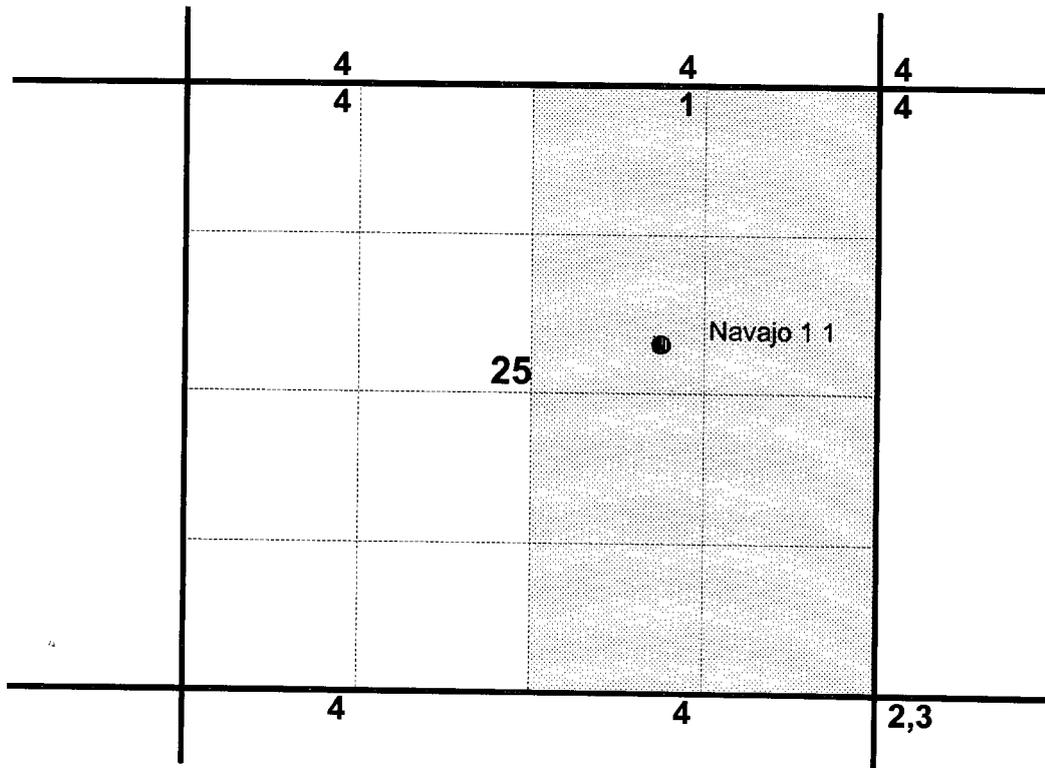
Operator: TAURUS EXPLORATION USA, I

Location: 25G 27N 9W

# Taurus Exploration U.S.A., Inc

**Navajo 1 #1**  
**Offset Operator / Ownership Plat**  
Blanco Mesa Verde/ Basin Dakota  
Downhole Commingling

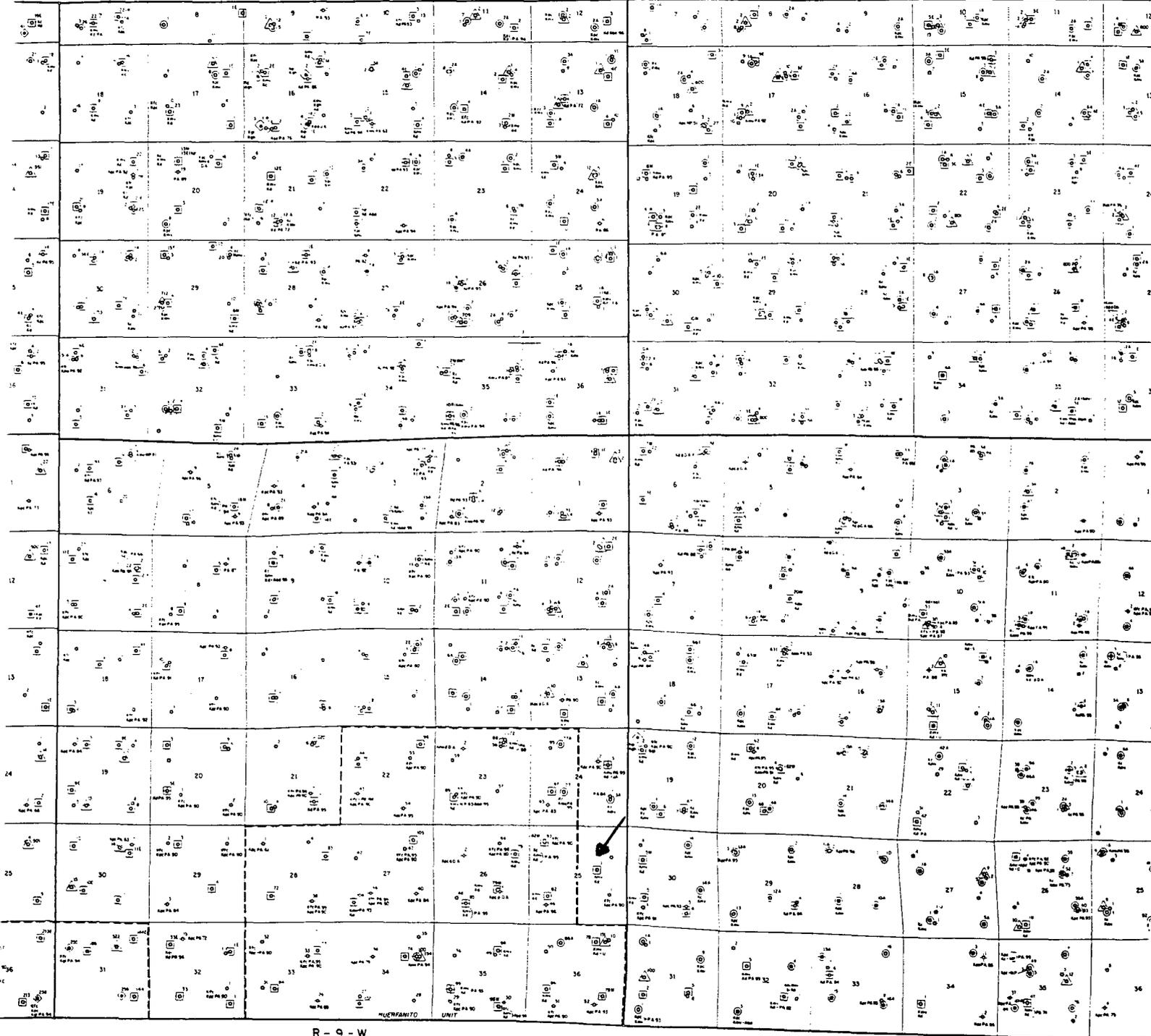
Township 27 N, Range 9 W



- 1) Taurus Exploration U.S.A., Inc
- 2) Conoco  
10 Desta Dr. Suite 100 W  
Midland, Tx. 79705
- 3) Chateau Oil and Gas, Inc.  
5802 Highway 64  
Farmington, N.M. 87401
- 4) Burlington Resources  
P.O. Box 4289  
Farmington, N.M. 87499-4289

R-9-W

R-8-W



R-9-W

R-8-W

WELL HISTORY

- WELL COMPLETED IN 1961
- MULTI-FAC (PICTURED CLIFFS) PRODUCER
- ⊥ PICTURED CLIFFS DISCONNECTED (WATER) PRODUCER
- ⚡ WATER PRODUCER (EXTRA TEST DRILLED OR ABANDONED IN 1961)
- ⊕ WATER PRODUCER (PLUMBER) ABANDONED IN 1979
- ⊕ WATER TEST DRILLED OR ABANDONED IN 1961

Taurus Exploration U.S.A., Inc.  
 Well Location Plat  
 Navajo 1 #1  
 Unit G, Section 25, T 27 N, R 9 W  
 San Juan Co., N.M.